

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Overview

The Royal Australian Mint (the Mint) is a prescribed agency under the *Financial Management and Accountability Act 1997*. The Mint is responsible for producing all circulating and some numismatic coin for Australia. The Mint also produces a range of high quality collector coins together with minted non-coin products including medallions. The Mint's collector coin and minted non-coin business is commercial, within Government set parameters.

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output groups
Outcome 1		
Satisfy the Reserve Bank of Australia's forecast for circulated coin	The single outcome consists of one output group, namely coin production, associated policy advice and visitors services.	Output Group 1.1 Royal Australian Mint

Section 2: Resources for 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total capital appropriation for the Mint in the 2006-07 Budget is \$11.0 million. This appropriation represents the capital for refurbishment and the purchase of plant and equipment. The total resources (including capital appropriation) required for the Mint's operations in 2006-07 is estimated to be \$64.4 million.

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2006-07

Royal Australian Mint	Departmental				Administered				Total	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Other resources \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other Appropriation \$'000	Special Appropriation \$'000		Other resources \$'000
Outcome 1										
Satisfy the Reserve Bank of Australia's forecast for circulating coin	-	-	-	53,399	-	-	-	-	-	53,399
Equity injections	-	11,015	-	-	-	-	-	-	-	11,015
Total	-	11,015	-	53,399	-	-	-	-	-	64,414

2.2 2006-07 BUDGET MEASURES

Table 2.2 Royal Australian Mint measures

The Mint does not have any 2006-07 Budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the Mint for provision of goods or services. These resources are approved for use by the Mint and are included in Table 2.1.

The use of a special account established under the *Financial Management and Accountability Act 1997* (FMA) enables the Mint to fund its operations from the production of circulating coin from the revenue received from the Reserve Bank of Australia. As such, funds are received indirectly via the amounts retained from seigniorage for the production of circulating coin.

The Mint uses the revenue from the sales of numismatic coins and like products to fund its other operations.

Table 2.3: Other resources available to be used

	Estimated receipts 2005-06 \$'000	Budget estimate 2006-07 \$'000
Departmental resources		
Goods and services	70,612	53,289
Other - resources received free of charge	110	110
Total departmental resources available to be used	70,722	53,399

2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2005-06 TO 2006-07

Table 2.4: Movement of administered funds from 2005-06 to 2006-07

The Mint does not have any movement of administered funds from 2005-06 to 2006-07.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The Mint does not have any special appropriations.

2.6 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 2.6 shows the expected additions (credits) and reductions (debits) for the account used by the Mint. The Mint uses the special account for all of its operations.

Table 2.6: Estimates of special account flows and balances

	Opening balance	Credits	Debits	Adjustments	Closing balance
	2006-07	2006-07	2006-07	2006-07	2006-07
	2005-06	2005-06	2005-06	2005-06	2005-06
	\$'000	\$'000	\$'000	\$'000	\$'000
Royal Australian Mint Special Account	13,437 7,900	162,462 201,458	161,505 195,921	- -	14,394 13,437
Total special accounts					
2006-07 Budget estimate	13,437	162,462	161,505	-	14,394
Total special accounts 2005-06 estimated actual	7,900	201,458	195,921	-	13,437

Note: This special account is departmental in nature.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Mint will receive a departmental capital appropriation of \$11.0 million in 2006-07. This relates to funding of \$8.5 million for refurbishment of the Mint building and \$2.5 million for the purchase of plant and equipment. The Mint does not have an appropriation for administered capital or loan in the 2006-07 Budget.

Section 3: Outcomes

This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the one outcome for the Royal Australian Mint (the Mint).

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The Mint has one output, namely, 'coin production, associated policy advice and visitors services', that is fixed to a single outcome.

The relationship between activities of the Mint and the outcome is summarised in Figure 4.

Figure 4: Contributions to outcomes



Departmental outputs

The Mint delivers a single output – ‘coin production, associated policy advice and visitors services’.

Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to the Mint are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance indicators for individual outputs	
Output group 1: Royal Australian Mint	
Output 1.1.1 - Coin production, associated policy advice and visitors services	Advice meets Treasury Portfolio Minister's needs in administering their responsibilities and implementing Government decisions as they relate to coinage and the Royal Australian Mint operations. Produce circulating coin to Reserve Bank of Australia forecasts. Meet financial performance targets. Maintain the National Coin Collection and the Royal Australian Mint's Visitors Gallery and promote public understanding about the cultural and historical significance of coins. Price: \$53.4 million

Evaluations for Outcome 1

Evaluation and review activities planned by the Mint for 2006-07 include:

- meeting RBA forecasts, measured on a monthly basis;
- review of the cost of production and related pricing of products;
- review of the organisational structure and work values; and
- feedback will be sought from key stakeholders on a regular basis on the effectiveness of advice and visitor services.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Royal Australian Mint (the Mint) does not have any purchaser-provider arrangements with any other Government agencies.

4.2 COST RECOVERY ARRANGEMENTS

The Mint does not presently have cost recovery arrangements. All receipts from independent sources are excluded for the purposes of the *Australian Government Cost Recovery Guidelines* as the Mint complies with competitive neutrality principles.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

Table 4.1: Australian Government Indigenous Expenditure

The Mint does not have any specific indigenous expenditure.

Section 5: Budgeted financial statements

A brief analysis of the Royal Australian Mint's (the Mint) budgeted financial statements is provided below. The budgeted financial statements will form the basis of the financial statements that will appear in the 2006-07 Annual Report.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted financial statements

In the income statement the Mint has budgeted for a profit of \$1.2 million in 2006-07. Income from the sale of numismatic coin and like product is expected to remain steady in the forward years.

The balance sheet provides a consistent picture between the budget and previous financial years. The net asset position is expected to increase from previous financial years due to the replacement of old plant and equipment.

Departmental financial statements

The Mint has a sound financial position and currently has sufficient cash to fund ongoing provisions and payables, and asset replacements, as they fall due.

Budgeted departmental income statement

This statement provides a picture of the expected financial results for the Mint by identifying full accrual expenses and revenues, which indicates the sustainability of the Mint's finances.

The Mint is budgeting towards an operating result of a profit of \$1.2 million.

Budgeted departmental balance sheet

This statement shows the financial position of the Mint. It helps decision-makers to track the management of assets and liabilities.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental statement of changes in equity — summary of movement

Shows the budgeted movement in equity, from the operating result, changes in revaluations and injections of equity from capital appropriations.

Departmental capital budget statement

Shows all planned departmental capital expenditure, whether funded through capital appropriations for additional equity, or funded from internal sources.

Departmental property, plant, equipment and intangibles — summary of movement

Shows budgeted acquisitions and disposals of non financial assets during the Budget year.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

This schedule identifies the main revenues and expenses administered on behalf of the Australian Government.

Schedule of budgeted administered cash flows

This schedule identifies the cash flows administered on behalf of the Australian Government.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement for the period ended 30 June

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Goods and services	69,852	52,746	54,317	54,090	54,571
Interest	696	471	480	490	499
Rents	173	181	185	189	193
Total revenue	70,722	53,398	54,982	54,769	55,263
Total income	70,722	53,398	54,982	54,769	55,263
EXPENSE					
Employees	8,693	9,041	9,403	7,997	10,170
Suppliers	10,184	8,828	9,004	9,184	9,368
Depreciation and amortisation	1,133	1,152	1,135	1,144	1,157
Other	49,384	33,154	34,422	33,887	33,723
Total expenses	69,394	52,175	53,964	52,212	54,418
Operating result from continuing operations	1,326	1,223	1,018	2,557	845
Net surplus attributable to the Australian Government	1,326	1,223	1,018	2,557	845

**Table 5.2: Budgeted departmental balance sheet
as at 30 June**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash	13,446	14,403	16,846	18,095	20,254
Receivables	3,500	3,000	3,000	3,000	3,000
Tax assets	353	353	353	353	353
Total financial assets	17,298	17,756	20,198	21,447	23,606
Non-financial assets					
Infrastructure, plant and equipment	15,803	25,777	33,331	32,514	31,676
Inventories	21,223	22,000	22,000	22,000	22,000
Intangibles	373	296	257	230	211
Other	1,184	1,184	1,184	1,184	1,184
Total non-financial assets	38,583	49,257	56,772	55,928	55,071
Total assets	55,882	67,013	76,971	77,376	78,677
LIABILITIES					
Provisions					
Employees	3,150	3,276	3,054	2,964	3,407
Total provisions	3,150	3,276	3,054	2,964	3,407
Payables					
Suppliers	10,400	9,169	9,719	9,427	9,427
Other	1,031	1,043	1,055	1,068	1,080
Total payables	11,431	10,212	10,774	10,495	10,508
Total liabilities	14,581	13,488	13,828	13,458	13,915
EQUITY					
Contributed equity	12,789	24,344	32,388	32,388	32,388
Reserves	5,393	5,393	5,393	5,393	5,393
Retained surpluses	23,121	23,804	25,362	26,137	26,982
Total equity	41,301	53,541	63,143	63,918	64,762
Current assets	39,353	43,287	45,730	46,979	49,138
Non-current assets	16,529	23,726	31,241	30,397	29,540
Current liabilities	14,581	13,488	13,828	13,458	13,915
Non-current liabilities	-	-	-	-	-

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	197,086	151,280	158,943	155,214	155,696
Other	173	181	185	189	193
Total cash received	197,259	151,461	159,128	155,403	155,889
Cash used					
Employees	8,480	8,915	9,625	9,869	9,727
Suppliers	133,414	107,609	112,588	110,098	109,980
Other	49,384	33,931	34,422	33,887	33,723
Total cash used	191,278	150,455	156,635	153,854	153,430
Net cash from or (used by) operating activities	5,981	1,006	2,493	1,549	2,459
INVESTING ACTIVITIES					
Cash received					
Other	4,210	11,015	8,600	-	-
Total cash received	4,210	11,015	8,650	-	-
Cash used					
Purchase of property, plant and equipment	4,644	2,500	2,500	250	250
Other	-	8,565	6,150	50	50
Total cash used	4,644	11,065	8,650	300	300
Net cash from or (used by) investing activities	(434)	(50)	(50)	(300)	(300)
Net increase or (decrease) in cash held	5,547	956	2,443	1,249	2,159
Cash at the beginning of the reporting period	7,900	13,447	14,403	16,846	18,095
Cash at the end of the reporting period	13,447	14,403	16,846	18,095	20,254

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2006					
Balance carried forward from previous period	23,121	5,393		12,789	41,303
Adjusted opening balance	23,121	5,393		12,789	41,303
Income and expense					
Sub-total income and expense	-	-	-	-	-
Net operating result	1,223	-	-	-	1,223
Total income and expenses recognised directly in equity	1,223	-	-	-	1,223
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	11,015	11,015
Sub-total transactions with owners	-	-	-	11,015	11,015
Estimated closing balance as at 30 June 2007	24,344	5,393	-	23,804	53,541

Table 5.5: Departmental capital budget statement

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	4,210	11,015	8,600	-	-
Total loans	-	-	-	-	-
Total capital appropriations	4,210	11,015	8,600	-	-
Represented by:					
Purchase of non-financial assets	4,210	11,015	8,600	-	-
Other	-	-	-	-	-
Total represented by	4,210	11,015	8,600	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	4,210	11,015	8,600	-	-
Funded internally by departmental resources	434	50	50	300	300
Total	4,644	11,065	8,650	300	300

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006									
Gross book value	-	-	-	-	17,287	-	2,187	-	19,474
Accumulated depreciation	-	-	-	-	(1,484)	-	(1,814)	-	(3,298)
Opening net book value					15,803		373		16,176
Additions:									
by purchase	-	-	-	-	2,500	-	50	-	2,550
Depreciation/amortisation expense	-	-	-	-	(1,026)	-	(127)	-	(1,153)
As at 30 June 2007									
Gross book value	-	-	-	-	19,787	-	2,237	-	22,024
Accumulated depreciation	-	-	-	-	(2,510)	-	(1,942)	-	(4,452)
Estimated closing net book value					17,277		295		17,572

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	122,876	99,264	104,076	101,417	101,125
Total non-taxation	122,876	99,264	104,076	101,417	101,125
Total revenues administered on behalf of Government	122,876	99,264	104,076	101,417	101,125
Total income administered on behalf of Government	122,876	99,264	104,076	101,417	101,125
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Other	122,876	99,264	104,076	101,417	101,125
Total expenses administered on behalf of Government	122,876	99,264	104,076	101,417	101,125

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June

The Mint does not have any administered assets or liabilities.

Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	122,878	99,264	104,076	101,417	101,125
Total cash received	122,878	99,264	104,076	101,417	101,125
Cash used					
Other	122,878	99,264	104,076	101,417	101,125
Total cash used	122,878	99,264	104,076	101,417	101,125
Net cash from or (used by) operating activities	-	-	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	122,878	99,264	104,076	101,417	101,125
Transfers to other entities (Finance - Whole of Government)	122,878	99,264	104,076	101,417	101,125
Cash at end of reporting period	-	-	-	-	-

Table 5.10: Schedule of administered capital budget

The Mint does not have any administered capital.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)

The Mint does not have any administered property, plant, equipment and intangibles.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Departmental

Basis of accounting

The Mint's budgeted statements have been prepared on an accrual basis and in accordance with historical cost convention, except for certain assets which are at valuation.

Revenues and expenses are recognised into the operating statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Budgeted departmental income statement

Revenues

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

Expenses

Employees

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

Depreciation and amortisation

Depreciable assets are written off over their estimated useful lives. Depreciation is calculated 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 proportion of direct labour and overhead. All precious metals are purchased and brought to account at cost and expensed as used.

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.

Departmental capital budget statement

This shows proposed capital expenditure for the ongoing replacement programme of non-financial assets. This asset replacement programme is being funded by capital appropriation. In 2006-07, \$2.5 million will be provided for the replacement of plant and equipment and \$8.5 million for the refurbishment of the Mint.

Administered

Seigniorage is collected by the Mint on behalf of the Australian Government. 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. Seigniorage is treated as an administered item within the Mint's administered budget statements.

