

ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources	253
1.1 Strategic direction	253
1.2 Agency resource statement	255
1.3 Budget measures.....	255
Section 2: Outcomes and planned performance	256
2.1 Outcomes and performance information	256
Section 3: Explanatory tables and budgeted financial statements	260
3.1 Explanatory tables	260
3.2 Budgeted financial statements	261

ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Royal Australian Mint (the Mint) is a prescribed agency under the *Financial Management and Accountability Act 1997* with responsibility for producing circulating and numismatic coin for Australia. The Mint contributes to the stability of the national economy by providing quality circulating coin that meets the needs of the government and the people of Australia. In addition, the Mint produces a number of Australian medals and awards, as well as tokens, medallions and jewellery items for domestic and overseas customers; maintains the National Coin Collection; and is a major Australian tourist attraction.

Responding effectively to changes in government policy, client needs, and technology, is critical to the Mint's success. Managing the future workload of the Mint and best utilising its resources will be a key to the success of the Mint over the coming years.

The Mint will continue to remain focused strategically in order to manage the following significant challenges to meet its goals:

- structural change and reorganisation of its workforce to improve the efficiency, quality, security and sustainability of outputs;
- an ageing workforce and issues surrounding succession planning and knowledge transfer;
- competition for skills in a labour market that is limited in supply;
- changing or uncertain demand factors;
- increased competition from alternative suppliers of numismatic coins; and
- rapidly changing technology.

To better reflect the diversity of functions undertaken, the Mint has updated its outcome and outputs for the 2008-09 and future financial years. Whilst continuing to have a single outcome, the Mint's outcome has been expanded to 'Manufacture and sale of circulating coins to meet the needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries'. In addition, the prior year single output has been expanded to four distinct outputs, namely:

Royal Australian Mint Budget Statements

- output 1.1.1 – Manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice;
- output 1.1.2 – Manufacture and sale of circulating coins for foreign countries;
- output 1.1.3 – Production and sale of collector coins and other minted and like products for Australian and other clients; and
- output 1.1.4 – Provide gallery and visitor services.

As it undertakes a major building refurbishment (expected to be completed by early 2009), the Mint will need to demonstrate responsiveness and agility to move with a changing and challenging environment.

Whilst maintaining efficient production and delivery of circulating and collector coins, transforming the Mint's operating, production and management information systems constitutes the major challenge facing the Mint in 2008-09.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied to the Mint.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year amounts available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total estimate 2008-09 \$'000	Estimated appropriation available 2007-08 \$'000
Other services				
Departmental non-operating				
Equity injections	1,690	9,979 ¹	11,669	27,799
Total other services	A 1,690	9,979	9,979	27,799
Special accounts²				
Opening balance	23,697	-	23,697	22,472
Appropriation receipts	-	9,979	9,979	27,799
Non-appropriation receipts to special accounts	-	160,438	160,438	163,815
Total special accounts	B 23,697	170,417	194,114	214,086
Total resourcing (A+B)	25,387	180,396	204,093	241,885
Less appropriations drawn from equity injections above and credited to special accounts	-	9,979	9,979	27,799
Total net resourcing for the Mint	25,387	170,417	194,114	214,086

1. Appropriation Bill (No.2) 2008-09.

2. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

Table 1.2: Royal Australian Mint 2008-09 Budget measures

The Mint does not have any Budget measures for 2008-09.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the government on the Australian community.

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

2.1.1 Outcome 1: Manufacture and sale of circulating coins, to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries

Outcome 1 strategy

To achieve this outcome the Mint will continue to:

- produce cost efficient circulating coins for Australia and establish and maintain a circulating coin buffer stock;
- provide advice to the Treasury and government on coin related issues;
- develop corporate quality products;
- develop profitable numismatic products which meet customer expectations;
- develop an education program to be undertaken through the visitors centre;
- promote public understanding of the cultural and historical significance of coins; and
- maintain the National Coin Collection.

The Mint has a number of major inter-related projects (expected to be delivered in 2009) designed to improve the efficiency and effectiveness with which the Mint can achieve its outcomes in 2008-09 and future years.

The foundation project is refurbishment of the Mint's premises. The refurbishment will provide the Mint with a building-code and occupational health and safety compliant building that more efficiently meets the Mint's functional requirements, and makes more efficient use of all available space. It will ensure the continued economic viability of the Mint's landmark building, by enabling state-of-the-art automated production

processes to be installed and providing a contemporary education and visitor gallery in line with other national institutions.

The upgrade of the Mint's information management system will improve the integration of the Mint's business operations (production, marketing, and corporate) and enhance information management processes and reporting. The new IT system will also facilitate improved responsiveness from management to any operational issues.

The Materials Handling and Warehousing System project will increase physical security over coinage blanks and coins; reduce or eliminate manual handling; minimise time wasted on transporting materials and work in progress within the Mint; and provide automated real-time accounting and auditing of blanks and coins as they progress through the receipt, production, storage and delivery processes.

In addition, the Mint is replacing some of its outdated manufacturing equipment. New equipment is being progressively installed during 2008-09.

Table 2.1: Total resources for outcome 1

Outcome 1: Manufacture and sale of circulating coins, to meet the coinage needs of the Australian economy, and collector coins and other minted products for Australia and foreign countries	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output group 1.1 - Royal Australian Mint		
Special accounts		
Minting and Coinage Special Account		
Opening balance	23,697	22,472
Non-appropriation receipts to special accounts	160,438	163,815
Total resources for outcome 1	184,135	186,287
Less appropriations drawn from equity injections and credited to special accounts	9,979	27,799
Total net resourcing for the Mint	174,156	158,488
	2008-09	2007-08
Average staffing level (number)	201	198

Contributions to outcome 1

Output group 1.1 — Royal Australian Mint	
<p>Output group 1.1 is the Mint's sole output group and thus the sole contributor to outcome 1. Crucial to provision of outcome 1 is the requirement for the Mint to operate efficiently, as it is primarily a self-funded business operation, receiving government funding predominately for capital projects only. In addition, the Mint is required to provide a return on investment to the Australian Government through remittance of seigniorage (that is, the difference between the face value of circulating coin and the cost of production) to the Official Public Account.</p> <p>Components of output group 1.1 are:</p> <p>Output 1.1.1 — Manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice</p> <p style="padding-left: 40px;">This output contributes to outcome 1 by meeting the Australian economy's demand for circulating coin. Efficient production of circulating coin and maintenance of the agreed buffer stock ceiling are crucial for the Mint's on-going sustainability and ability to continue to provide a return on investment to the Australian Government.</p> <p>Output 1.1.2 — Manufacture and sale of circulating coins for foreign countries</p> <p style="padding-left: 40px;">This output contributes to outcome 1 by producing and selling circulating coin for foreign countries. The Mint will actively market its circulating coin production capabilities to other jurisdictions and enter into contracts for production of foreign coins where it supports the Mint's business goals.</p> <p>Output 1.1.3 — Production and sale of collector coins and other minted and like products for Australian and other clients</p> <p style="padding-left: 40px;">This output contributes towards outcome 1 by producing and selling collector and commemorative coins, defence force and corporate medals and tokens (that is, numismatic products). Efficient production and sale of high quality numismatic products contributes to the Mint's sustainability.</p> <p>Output 1.1.4 — Provide gallery and visitors services</p> <p style="padding-left: 40px;">Provision of gallery and visitor services contributes to outcome 1 by providing a mechanism for marketing the Mint's products and promoting public understanding of the cultural and historical significance of coins.</p>	
Output 1.1.1 — Manufacture and sale of circulating coins for Australia and provision of associated policy and technical advice	
Key performance indicators	2008-09 target
Produce Australian circulating coins to meet public demand.	100 per cent of orders for circulating coin met within contracted lead-time between order and delivery.
Maintain circulating coin within agreed buffer stock parameters.	Circulating coin stocks maintained within buffer stock ceiling as agreed with the Department of the Treasury.
Seigniorage meets budget target.	Controllable costs associated with producing circulating coin do not exceed 45 per cent of the face value of circulating coin.

Contributions to outcome 1 (continued)

Output 1.1.2 — Manufacture and sale of circulating coins for foreign countries	
Key performance indicators	2008-09 target
Produce circulating coins to meet foreign countries demand.	100 per cent of successful tenders for foreign coin production are produced and delivered in accordance with contract terms.
Foreign coin production and sales are economical.	100 per cent of foreign coin sales meet or exceed cost of production.
Output 1.1.3 — Production and sale of collector coins and other minted and like products for Australian and other clients	
Produce numismatic products to meet Australian and overseas demand.	100 per cent of numismatic orders produced and delivered within contracted delivery time.
Numismatic production and sales are profitable.	Minimum profit margin to be achieved on numismatic sales.
Output 1.1.4 — Provide gallery and visitors services	
Maintain and document the National Coin Collection.	100 per cent of the items that make up the National Coin Collection are recorded on the Mint's collection management system.
Collection items displayed on rotation for public viewing.	Display items rotated on completion of gallery refurbishment.
Maintain the Royal Australian Mint's Visitor Gallery including building and grounds.	Refurbishment of gallery and visitor centre completed on time, to agreed standard and within budget.
Provide educational program to school students who visit the Mint.	Development of school student specific visitor program.
Promote public understanding about the cultural and historical significance of coins.	2 per cent 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 budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation to the Mint from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at budget. As the Mint incurs and is funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to the Mint is unlikely to be fully utilised in the budget year. The difference between the agency resource statements and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 budget year, including amounts related to meeting future obligations to maintain the Mint's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	-
Less estimated payments in 2008-09	-
Estimated departmental outputs carried forward and available for 2009-10	-

Note: The Mint does not receive any departmental outputs.

3.1.2 Movement of administered funds between years

Table 3.1.2: Movement of administered funds between years

The Mint does not have any movement of administered funds

3.1.3 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 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Mint.

Table 3.1.3: Estimates of special account cash flows and balances

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	2008-09	2008-09	2008-09	2008-09	2008-09
	2007-08	2007-08	2007-08	2007-08	2007-08
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Minting and Coinage Special Account	1 23,697	170,417	171,957	950	21,207
	22,472	191,614	191,339	(950)	23,697
Total special accounts					
2008-09 Budget estimate	23,697	170,417	171,957	950	21,207
Total special accounts					
2007-08 estimate actual	22,472	191,614	191,339	(950)	23,697

3.1.4 Australian Government Indigenous Expenditure

Table 3.1.4: 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 significant differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

A significant change in the 2008-09 budgeted financial statements compared to the 2007-08 Portfolio Additional Estimates Statements is a \$5 million (25 per cent) increase in inventory to reflect revised estimates of numismatic product stock levels at 30 June 2008, an associated \$3 million (96 per cent) increase in employee provisions, \$1 million (80 per cent) increase in suppliers payables and \$1 million (20 per cent) increase in other payables.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Goods and services	58,817	58,342	58,305	57,427	62,019
Interest	480	490	499	499	587
Other	185	189	193	193	199
Total income	59,482	59,021	58,997	58,119	62,805
EXPENSE					
Employees	9,618	8,436	10,627	10,735	11,057
Suppliers	12,557	11,300	10,097	10,013	12,719
Depreciation and amortisation	1,867	2,841	3,705	3,648	4,012
Other	34,422	33,887	33,723	33,723	33,915
Total expenses	58,464	56,464	58,152	58,119	61,703
Surplus (deficit) attributable to the Australian Government	1,018	2,557	845	-	1,102

Prepared on an Australian Accounting Standards basis.

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	16,444	16,686	17,169	17,652	17,652
Trade and other receivables	14,206	16,405	17,564	17,564	17,564
Tax assets	856	856	856	856	856
Total financial assets	31,506	33,947	35,589	36,072	36,072
Non-financial assets					
Infrastructure, plant and equipment	39,801	51,439	49,228	46,761	43,749
Inventories	20,123	25,000	25,000	25,000	25,000
Intangibles	275	248	229	220	181
Other	11,492	11,492	11,492	11,492	11,492
Total non-financial assets	71,691	88,179	85,949	83,473	80,422
Total assets	103,197	122,126	121,538	119,545	116,494
LIABILITIES					
Provisions					
Employees	3,137	6,047	6,490	6,388	2,632
Total provisions	3,137	6,047	6,490	6,388	2,632
Payables					
Suppliers	1,539	2,246	2,246	1,346	1,501
Tax liabilities	677	677	677	677	677
Deferred tax liabilities	825	825	825	825	825
Other	3,266	6,042	3,991	3,000	2,448
Total payables	6,307	9,790	7,739	5,848	5,451
Total liabilities	9,444	15,837	14,229	12,236	8,083
Net assets	93,753	106,289	107,309	107,309	108,411
EQUITY					
Contributed equity	73,243	83,222	83,397	83,397	83,397
Reserves	13,917	13,917	13,917	13,917	13,917
Retained surpluses or accumulated deficits	6,593	9,150	9,995	9,995	11,097
Total equity	93,753	106,289	107,309	107,309	108,411
Current assets	50,822	58,140	59,782	60,265	60,265
Non-current assets	52,375	63,986	61,756	59,280	56,229
Current liabilities	8,462	13,943	12,196	10,235	7,259
Non-current liabilities	982	1,894	2,033	2,001	824

Prepared on an Australian Accounting Standards basis.

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	162,327	159,238	159,247	158,987	163,579
Other	185	189	193	200	200
Total cash received	162,512	159,427	159,440	159,187	163,779
Cash used					
Employees	9,840	10,308	10,184	10,387	14,143
Suppliers	35,788	34,348	33,959	34,053	36,759
Cash to the Official Public Account	113,629	111,467	111,473	111,291	111,291
Other	2,255	2,062	2,341	1,973	586
Total cash used	161,512	158,185	157,957	157,704	162,779
Net cash from or (used by) operating activities	1,000	1,242	1,483	1,483	1,000
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	28,799	14,076	1,175	1,000	1,000
Net cash from or (used by) investing activities	(28,799)	(14,076)	(1,175)	(1,000)	(1,000)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	27,799	13,076	175	-	-
Net cash from or (used by) financing activities	27,799	13,076	175	-	-
Net increase or (decrease) in cash held	-	242	483	483	-
Cash at the beginning of the reporting period	16,444	16,444	16,686	17,169	17,652
Cash at the end of the reporting period	16,444	16,686	17,169	17,652	17,652

Prepared on an Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	6,593	13,917	-	73,243	93,753
Adjusted opening balance	6,593	13,917	-	73,243	93,753
Surplus (deficit) for the period	2,557	-	-	-	2,557
Total income and expenses recognised directly in equity	2,557	-	-	-	2,557
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	9,979	9,979
Sub-total transactions with owners	-	-	-	9,979	9,979
Estimated closing balance as at 30 June 2009	9,150	13,917	-	83,222	106,289

Prepared on an Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2007-08	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Goods and services	104,076	101,417	101,125	101,225	101,225
Total revenues administered on behalf of Government	104,076	101,417	101,125	101,225	101,225

Prepared on an Australian Accounting Standards basis.

Table 3.2.6: 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 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Seigniorage	104,076	101,417	101,125	101,225	101,225
Total cash received	104,076	101,417	101,125	101,225	101,225
Cash used					
Cash to Official Public Account	104,076	101,417	101,125	101,225	101,225
Total cash used	104,076	101,417	101,125	101,225	101,225
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)	104,076	101,417	101,125	101,225	101,225
Transfers to other entities					
(Finance - whole-of-government)	104,076	101,417	101,125	101,225	101,225
Cash at end of reporting period	-	-	-	-	-

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:

- 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 coin, the sale of numismatic coins and coin like products. The amount of revenue earned in any one year is dependant upon the demand for such products by the Reserve Bank of Australia, Australian commercial banks 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 re-sale 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 Reserve Bank of Australia and/or Australian commercial banks and its cost of production to the Mint. Seigniorage is treated as an administered item within the Mint's administered budget statements.