

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 circulating coin for Australia. The Mint also produces a range of numismatic products together with minted non-coin products including medallions and tokens. The Mint's collector coin and minted non-coin business is commercial, within Government-set parameters.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Mint which contribute to the achievement of outcomes for the Mint are summarised in Table 1.1 and Figure 2 on page 315.

Table 1.1: Contribution to outcomes

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 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

The total capital appropriation for the Royal Australian Mint (Mint) in the 2007-08 Budget is \$15.1 million. This appropriation represents the capital funding for refurbishment, the purchase of plant and equipment and internal security and upgrade of associated systems. The total resources (including capital appropriation) required for the Mint's operations in 2007-08 is estimated to be \$71.2 million.

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

Table 2.1: Appropriations and other resources 2007-08

	Departmental				Administered				Total \$'000
	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	
Royal Australian Mint									
Outcome 1									
Satisfy the Reserve Bank of Australia's forecast for circulating coin	-	-	-	56,098	-	-	-	-	-
Equity injections	-	15,100	-	-	-	-	-	-	-
Total	-	15,100	-	56,098	-	-	-	-	71,198

2.2 2007-08 BUDGET MEASURES

The following table summarises the Mint's Budget measures as explained in Budget Paper No. 2, *Budget Measures 2007-08*.

Table 2.2: Royal Australian Mint measures

Measure	Output groups affected	Budget Estimate 2007-08 \$'000			Forward Estimate 2008-09 \$'000			Forward Estimate 2009-10 \$'000			Forward Estimate 2010-11 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Capital measure													
Royal Australian Mint - internal security and upgrade of associated systems	1.1	-	6,500	6,500	-	100	100	-	-	-	-	-	-
Related expense													
Royal Australian Mint - internal security and upgrade of associated systems	1.1	-	1,116	1,116	-	286	286	-	-	-	-	-	-

2.3 OTHER RESOURCES AVAILABLE TO BE USED

The following table 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 also included in Table 2.1.

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

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

Table 2.3: Other resources available to be used

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental other resources		
Goods and services	53,254	55,953
Other - resources received free of charge	144	145
Total departmental other resources available to be used	53,398	56,098

2.4 MOVEMENT OF ADMINISTERED FUNDS

Table 2.4: Movement of administered funds between years

The Mint does not have any movement of administered funds.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

The Mint does not have any special appropriations.

2.6 MOVEMENTS IN 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 each account used by the Mint. The Mint uses a special account for all of its operations.

Table 2.6: Estimates of special account cash flows and balances

	Opening balance	Credits	Debits	Adjustments	Closing balance
	2007-08	2007-08	2007-08	2007-08	2007-08
	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>	<i>2006-07</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	7,039 5,608	174,228 172,417	173,735 170,986	- -	7,532 7,039
Total special accounts					
2007-08 Budget estimate	7,039	174,228	173,735	-	7,532
<i>Total special accounts</i>					
<i>2006-07 estimated actual</i>	5,608	172,417	170,986	-	7,039

Note: This special account is departmental in nature and is established under section 20 of the *Financial Management and Accountability Act 1997*.

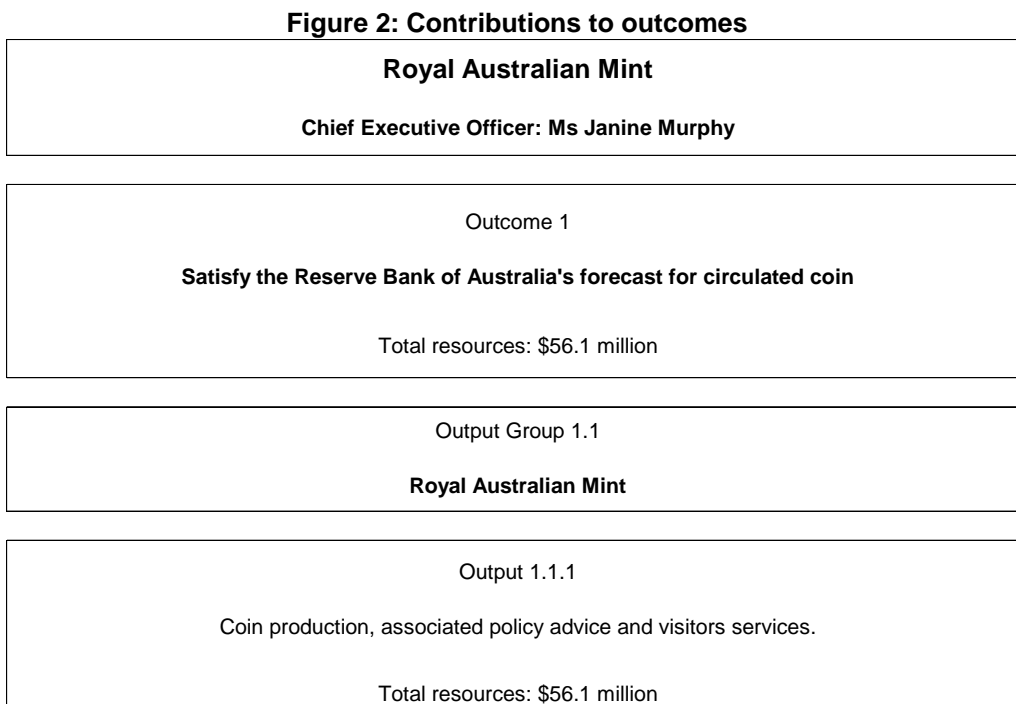
Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for The Royal Australian Mint (the Mint).

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the Mint and its outcomes is summarised in Figure 2.



There has been no change to outcomes and outputs structure of the Mint from the *Portfolio Budget Statements 2006-07*.

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 meet Reserve Bank of Australia needs. Meet financial performance targets. Maintain the National Coin Collection and the Royal Australina Mint's Visitor Gallery and promote public understanding about the cultural and historical significance of coins.
Price: \$56.1 million	

3.2.5 Evaluations for Outcome 1

Evaluation and review activities planned by the Mint for 2007-08 include:

- the meeting of RBA forecasts are measured on a monthly basis;
- review of the cost of production and related pricing of products; 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 any cost recovery arrangements. All receipts from independent sources are excluded for the purposes of the *Commonwealth 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 2007-08 Annual Report.

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

In the income statement the Mint has budgeted for a profit of \$1.0 million in 2007-08. Income from the sales 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, for which the Mint received capital appropriation over five years from 2003-04.

Budgeted financial statements

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.

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.

The Mint Budget Statement: Budgeted financial statements

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 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Goods and services	52,746	55,433	54,618	55,054	54,209
Interest	471	480	490	499	499
Rents	181	185	189	193	193
Total revenue	53,398	56,098	55,297	55,746	54,901
Total income	53,398	56,098	55,297	55,746	54,901
EXPENSE					
Employees	9,041	9,403	7,997	10,170	10,170
Suppliers	8,828	10,120	9,470	9,368	9,368
Depreciation and amortisation	1,152	1,135	1,386	1,640	1,640
Other	33,154	34,422	33,887	33,723	33,723
Total expenses	52,175	55,080	52,740	54,901	54,901
Surplus (deficit) before income tax	1,223	1,018	2,557	845	-
Income tax expense	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	1,223	1,018	2,557	845	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	4,507	5,000	5,242	5,725	6,208
Receivables	14,242	14,846	16,095	18,254	19,254
Tax assets	353	353	353	353	353
Total financial assets	19,102	20,199	21,690	24,332	25,815
Non-financial assets					
Infrastructure, plant and equipment	16,552	31,652	38,872	37,551	36,092
Inventories	30,179	30,179	22,145	23,855	24,701
Intangibles	240	257	230	211	202
Other	1,184	1,184	1,184	1,184	1,184
Total non-financial assets	48,155	63,272	62,431	62,801	62,179
Total assets	67,257	83,471	84,121	87,133	87,994
LIABILITIES					
Provisions					
Employees	2,983	3,054	2,964	3,407	3,305
Total provisions	2,983	3,054	2,964	3,407	3,305
Payables					
Suppliers	9,707	9,719	9,427	9,427	9,527
Other	1,042	1,055	1,068	1,080	1,098
Total payables	10,749	10,774	10,495	10,507	10,625
Total liabilities	13,732	13,828	13,459	13,914	13,930
Net assets	53,525	69,643	70,662	73,219	74,064
EQUITY					
Contributed equity	23,888	38,988	38,988	38,988	38,988
Reserves	5,393	5,393	5,393	5,393	5,393
Retained surpluses	24,244	25,262	26,281	28,838	29,683
Total equity	53,525	69,643	70,662	73,219	74,064
Current assets	50,112	51,209	44,666	49,018	51,347
Non-current assets	17,145	32,262	39,455	38,115	36,647
Current liabilities	13,153	13,247	12,869	13,347	13,363
Non-current liabilities	579	581	590	567	567

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	161,228	158,943	155,514	155,996	155,769
Other	174	185	189	193	200
Total cash received	161,402	159,128	155,703	156,189	155,969
Cash used					
Employees	9,611	9,625	9,869	9,727	9,822
Suppliers	116,108	112,588	110,098	109,980	111,870
Other	34,112	34,422	33,887	33,723	31,829
Total cash used	159,831	156,635	153,854	153,430	153,521
Net cash from or (used by) operating activities	1,571	2,493	1,849	2,759	2,448
INVESTING ACTIVITIES					
Cash received					
Other	11,015	15,100	100	-	-
Total cash received	11,015	15,100	100	-	-
Cash used					
Purchase of property, plant and equipment	2,500	4,500	1,707	2,276	1,965
Other	8,565	12,600	-	-	-
Total cash used	11,065	17,100	1,707	2,276	1,965
Net cash from or (used by) investing activities	(50)	(2,000)	(1,607)	(2,276)	(1,965)
Net increase or (decrease) in cash held	1,521	493	242	483	483
Cash at the beginning of the reporting period	2,986	4,507	5,000	5,242	5,725
Cash at the end of the reporting period	4,507	5,000	5,242	5,725	6,208

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Estimated opening balance as at 1 July 2007					
Balance carried forward from previous period	24,244	5,393	-	23,888	53,525
Estimated opening balance	24,244	5,393	-	23,888	53,525
Income and expense					
Surplus (deficit) for the period	1,018	-	-	-	1,018
Total income and expenses recognised directly in equity	1,018	-	-	-	1,018
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	15,100	15,100
Sub-total transactions with owners	-	-	-	15,100	15,100
Estimated closing balance as at 30 June 2008	25,262	5,393	-	38,988	69,643

Table 5.5: Departmental capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	11,015	15,100	100	-	-
Total loans	-	-	-	-	-
Total capital appropriations	11,015	15,100	100	-	-
Represented by:					
Purchase of non-financial assets	2,500	4,500	1,607	2,276	1,965
Other	8,565	12,600	100	-	-
Total represented by	11,065	17,100	1,707	2,276	1,965
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	11,015	15,100	100	-	-
Funded internally by departmental resources	50	2,000	1,607	2,276	1,965
Total	11,065	17,100	1,707	2,276	1,965

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	property	property	equipment	infrastructure	and cultural	software	intangibles		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007									
Gross book value	-	-	-	-	18,896	-	2,321	-	21,217
Accumulated depreciation	-	-	-	-	(2,344)	-	(2,081)	-	(4,425)
Estimated opening net book value	-	-	-	-	16,552	-	240	-	16,792
Additions:									
by purchase	-	-	-	-	17,100	-	129	-	17,229
Disposals	-	-	-	-	(977)	-	-	-	(977)
Depreciation/amortisation expense	-	-	-	-	(1,023)	-	(112)	-	(1,135)
As at 30 June 2008									
Gross book value	-	-	-	-	35,019	-	2,450	-	37,469
Accumulated depreciation	-	-	-	-	(3,367)	-	(2,193)	-	(5,560)
Estimated closing net book value	-	-	-	-	31,652	-	257	-	31,909

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	99,264	104,076	101,417	101,125	101,225
Total non-taxation	99,264	104,076	101,417	101,125	101,225
Total revenues administered on behalf of Government	99,264	104,076	101,417	101,125	101,225
Total income administered on behalf of Government	99,264	104,076	101,417	101,125	101,225
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Other	99,264	104,076	101,417	101,125	101,225
Total expenses administered on behalf of Government	99,264	104,076	101,417	101,125	101,225

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 and liabilities.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	99,264	104,076	101,417	101,125	101,125
Total cash received	99,264	104,076	101,417	101,125	101,125
Cash used					
Other	99,264	104,076	101,417	101,125	101,125
Total cash used	99,264	104,076	101,417	101,125	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)	99,264	104,076	101,417	101,125	101,125
Transfers to other entities (Finance - Whole of Government)	99,264	104,076	101,417	101,125	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 2007-08)**

The Mint does not have any administered property, plant, equipment or 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 in 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 has been funded by capital appropriation. In 2007-08 \$2.5 million will be provided for the replacement of plant and equipment, \$6.1 million for the refurbishment of the Mint and \$6.5 million for internal security and upgrade of associated systems.

Administered items

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.

