

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 the world's best performing 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.

The Mint has developed a new three year strategic plan which acknowledges the decline in the demand for circulating coin and identifies opportunities for growth in numismatic and foreign business. Key strategies identified in this plan 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 2017-18, 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 is implementing 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 programs.

The Mint's return on net assets is budgeted to be 51.2 per cent in 2016-17, inclusive of the seigniorage return to the Commonwealth. Across the forward estimates, the Mint will be focussed on maintaining its return on net assets. With the decline in demand for circulating coin, seigniorage is expected to fall over the next four years from the budgeted \$61 million in 2016-17. However, with the addition of the commercial 'pre-tax profit' (\$8.1 million in 2016-17) and royalties, and excluding 'other' initiatives, the decline will be less significant.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	2017-18 Estimate \$'000
Departmental		
Special accounts (a)		
Opening balance	51,140	47,260
Non-appropriation receipts	156,554	151,412
<i>Total special accounts</i>	<i>207,694</i>	<i>198,672</i>
Total departmental resourcing	207,694	198,672
Total resourcing for the Royal Australian Mint	207,694	198,672
Average staffing level (number)	230	232

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

(a) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM)). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 — Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, for example, annual appropriations, special appropriations and special accounts.

1.3 BUDGET MEASURES

The Mint does not have any budget measures for 2017-18.

Section 2: Outcomes and planned performance

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 entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for Royal Australian Mint can be found at: Corporate Plan.

The most recent annual performance statement can be found inside the latest Annual Report at: Annual Performance Statement.

2.1 BUDGETED EXPENSES AND PERFORMANCE 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.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Royal Australian Mint					
Administered expenses					
Special accounts					
Royal Australian Mint Special Account	32,500	27,342	22,876	20,329	16,888
Departmental expenses					
Special accounts					
Royal Australian Mint Special Account	88,638	89,300	85,082	100,332	102,672
Total expenses for program 1.1	121,138	116,642	107,958	120,661	119,560
	2016-17	2017-18			
Average staffing level (number)	230	232			

Prepared on Australian Accounting Standards basis.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

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.	
Program 1.1 — Royal Australian Mint	
To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.	
Delivery	<ul style="list-style-type: none"> • Production, maintenance and sales to meet demand for: <ul style="list-style-type: none"> – Australian circulating coins; – Foreign country circulating coins; – Numismatic products; and – Other custom minted products. • Maintenance of Australia's National Coin Collection. • Tourism and education services to public and school groups: <ul style="list-style-type: none"> – Maintenance of the Mint's visitor gallery, including building and surrounds; – Educational program to school students who visit the Mint; and – Promote public understanding about the cultural and historical significance of coins.
Performance information	

Royal Australian Mint Budget Statements

Performance criteria	2016-17 (estimated actual)	2017-18	2018-19 and the forward estimates
Produce and deliver Australian circulating coins in a cost effective and timely manner	Seigniorage: \$61.0m Volume: 158 million pieces	Seigniorage: \$54.5m Volume: 133 million pieces	Seigniorage: \$53m; \$50m; \$48m
Numismatic sales meet or exceed cost of production	Gross margin: 50%	Gross margin: 50%	Gross margin: 50%
Foreign circulating coin sales meet or exceed cost of production	Gross margin: 15%	Gross margin: 15%	Gross margin: 15%
Numismatic orders placed are produced and delivered within agreed delivery time	Delivered on time and in full: 80%	Delivered on time and in full: 80%	Delivered on time and in full: 80%
Rotate the display of Australia's National Coin Collection on a regular basis	Annual rotation completed	Annual rotation of National Coin Collection items	Annual rotation of National Coin Collection items
Visitor satisfaction rating of Mint experience	Survey result: 95%	Survey result: 95%	Survey result: 95%
Increase in visitor numbers compared to prior year	Visitors: 320,000	Visitors: 330,000	Visitors: 340,000
Purposes	To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences in entity resourcing and financial statements

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

3.1.2 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 the sale of numismatic products and production of foreign circulating coins.

The Mint's Departmental projected results for the 2016-17 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (Table 3.1). 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.

An after-tax surplus is budgeted on the sale of numismatic products and foreign circulating coins. It is expected to rise from \$5.6 million in 2016-17 to \$7.3 million in 2020-21 and will 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 \$61 million in 2016-17 (refer Table 3.7). 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 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	23,890	23,890	23,890	23,890	23,890
Suppliers	56,961	57,102	52,664	67,681	69,777
Depreciation and amortisation	4,451	4,901	5,048	5,199	5,355
Finance costs	37	26	14	9	9
Other expenses	3,299	3,381	3,466	3,553	3,641
Total expenses	88,638	89,300	85,082	100,332	102,672
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	95,254	96,592	87,376	110,079	111,638
Interest	1,000	1,000	1,000	1,000	1,000
Other	300	300	300	320	320
Total own-source revenue	96,554	97,892	88,676	111,399	112,958
Gains					
Other	162	162	162	162	162
Total gains	162	162	162	162	162
Total own-source income	96,716	98,054	88,838	111,561	113,120
Net (cost of)/contribution by services	8,078	8,754	3,756	11,229	10,448
Notional income tax expense	2,421	2,623	1,124	3,366	3,131
Total comprehensive income/(loss) attributable to the Australian Government	5,657	6,131	2,632	7,863	7,317

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	5,260	4,696	4,818	5,470	6,012
Trade and other receivables	53,339	59,713	62,335	74,512	82,629
Total financial assets	58,599	64,409	67,153	79,982	88,641
Non-financial assets					
Property, plant and equipment	37,832	37,156	35,328	33,269	32,175
Intangibles	2,996	2,896	2,776	2,736	2,675
Heritage and cultural	21,584	21,584	21,584	21,584	21,584
Inventories	32,376	33,598	33,880	33,901	33,901
Tax assets	1,443	1,443	1,443	1,443	1,443
Other non-financial assets	2,247	2,247	2,247	2,247	2,247
Total non-financial assets	98,478	98,924	97,258	95,180	94,025
Total assets	157,077	163,333	164,411	175,162	182,666
LIABILITIES					
Payables					
Suppliers	5,168	5,227	5,279	5,753	6,085
Tax liabilities	2,754	2,956	1,457	3,699	3,464
Other payables	7,658	7,658	7,658	7,658	7,658
Total payables	15,580	15,841	14,394	17,110	17,207
Interest bearing liabilities					
Leases	261	116	-	-	-
Total interest bearing liabilities	261	116	-	-	-
Provisions					
Employee provisions	5,705	5,705	5,705	5,868	5,949
Other provisions	662	671	680	689	698
Total provisions	6,367	6,376	6,385	6,557	6,647
Total liabilities	22,208	22,333	20,779	23,667	23,854
Net assets	134,869	141,000	143,632	151,495	158,812
EQUITY*					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,339	21,339	21,339	21,339	21,339
Retained surplus (accumulated deficit)	35,627	41,758	44,390	52,253	59,570
Total equity	134,869	141,000	143,632	151,495	158,812

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

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	35,627	21,339	77,903	134,869
Opening balance	35,627	21,339	77,903	134,869
Comprehensive income				
Surplus/(deficit) for the period	6,131	-	-	6,131
Total comprehensive income	6,131	-	-	6,131
Estimated closing balance as at 30 June 2018	41,758	21,339	77,903	141,000
Closing balance attributable to the Australian Government	41,758	21,339	77,903	141,000

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	156,254	151,112	140,753	159,850	159,702
Other	300	300	300	320	320
Total cash received	156,554	151,412	141,053	160,170	160,022
Cash used					
Employees	24,043	23,907	23,830	23,915	23,794
Suppliers	66,747	57,513	51,775	67,025	68,514
Net GST paid	3,342	3,473	3,221	3,583	3,542
s74 Retained revenue receipts transferred to OPA	-	6,000	3,000	11,000	8,000
Taxes paid	-	2,421	2,623	1,124	3,366
Other	61,000	54,520	53,377	49,771	48,064
Total cash used	155,132	147,834	137,826	156,418	155,280
Net cash from/(used by) operating activities	1,422	3,578	3,227	3,752	4,742
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	5,274	4,125	3,100	3,100	4,200
Total cash used	5,274	4,125	3,100	3,100	4,200
Net cash from/(used by) investing activities	(5,274)	(4,125)	(3,100)	(3,100)	(4,200)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	28	17	5	-	-
Total cash used	28	17	5	-	-
Net cash from/(used by) financing activities	(28)	(17)	(5)	-	-
Net increase/(decrease) in cash held	(3,880)	(564)	122	652	542
Cash and cash equivalents at the beginning of the reporting period	9,140	5,260	4,696	4,818	5,470
Cash and cash equivalents at the end of the reporting period	5,260	4,696	4,818	5,470	6,012

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	5,274	4,125	3,100	3,100	4,200
TOTAL	5,274	4,125	3,100	3,100	4,200
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,274	4,125	3,100	3,100	4,200
Total cash used to acquire assets	5,274	4,125	3,100	3,100	4,200

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Property, plant and equipment \$'000	Heritage and cultural \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2017				
Gross book value	42,033	21,584	8,021	71,638
Accumulated depreciation/ amortisation and impairment	(4,201)	-	(5,025)	(9,226)
Opening net book balance	37,832	21,584	2,996	62,412
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	3,575	-	550	4,125
Total additions	3,575	-	550	4,125
Other movements				
Depreciation/amortisation expense	(4,251)	-	(650)	(4,901)
Total other movements	(4,251)	-	(650)	(4,901)
As at 30 June 2018				
Gross book value	45,608	21,584	8,571	75,763
Accumulated depreciation/ amortisation and impairment	(8,452)	-	(5,675)	(14,127)
Closing net book balance	37,156	21,584	2,896	61,636

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Suppliers	30,762	25,561	21,050	18,457	14,969
Other expenses	1,738	1,781	1,826	1,872	1,919
Total expenses administered on behalf of Government	32,500	27,342	22,876	20,329	16,888
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	93,500	81,862	76,253	70,099	64,952
Total non-taxation revenue	93,500	81,862	76,253	70,099	64,952
Total own-source revenue administered on behalf of Government	93,500	81,862	76,253	70,099	64,952
Total own-sourced income administered on behalf of Government	93,500	81,862	76,253	70,099	64,952
Net (cost of)/contribution by services	61,000	54,520	53,377	49,770	48,064
Surplus/(deficit)	61,000	54,520	53,377	49,770	48,064
Total comprehensive income/(loss)	61,000	54,520	53,377	49,770	48,064

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Trade and other receivables	4,353	4,353	4,353	4,353	4,353
Total financial assets	4,353	4,353	4,353	4,353	4,353
Non-financial assets					
Inventories	8,680	8,680	8,680	8,680	8,680
Total non-financial assets	8,680	8,680	8,680	8,680	8,680
Total assets administered on behalf of Government	13,033	13,033	13,033	13,033	13,033
Net assets/(liabilities)	13,033	13,033	13,033	13,033	13,033

Prepared on Australian Accounting Standards basis.

**Table 3.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	61,000	54,520	53,377	49,771	48,064
Total cash received	61,000	54,520	53,377	49,771	48,064
Net cash from/(used by) operating activities	61,000	54,520	53,377	49,771	48,064
Net increase/(decrease) in cash held	61,000	54,520	53,377	49,771	48,064
Cash and cash equivalents at beginning of reporting period					
Cash to Official Public Account for:					
- Special accounts	(61,000)	(54,520)	(53,377)	(49,771)	(48,064)
<i>Total cash to Official Public Account</i>	<i>(61,000)</i>	<i>(54,520)</i>	<i>(53,377)</i>	<i>(49,771)</i>	<i>(48,064)</i>
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.