

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a listed entity operating under the *Public Governance, Performance and Accountability Act 2013*. The Mint's vision is to achieve excellence as a sustainable world class Mint. Its goal is to meet the circulating coin and collector coin needs of Australia and selected international markets. The Mint is also the custodian of Australia's National Coin Collection and provides educational and tourist services to local and overseas visitors.

Over the last year of the current three year strategic plan and in the context of the declining demand for circulating coin, the Mint's key strategies include:

- leveraging the developed in-house capability to produce innovative circulating and numismatic products;
- identify 'other' opportunities to fill the gap in Seigniorage caused by the decline in the demand for circulating coin;
- with the implementation of 'lean' as the driver of efficiency improvement reduction in cost and improved effectiveness;
- delivering in full and on time to all customers;
- maintaining the outstanding record for workplace health and safety, as well as the environmental conditions;
- continue to recognise the importance of staff; and
- continue to build brand recognition.

As the sole supplier of Australia's circulating coin requirements, the Mint is responsible for the continuous review of Australian coinage and for providing advice to the Treasury and the Government on coin-related issues.

In 2015-16, the Mint will continue to target profitable revenue growth opportunities for both numismatic and international circulating coin.

To ensure that Commonwealth resources are appropriately deployed, the Mint will implement the lean philosophy across the organisation to improve its operational efficiency and drive improvement. To deliver a safe and secure environment, the Mint will continue to invest in health and safety for its employees and maintain a high level of security.

The Mint will increase engagement with its employees to empower and motivate staff, invest in health and wellbeing activities, and conduct mentoring and leadership programmes.

With the decline in demand for circulating coin, Seigniorage is expected to fall over the next four years from the budgeted \$72 million in 2014-15. However, with the addition of the commercial 'pre-tax profit' and royalties (\$4.5 million in 2015-16) excluding 'other' initiatives, the decline will be less significant.

1.2 ENTITY 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 2015-16 as at Budget May 2015

	<i>Actual available appropriation 2014-15</i> \$'000	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
Special accounts				
Opening balance (a)	6,571	-	7,012	7,012
Non-appropriation receipts to Special Accounts	147,126	-	156,525	156,525
Total special accounts	153,697	-	163,537	163,537
Total resourcing				
Total net resourcing for the Mint	153,697	-	163,537	163,537

(a) Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.
Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

The Mint does not have any budget measures for 2015-16.

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 programmes are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

The Mint's outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the Mint in achieving government outcomes.

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 appropriate level of Australian circulating coin;
- 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 programme 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 for Outcome 1

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
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.		
Programme 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	33,712	46,742
Departmental expenses		
Special accounts	69,138	87,204
Total for programme 1.1	102,850	133,946
	2014-15	2015-16
Average staffing level (number)	228	219

Contributions to Outcome 1

Programme 1.1: Royal Australian Mint

Programme 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.

Programme expenses

The costs of production, warehousing and distribution of minted circulating coin are dependent on the demand for circulating coin by Australian commercial banks and foreign jurisdictions whilst costs for numismatic products are driven by orders received from collectors.

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Special account expenses:					
Royal Australian Mint Special Account	33,712	46,742	44,378	42,052	39,630
Annual departmental expenses:					
Special account expenses:					
Royal Australian Mint Special Account	69,138	87,204	82,945	81,039	80,011
Total Programme expenses	102,850	133,946	127,323	123,091	119,641

Programme 1.1 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;
- 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 programme to school students who visit the Mint; and
- promote public understanding about the cultural and historical significance of coins.

Programme 1.1 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;
- all numismatic sales meet or exceed cost of production;
- at least 95 per cent of numismatic orders placed are produced and delivered within contracted delivery time;
- 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 programmes align with relevant school curriculums; 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 entity finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 section 78 of the *Public Governance, Performance and Accountability Act 2013* or under separate enabling legislation (section 80 of the *Public Governance, Performance and Accountability Act 2013* refers). 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 flows and balances

	Outcome	Opening balance \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
Royal Australian Mint Special Account (D) 2015-16	1	7,012	156,525	158,421	-	5,116
Royal Australian Mint Special Account (D) 2014-15	1	6,571	147,126	146,685	-	7,012
Total special accounts 2015-16 Budget estimate		7,012	156,525	158,421	-	5,116
<i>Total special accounts 2014-15 estimated actual</i>		<i>6,571</i>	<i>147,126</i>	<i>146,685</i>	<i>-</i>	<i>7,012</i>

(D) = Departmental

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 entity resourcing and financial statements

The Mint does not have any material differences between entity resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The Mint has two streams of revenue. One stream comes from production and subsequent sale of circulating coins at face value to commercial banks. The second stream comes from sale of numismatic products and production of foreign circulating coins.

The Mint's departmental projected results for the 2015-16 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (Table 3.2.1). The ongoing implementation of 'lean' principles will enable the Mint to manufacture coins (both circulating and numismatic) in a more efficient manner which is expected to deliver a reduction in cost and improved business effectiveness.

A surplus is budgeted on the sale of numismatic products and foreign circulating coins. It is expected to rise from \$0.9 million in 2014-15 to \$6.0m in 2018-19 and will partly offset the reduction in Seigniorage received by the government from Australian circulating coins.

The anticipated decline in demand for Australian circulating coin is reflected in a fall in Administered surplus over the next four years from the budgeted \$72 million in 2014-15 (refer Table 3.2.7). However with the increased Departmental commercial 'pre-tax profit' and Commonwealth royalties, the decline in Seigniorage returned to Commonwealth will be less significant.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	19,919	20,487	20,487	20,487	20,487
Suppliers	41,792	59,123	54,663	52,552	51,312
Depreciation and amortisation	4,363	4,321	4,451	4,585	4,723
Finance costs	64	54	45	34	23
Other expenses	3,000	3,219	3,299	3,381	3,466
Total expenses	69,138	87,204	82,945	81,039	80,011
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	67,818	89,488	86,407	85,331	84,593
Interest	840	1,000	1,000	1,000	1,000
Other	1,250	300	308	315	323
Total own-source revenue	69,908	90,788	87,715	86,646	85,916
Gains					
Other	130	130	130	130	130
Total gains	130	130	130	130	130
Total own-source income	70,038	90,918	87,845	86,776	86,046
Net cost of/(contribution by) services	(900)	(3,714)	(4,900)	(5,737)	(6,035)
Notional income tax expense	270	1,114	1,470	1,721	1,810
Total comprehensive income/(loss) attributable to the Australian Government	630	2,600	3,430	4,016	4,225

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	7,012	5,116	4,205	4,985	6,976
Trade and other receivables	25,134	28,134	31,611	35,182	38,944
Total financial assets	32,146	33,250	35,816	40,167	45,920
Non-financial assets					
Property, plant and equipment	42,101	42,379	43,332	42,506	41,021
Heritage and cultural	21,148	21,148	21,148	21,148	21,148
Intangibles	325	874	744	1,110	972
Inventories	43,210	43,210	43,210	43,210	43,210
Tax assets	1,050	1,050	1,050	1,050	1,050
Other non-financial assets	2,030	2,030	2,030	2,030	2,030
Total non-financial assets	109,864	110,691	111,514	111,054	109,431
Total assets	142,010	143,941	147,330	151,221	155,351
LIABILITIES					
Payables					
Suppliers	4,052	3,212	2,859	2,612	2,527
Tax liabilities	1,161	2,005	2,361	2,612	2,701
Other payables	5,205	5,205	5,205	5,205	5,205
Total payables	10,418	10,422	10,425	10,429	10,433
Interest bearing liabilities					
Leases	519	395	261	116	-
Total interest bearing liabilities	519	395	261	116	-
Provisions					
Employee provisions	5,695	5,130	5,203	5,201	5,201
Other provisions	431	447	464	482	499
Total provisions	6,126	5,577	5,667	5,683	5,700
Total liabilities	17,063	16,394	16,353	16,228	16,133
Net assets	124,947	127,547	130,977	134,993	139,218
EQUITY*					
Parent entity interest					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,446	21,446	21,446	21,446	21,446
Retained surplus (accumulated deficit)	25,598	28,198	31,628	35,644	39,869
Total parent entity interest	124,947	127,547	130,977	134,993	139,218
Total Equity	124,947	127,547	130,977	134,993	139,218

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	25,598	21,446	-	77,903	124,947
Adjusted opening balance	25,598	21,446	-	77,903	124,947
Comprehensive income					
Surplus/(deficit) for the period	2,600	-	-	-	2,600
Total comprehensive income	2,600	-	-	-	2,600
of which:					
Attributable to the Australian Government	2,600	-	-	-	2,600
Estimated closing balance as at 30 June 2016	28,198	21,446	-	77,903	127,547
Closing balance attributable to the Australian Government	28,198	21,446	-	77,903	127,547

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Receipts from Government	6,058	-	2,332	2,502	2,448
Sale of goods and rendering of services	139,818	156,225	148,949	143,181	137,348
Other	1,250	300	308	315	323
Total cash received	147,126	156,525	151,589	145,998	140,119
Cash used					
Employees	19,318	21,027	20,389	20,462	20,462
Suppliers	50,607	62,585	60,294	58,435	57,226
Borrowing costs	48	38	28	17	5
Net GST paid	2,859	2,859	2,859	2,859	2,859
Net income tax paid	-	27	1,114	1,470	1,721
Other	72,000	66,737	62,542	57,850	52,755
Total cash used	144,832	153,273	147,226	141,093	135,028
Net cash from/(used by) operating activities	2,294	3,252	4,363	4,905	5,091
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,853	5,148	5,274	4,125	3,100
Total cash used	1,853	5,148	5,274	4,125	3,100
Net cash from/(used by) investing activities	(1,853)	(5,148)	(5,274)	(4,125)	(3,100)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	-	-	-	-	-
Net increase/(decrease) in cash held	441	(1,896)	(911)	780	1,991
Cash and cash equivalents at the beginning of the reporting period	6,571	7,012	5,116	4,205	4,985
Cash and cash equivalents at the end of the reporting period	7,012	5,116	4,205	4,985	6,976

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	1,903	5,148	5,274	4,125	3,100
TOTAL	1,903	5,148	5,274	4,125	3,100
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,903	5,148	5,274	4,125	3,100
less additions by creditors/borrowings	(50)	-	-	-	-
Total cash used to acquire assets	1,853	5,148	5,274	4,125	3,100

Table 3.2.6: Statement of asset movements (Budget year 2015-16)

	Other property, plant and equipment \$'000	Heritage and cultural \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015				
Gross book value	50,382	21,148	4,785	76,315
Accumulated depreciation/ amortisation and impairment	(8,281)	-	(4,460)	(12,741)
Opening net book balance	42,101	21,148	325	63,574
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	4,473	-	675	5,148
Total additions	4,473	-	675	5,148
Other movements				
Depreciation/amortisation expense	(4,195)	-	(126)	(4,321)
Total other movements	(4,195)	-	(126)	(4,321)
As at 30 June 2016				
Gross book value	54,855	21,148	5,460	81,463
Accumulated depreciation/ amortisation and impairment	(12,476)	-	(4,586)	(17,062)
Closing net book balance	42,379	21,148	874	64,401

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Suppliers	32,016	45,004	42,597	40,226	37,758
Other expenses	1,696	1,738	1,781	1,826	1,872
Total expenses administered on behalf of Government	33,712	46,742	44,378	42,052	39,630
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	105,712	113,479	106,920	99,902	92,385
Total non-taxation revenue	105,712	113,479	106,920	99,902	92,385
Total own-source revenue administered on behalf of Government	105,712	113,479	106,920	99,902	92,385
Total own-sourced income administered on behalf of Government	105,712	113,479	106,920	99,902	92,385
Net cost of/(contribution by) services	(72,000)	(66,737)	(62,542)	(57,850)	(52,755)
Surplus/(deficit) before income tax	72,000	66,737	62,542	57,850	52,755
Income tax expense	-	-	-	-	-
Surplus/(deficit) after income tax	72,000	66,737	62,542	57,850	52,755
Total comprehensive income/(loss)	72,000	66,737	62,542	57,850	52,755

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)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Trade and other receivables	-	-	-	-	-
Total financial assets	-	-	-	-	-
Non-financial assets					
Inventories	12,723	12,723	12,723	12,723	12,723
Total non-financial assets	12,723	12,723	12,723	12,723	12,723
Assets held for sale					
Total assets administered on behalf of Government	12,723	12,723	12,723	12,723	12,723
LIABILITIES					
Payables					
Suppliers	7,227	7,227	7,227	7,227	7,227
Total payables	7,227	7,227	7,227	7,227	7,227
Total liabilities administered on behalf of Government					
	7,227	7,227	7,227	7,227	7,227
Net assets/(liabilities)	5,496	5,496	5,496	5,496	5,496

Prepared on Australian Accounting Standards basis.

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	69,930	66,737	62,542	57,850	52,755
Total cash received	69,930	66,737	62,542	57,850	52,755
Net cash from/(used by) operating activities					
	69,930	66,737	62,542	57,850	52,755
Net increase/(decrease) in cash held					
	69,930	66,737	62,542	57,850	52,755
Cash and cash equivalents at beginning of reporting period					
Cash to Official Public Account for:					
- Special accounts	(69,930)	(66,737)	(62,542)	(57,850)	(52,755)
Total cash to Official Public Account	(69,930)	(66,737)	(62,542)	(57,850)	(52,755)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Administered capital budget statement (for the period ended 30 June)

The Mint has no administered capital budget.

Table 3.2.11: Statement of administered asset movements (Budget year 2015-16)

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

Australian 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 Australian 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.