

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Royal Australian Mint (the Mint) was officially opened in 1965 and is a prescribed agency operating under the *Financial Management and Accountability Act 1997*. The Mint's vision is to achieve excellence as a profitable world class mint. It strives to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of the Australia's National Coin Collection and provides educational and tourist services to local and overseas residents.

The Mint will continue to optimise productivity returns and refine its capabilities and capacities. In the year ahead, the Mint will be targeting and converting revenue growth opportunities; building on its positive brand recognition; ensuring staff and visitors have a safe and secure environment in which to work and visit; and engaging its staff to further develop their skills, motivation and commitment.

Given the nature of its operations, the Mint will maintain vigilance in securing a safe and secure environment. The Mint's priority for 2011-12 is to develop and motivate its staff so they are equipped to deal with the new challenges and opportunities facing the Mint as it embarks on its growth strategy.

The Mint will assist in the development and implementation of a new national circulating coin supply chain model. The Mint will play a central role in managing the movement of coins in circulation by centralising and managing key information that will better align coin supply and demand. This will create more timely and reliable coin forecasting data and will improve efficiencies in coin circulation and coin supply management.

In September 2010, the Mint hosted the XXVI Mint Directors Conference. A key outcome from the conference was the opportunity to identify and develop overseas markets for its expertise. Several successful sales have already been achieved and the Mint intends to build on this early success with a targeted international business development program.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts + available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	= Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Other services				
Departmental non-operating				
Equity injections	2,036 ¹	-	2,036	-
Total appropriations excluding special accounts	A 2,036	-	2,036	-
Special accounts				
Opening balance	14,359 ²	-	14,359	-
Non-appropriation receipts to special accounts	-	144,252	144,252	162,804
Total special account	B 14,359	144,252	158,611	162,804
Total net resourcing for the Mint (A+B)	16,395	144,252	160,647	162,804

1. Estimated adjusted balance carried from prior years for annual appropriation.

2. Estimated opening balance for special accounts (refer to Table 3.1.2 for further details).

1.3 BUDGET MEASURES

The Mint does not have any Budget measures for 2011-12.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The Mint's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the Mint.

Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted-like products

Outcome 1 strategy

To achieve this outcome the Mint will continue to:

- produce cost efficient circulating coins for Australia;
- produce appropriate circulating coins for foreign jurisdictions under commercial arrangements;
- maintain an Australian circulating coin buffer stock;
- provide advice to the Treasury and government on coin related issues; and
- develop and produce high quality profitable numismatic products.

As the sole producer of Australian circulating coin and custodian of the National Coin Collection, the following activities are an adjunct to the key strategies outlined above:

- delivering an education program through the Mint's visitors centre;
- promoting public understanding of the cultural and historical significance of coins; and
- maintaining Australia's National Coin Collection.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	54,066	77,798
Departmental expenses		
Special accounts	89,941	70,534
Total expenses for Outcome 1	144,007	148,332
	2010-11	2011-12
Average staffing level (number)	195	195

Contributions to Outcome 1

Program 1.1: Royal Australian Mint

Program objective

To produce and distribute circulating coins, collector coins and minted-like products to meet the demands of the Australian economy, collectors and foreign countries.

Program expenses

The costs of production, warehousing and distribution of minted circulating coins are dependent on the demand for circulating coin by the Reserve Bank of Australia and Australian commercial banks.

Table 2.2 Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered items					
Special account expenses					
Minting and Coinage Special Account	54,066	77,798	52,247	51,090	49,960
Total administered expenses	54,066	77,798	52,247	51,090	49,960
Departmental items					
Special account expenses					
Minting and Coinage Special Account	89,941	70,534	87,728	88,506	88,506
Total departmental expenses	89,941	70,534	87,728	88,506	88,506

Program deliverables

The Mint has the following deliverables:

- produce Australian circulating coins to meet the demands of the Australian community;
- maintain minted Australian circulating coin inventory within agreed buffer stock parameters;
- produce circulating coins to meet demand from foreign countries;
- produce numismatic products to meet Australian and overseas demand;
- maintain Australia's National Coin Collection;
- maintain the Mint's visitor gallery, including building and surrounds;
- provide an educational program to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

Program key performance indicators

The Mint has the following key performance indicators:

- produce and deliver Australian circulating coins in a cost effective and timely manner;
- foreign circulating coin sales meet or exceed cost of production;
- at least 95 per cent of numismatic orders placed are produced and delivered within contracted delivery time;
- all numismatic sales meet or exceed cost of production;
- rotate the display of Australia's National Coin Collection on a regular basis;
- maintenance of gallery and visitor centre to community standard;
- ensure that school student visitor programs align with relevant school curricula; and
- increase in visitor numbers to the gallery and visitor centre compared to prior year's actual visitor numbers.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Mint does not have any movement of administered funds.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Mint.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	14,359 14,938	144,252 162,804	144,239 163,383	- -	14,372 14,359
Total special accounts						
2011-12 Budget estimate		14,359	144,252	144,239	-	14,372
Total special accounts 2010-11 estimate actual		14,938	162,804	163,383	-	14,359

3.1.3 Australian Government Indigenous Expenditure

The Mint does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The Mint does not have any significant differences between the resource information presented in the Budget Papers and the Portfolio Budget Statements as a result of differences between whole of government level financial reporting (under Australian Accounting Standard 1049) and entity level financial reporting.

3.2.2 Analysis of budgeted financial statements

There is an increase in the operating surplus in 2011-12 compared to 2010-11 due to a greater decrease in supplier costs compared to expected revenue.

There is an increase in the estimated cash balances in the Mint's budgeted departmental statement of cash flows. This movement is due to the decrease in supplier expenses.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	15,449	17,878	15,449	15,449	15,449
Supplier	66,983	47,444	64,300	64,519	64,519
Depreciation and amortisation	5,840	4,849	6,339	6,898	6,898
Write-down and impairment of assets	200	200	200	200	200
Finance costs	29	44	-	-	-
Other	1,440	119	1,440	1,440	1,440
Total expenses	89,941	70,534	87,728	88,506	88,506
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	89,762	70,534	87,554	88,335	88,335
Interest	522	522	522	522	522
Other revenue	161	168	161	161	161
Total own-source income	90,445	71,224	88,237	89,018	89,018
Surplus (deficit) attributable to the Australian Government	504	690	509	512	512

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	24,248	16,732	18,160	12,016	5,368
Trade and other receivables	12,007	11,847	11,847	11,847	11,847
Tax assets	757	1,087	1,087	1,087	1,087
Total financial assets	37,012	29,666	31,094	24,950	18,302
Non-financial assets					
Infrastructure, plant and equipment	47,313	48,782	48,889	54,629	53,973
Heritage and cultural	22,461	22,461	22,461	22,461	22,461
Inventories	37,082	37,082	37,082	37,082	44,492
Intangibles	3,099	3,695	3,515	3,337	3,743
Other	3,376	3,376	3,375	3,375	3,375
Total non-financial assets	113,331	115,396	115,322	120,884	128,044
Total assets	150,343	145,062	146,416	145,834	146,346
LIABILITIES					
Provisions					
Employees	5,528	5,342	6,463	7,585	7,585
Total provisions	5,528	5,342	6,463	7,585	7,585
Payables					
Suppliers	12,983	9,951	9,675	7,459	7,459
Tax liabilities	2,179	2,179	2,179	2,179	2,179
Other	4,656	2,065	2,065	2,065	2,065
Total payables	19,818	14,195	13,919	11,703	11,703
Interest bearing liabilities					
Leases	194	32	32	32	32
Total interest bearing liabilities	194	32	32	32	32
Total liabilities	25,540	19,569	20,414	19,320	19,320
Net assets	124,803	125,493	126,002	126,514	127,026
EQUITY					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	24,507	24,507	24,507	24,507	24,507
Retained surpluses or accumulated deficits	22,393	23,083	23,592	24,104	24,616
Total equity	124,803	125,493	126,002	126,514	127,026
Current assets	76,713	69,037	70,464	64,320	65,082
Non-current assets	73,630	76,025	75,952	81,514	81,264
Current liabilities	24,839	18,975	19,685	18,457	18,457
Non-current liabilities	701	594	729	863	863

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	162,804	144,252	138,339	168,857	168,857
Total cash received	162,804	144,252	138,339	168,857	168,857
Cash used					
Employees	13,551	13,314	13,325	14,327	15,449
Borrowing costs	29	44	-	-	-
Suppliers	146,572	131,432	117,320	148,214	153,408
Total cash used	160,152	144,790	130,645	162,541	168,857
Net cash from or (used by) operating activities	2,652	(538)	7,694	6,316	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	2,907	6,914	6,266	12,460	6,648
Total cash used	2,907	6,914	6,266	12,460	6,648
Net cash from or (used by) investing activities	(2,907)	(6,914)	(6,266)	(12,460)	(6,648)
FINANCING ACTIVITIES					
Cash used					
Repayments of debt	324	64	-	-	-
Total cash used	324	64	-	-	-
Net cash from or (used by) financing activities	(324)	(64)	-	-	-
Net increase or (decrease) in cash held	(579)	(7,516)	1,428	(6,144)	(6,648)
Cash at the beginning of the reporting period	24,827	24,248	16,732	18,160	12,016
Cash at the end of the reporting period	24,248	16,732	18,160	12,016	5,368

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	22,393	24,507	-	77,903	124,803
Adjusted opening balance	22,393	24,507	-	77,903	124,803
Comprehensive income					
Surplus (deficit) for the period	690	-	-	-	690
Total comprehensive income recognised directly in equity	690	-	-	-	690
Estimated closing balance as at 30 June 2012	23,083	24,507	-	77,903	125,493

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	2,907	6,914	6,266	12,460	6,648
TOTAL	2,907	6,914	6,266	12,460	6,648
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,907	6,914	6,266	12,460	6,648
Total cash used to acquire assets	2,907	6,914	6,266	12,460	6,648

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Other infrastructure, plant and equipment \$'000	Heritage and cultural assets \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	51,944	22,461	6,025	80,430
Accumulated depreciation/amortisation and impairment	4,631	-	2,926	7,557
Opening net book balance	47,313	22,461	3,099	72,873
Capital asset additions				
By purchase - other	6,133	-	781	6,914
Total additions	6,133	-	781	2,907
Other movements				
Depreciation/amortisation expense	4,664	-	185	4,849
Total other movements	4,664	-	185	4,849
As at 30 June 2012				
Gross book value	58,077	22,461	6,806	87,344
Accumulated depreciation/amortisation and impairment	9,295	-	3,111	12,406
Closing net book balance	48,782	22,461	3,695	74,938

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Goods and services	118,085	119,580	115,335	116,114	116,954
Total income administered on behalf of government	118,085	119,580	115,335	116,114	116,954
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	52,120	76,298	50,747	49,590	49,960
Other	1,946	1,500	1,500	1,500	-
Total expenses administered on behalf of government	54,066	77,798	52,247	51,090	49,960

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	-	6,352	6,352	6,352	6,352
Total financial assets	-	6,352	6,352	6,352	6,352
Non-financial assets					
Inventories	18,819	19,369	19,352	19,345	19,345
Total non-financial assets	18,819	19,369	19,352	19,345	19,345
Total assets administered on behalf of government	18,819	25,721	25,704	25,697	25,697
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	10,614	-	-	-	-
Total payables	10,614	-	-	-	-
Total liabilities administered on behalf of government	10,614	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services (seigniorage)	77,705	77,799	58,821	59,218	59,647
Total cash received	77,705	77,799	58,821	59,218	59,647
Net cash from or (used by) operating activities	77,705	77,799	58,821	59,218	59,647
Net increase or (decrease) in cash held	77,705	77,799	58,821	59,218	59,647
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for - special accounts	77,705	77,799	58,821	59,218	59,647
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

The Mint has no administered capital budget.

Table 3.2.11: Schedule of asset movements — administered

The Mint has no administered asset movements.

3.2.4 Notes to the financial statements

Departmental

Basis of accounting

The Mint's budgeted statements have been prepared on an accrual basis, in accordance with the historical cost convention except for some assets and liabilities that are at valuation and in accordance with:

- the Australian Government's financial budgeting and reporting framework; and
- Australian Accounting Standards.

Budgeted departmental income statement

Revenues

Revenue is derived from the production of circulating coins, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependent upon the demand for such products by the Australian financial institutions and the coin collecting market.

Expenses

Employees

This includes wages and salaries, superannuation, provision for annual leave and long service leave.

Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives, using the straight-line method.

Other

Other expenses include the cost of goods sold.

Budgeted departmental balance sheet

Non-financial assets

Inventory

Inventories held for resale are at the lower of cost and net realisable value. Work in progress and finished goods are brought to account to include direct costs and a

portion of direct labour and overhead. All precious metals are purchased and brought to account at cost.

Provisions and payables

Employees

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave, as all sick leave is non-vesting.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows in respect of all employees.

Asset valuation

Commonwealth Government agencies are required to value property, plant and equipment and other infrastructure assets using the fair value method of valuation.

Administered

Seigniorage is collected by the Mint on behalf of the Commonwealth Government. Seigniorage represents the difference between the face value of the coinage sold to the Australian financial institutions and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.