

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a prescribed agency operating under the *Financial Management and Accountability Act 1997*. 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 residents.

In 2012-13, the Mint will continue to focus on building its capability and capacity to ensure the efficient use of resources to take advantage of the opportunities available in the circulating coin and numismatic markets both within Australia and internationally.

Increases in revenue from supplying circulating coins to two Pacific Island countries, as well as growth in the domestic and international numismatic businesses, has resulted in an above budget performance and sets the scene for continued growth in both parts of the Mint's business activities over the next three year period.

In late 2011-12, the Mint and key stakeholder commercial banks implemented a new national circulating coin supply chain model aimed at delivering more effective and efficient management of coins in circulation within Australia. The new model addresses inefficiencies in circulating coin forecasting, supply and distribution of coins, and will see a marked reduction in the excess holdings of coin stocks by the banks through the introduction of improved, centralised management of coin data and the more effective physical management of coin inventory.

Investment in people, processes and technology will ensure that the Mint will continue to be well positioned to deliver on its vision and agreed outcomes.

The Mint will continue to maintain an increased level of employee satisfaction and focus its attention on the health and wellbeing of its staff as well as the security of all stakeholders, visitors and employees to secure an ongoing reduction of workplace accidents and injury.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the Mint.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts + available in 2012-13 \$'000	Proposed at Budget = 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Other services				
Special accounts				
Opening balance	5,745 ¹	-	5,745	-
Non-appropriation receipts to special accounts	-	176,987	176,987	144,252
Total special account	5,745	176,987	182,732	144,252
Total net resourcing for the Mint	5,745	176,987	182,732	144,252

1. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

The Mint does not have any budget measures for 2012-13.

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, program deliverables and program 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 1 Budgeted expenses and resources

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	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Royal Australian Mint		
Administered expenses		
Special accounts	41,782	56,845
Departmental expenses		
Special accounts	70,534	94,557
Total expenses for Outcome 1	112,316	151,402
	2011-12	2012-13
Average staffing level (number)	201	200

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

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Administered items					
Special account expenses					
Minting and Coinage Special Account	41,782	56,845	56,290	57,676	57,173
Total administered expenses	41,782	56,845	56,290	57,676	57,173
Departmental items					
Special account expenses					
Minting and Coinage Special Account	70,534	94,557	95,239	95,908	96,176
Total departmental expenses	70,534	94,557	95,239	95,908	96,176

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 2012-13 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 2012-13 2011-12	Receipts 2012-13 2011-12	Payments 2012-13 2011-12	Adjustments 2012-13 2011-12	Closing balance 2012-13 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1	5,745 5,732	176,987 144,252	173,009 144,239	- -	9,723 5,745
Total special accounts						
2012-13 Budget estimate		5,745	176,987	173,009	-	9,723
Total special accounts						
2011-12 estimate actual		5,732	144,252	144,239	-	5,745

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 material differences in agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

There is an increase in the anticipated operating results in 2012-13 compared to 2011-12 due to expected revenue increasing more than costs.

There is an increase in the estimated cash balances in the Mint's budgeted departmental statement of cash flows. This movement is due to a greater increase in receipts from supply of goods and services compared to expenditure.

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)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES					
Employee benefits	17,878	18,660	19,415	20,081	20,345
Supplier	47,444	63,697	63,701	63,704	63,708
Depreciation and amortisation	4,849	4,794	4,717	4,717	4,717
Write-down and impairment of assets	200	-	-	-	-
Finance costs	44	4	4	4	4
Other	119	7,402	7,402	7,402	7,402
Total expenses	70,534	94,557	95,239	95,908	96,176
LESS:					
OWN-SOURCE INCOME					
Sale of goods and rendering of services	70,534	90,624	90,624	91,464	92,334
Interest	522	350	350	350	350
Other revenue	168	7,461	7,461	7,461	7,461
Total own-source income	71,224	98,435	98,435	99,275	100,145
Surplus (deficit) attributable to the Australian Government	690	3,878	3,196	3,367	3,969

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS					
Financial assets					
Cash and equivalents	5,035	8,566	4,189	5,798	8,016
Trade and other receivables	26,245	23,856	23,856	23,856	23,856
Tax assets	655	655	655	655	655
Total financial assets	31,935	33,077	28,700	30,309	32,527
Non-financial assets					
Infrastructure, plant and equipment	48,668	50,347	58,435	60,127	62,558
Heritage and cultural	22,984	22,984	22,984	22,984	22,984
Inventories	25,652	37,082	37,082	37,082	37,082
Intangibles	2,729	1,622	1,277	1,516	1,016
Other	3,439	3,376	3,376	3,376	3,376
Total non-financial assets	103,472	115,411	123,154	125,085	127,016
Total assets	135,407	148,488	151,854	155,394	159,543
LIABILITIES					
Provisions					
Employees	4,548	5,641	5,811	5,984	6,164
Total provisions	4,548	5,641	5,811	5,984	6,164
Payables					
Suppliers	154	9,951	9,951	9,951	9,951
Tax liabilities	813	813	813	813	813
Other	3,752	2,065	2,065	2,065	2,065
Total payables	4,719	12,829	12,829	12,829	12,829
Interest bearing liabilities					
Leases	28	28	28	28	28
Total interest bearing liabilities	28	28	28	28	28
Total liabilities	9,295	18,498	18,668	18,841	19,021
Net assets	126,112	129,990	133,186	136,553	140,522
EQUITY					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	25,753	25,753	25,753	25,753	25,753
Retained surpluses or accumulated deficits	22,456	26,334	29,530	32,897	36,866
Total equity	126,112	129,990	133,186	136,553	140,522
Current assets	60,371	72,880	68,503	70,112	72,330
Non-current assets	75,036	75,608	83,351	85,282	87,213
Current liabilities	8,210	17,389	17,540	17,694	17,853
Non-current liabilities	1,085	1,109	1,128	1,147	1,168

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	160,143	172,424	185,676	186,516	185,168
Total cash received	160,143	172,424	185,676	186,516	185,168
Cash used					
Employees	18,064	17,567	19,245	19,908	20,165
Borrowing costs	162	4	4	4	4
Suppliers	134,738	145,956	158,344	158,347	156,133
Total cash used	152,964	163,527	177,593	178,259	176,302
Net cash from or (used by) operating activities	7,179	8,897	8,083	8,257	8,866
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	7,158	5,366	12,460	6,648	6,648
Total cash used	7,158	5,366	12,460	6,648	6,648
Net cash from or (used by) investing activities	(7,158)	(5,366)	(12,460)	(6,648)	(6,648)
FINANCING ACTIVITIES					
Cash used					
Repayments of debt	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	21	3,531	(4,377)	1,609	2,218
Cash at the beginning of the reporting period	5,014	5,035	8,566	4,189	5,798
Cash at the end of the reporting period	5,035	8,566	4,189	5,798	8,016

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	22,456	25,753	-	77,903	126,112
Adjusted opening balance	22,456	25,753	-	77,903	126,112
Comprehensive income					
Surplus (deficit) for the period	3,878	-	-	-	3,878
Total comprehensive income recognised directly in equity	3,878	-	-	-	3,878
Estimated closing balance as at 30 June 2013	26,334	25,753	-	77,903	129,990

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	6,914	5,366	12,460	6,648	6,648
TOTAL	6,914	5,366	12,460	6,648	6,648
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	6,914	5,366	12,460	6,648	6,648
Total cash used to acquire assets	6,914	5,366	12,460	6,648	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 2012				
Gross book value	57,059	22,984	6,837	86,880
Accumulated depreciation/amortisation and impairment	8,391	-	4,108	12,499
Opening net book balance	48,668	22,984	2,729	74,381
Capital asset additions				
By purchase - other	5,271	-	95	5,366
Total additions	5,271	-	95	5,366
Other movements				
Depreciation/amortisation expense	3,592	-	1,202	4,794
Total other movements	3,592	-	1,202	4,794
As at 30 June 2013				
Gross book value	62,330	22,984	6,932	92,246
Accumulated depreciation/amortisation and impairment	11,983	-	5,310	17,293
Closing net book balance	50,347	22,984	1,622	74,953

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 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	40,282	55,345	54,790	56,176	55,673
Other	1,500	1,500	1,500	1,500	1,500
Total expenses administered on behalf of government	41,782	56,845	56,290	57,676	57,173
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Goods and services	119,580	131,775	130,452	133,752	132,555
Total non-taxation revenue	119,580	131,775	130,452	133,752	132,555
Total own-source revenues administered on behalf of Government on behalf of government	119,580	131,775	130,452	133,752	132,555
Total own-sourced income administered on behalf of Government	119,580	131,775	130,452	133,752	132,555
Net Cost of (contribution by) services	(77,798)	(74,930)	(74,162)	(76,076)	(75,382)
Surplus (Deficit)	77,798	74,930	74,162	76,076	75,382

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 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	6,352	6,352	6,352	6,352	6,352
Total financial assets	6,352	6,352	6,352	6,352	6,352
Non-financial assets					
Inventories	27,855	23,184	23,184	23,184	23,184
Total non-financial assets	27,855	23,184	23,184	23,184	23,184
Total assets administered on behalf of government	34,207	29,536	29,536	29,536	29,536
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	17,793	-	-	-	-
Total payables	17,793	-	-	-	-
Total liabilities administered on behalf of government	17,793	-	-	-	-
Net assets/(liabilities)	16,414	29,536	29,536	29,536	29,536

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services (seigniorage)	77,799	74,930	74,162	76,076	75,382
Total cash received	77,799	74,930	74,162	76,076	75,382
Net cash from or (used by) operating activities					
	77,799	74,930	74,162	76,076	75,382
Net increase or (decrease) in cash held					
	77,799	74,930	74,162	76,076	75,382
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for - special accounts	77,799	74,930	74,162	76,076	75,382
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.