

ROYAL AUSTRALIAN MINT

Section 1: Agency overview and resources; variations and measures

OVERVIEW

The Royal Australian Mint (the Mint) became a prescribed agency under the *Financial Management and Accountability Act 1997* effective from 1 July 2005. The Mint is responsible for producing circulating and 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

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

With the Mint becoming a prescribed agency effective from 1 July 2005 a section 32 agreement transferred \$4.2 million from Treasury.

Variations — measures

Table 1.2: Additional estimates and variations to outcomes – measures

This table is not applicable to the Mint.

Other variations to appropriations

Table 1.3: Additional estimates and variations to outcomes — other variations

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Outcome 1				
Variations in capital appropriations				
Section 32 transfer from Treasury for building and capital equipment replacement programme	4,210	11,015	8,600	-

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2005-06 Budget

This table is not applicable to the Mint.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2005-06

This table is not applicable to the Mint.

Table 1.6: Appropriation Bill (No. 4) 2005-06

	2004-05 available \$'000	2005-06 budget ¹ \$'000	2005-06 budget ² \$'000	2005-06 revised \$'000	Additional estimates \$'000
Non-operating					
Equity injections	-	-	4,210	4,210	-
Total capital	-	-	4,210	4,210	-
Total	-	-	4,210	4,210	-

1 The Mint was consolidated as part of Treasury in the *2005-06 Portfolio Budget Statements*.

2 The Mint became a prescribed agency under the *Financial Management and Accountability Act 1997* effective from 1 July 2005 and a section 32 agreement transferred \$4.2 million from Treasury.

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2005-06 budget	2005-06 revised	variation ¹
Outcome 1			
Satisfy the Reserve Bank of Australia's forecast for circulated coin	-	115	115
Total	-	115	115

1 The Mint was consolidated as part of Treasury in the *2005-06 Portfolio Budget Statements*.

SUMMARY OF AGENCY SAVINGS

Table 1.8: Summary of agency savings

This table is not applicable to the Mint.

OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and includes special accounts (non-appropriation receipts), and resources received free of charge.

There are no administered receipts that are available to be used.

Table 1.9: Other receipts available to be used

	Budget estimate 2005-06 ¹ \$'000	Revised estimate 2005-06 \$'000
Departmental other receipts		
Goods and services	-	55,761
Other	-	645
Revenue received free of charge	-	106
Total departmental other receipts available to be used	-	56,512

1 The Mint was consolidated as part of Treasury in the 2005-06 Portfolio Budget Statements.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

This table is not applicable to the Mint.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance 2005-06 ¹ 2004-05 ¹ \$'000	Receipts 2005-06 2004-05 \$'000	Payments 2005-06 2004-05 \$'000	Closing Balance 2005-06 2004-05 \$'000
Royal Australian Mint Coinage Trust ²	7,901 11,391	191,000 181,050	188,989 184,540	9,912 7,901
Total special accounts				
2005-06 Budget estimate	7,901	191,000	188,989	9,912
Total special accounts				
2004-05 actual	11,391	181,050	184,540	7,901

1 The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from that shown in the 2005-06 Portfolio Budget Statements as the actual for 2004-05 may have been updated to reflect the final budget outcome. The balances shown above differ from those reported in Treasury Table 1.1 due to the exclusion of GST.

2 This special account is governed by the *Financial Management and Accountability Act 1997* and was reported as part of Treasury in the 2005-06 Portfolio Budget Statements.

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

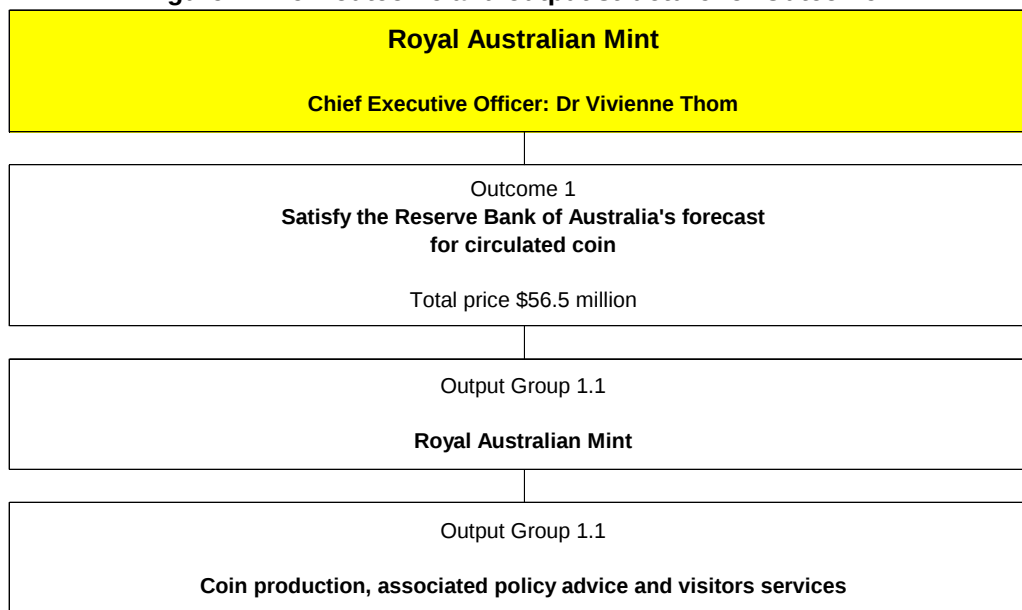
Under the Department of Finance and Administration's outcome/output framework, the Royal Australian Mint (the Mint), as a prescribed agency was required for budget and reporting purposes to establish an outcome and output. Table 1.1 'Agency outcomes and output groups' lists the outcome statements and output groups for the Mint.

The Mint has established the following outcome and output:

Outcome – Satisfy the Reserve Bank of Australia's forecast for circulated coin.

Output – Coin production, associated policy advice and visitors services.

Figure 1: New outcome and output structure for Outcome 1



Outcome 1

Revised performance information — 2005-06

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1

Output	Performance information 2005-06 budget ¹	Performance information 2005-06 revised
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: \$56.5 million

¹ The Mint was consolidated as part of Treasury in the 2005-06 *Portfolio Budget Statements*.

Section 3: 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 2005-06 Annual Report.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

In the income statement the Mint has budgeted for a profit of \$1.1 million in 2005-06. Income from the sales of numismatic coin and like product is expected to remain steady in the outyears.

The balance sheet provides a consistent picture between the budget and previous financial years (as consolidated into Treasury's annual financial statements). The net asset position is expected to increase from previous financial years (as consolidated into Treasury's annual financial statements) due to the replacement of old plant and equipment, for which the Mint received capital appropriation over five years.

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.

The Mint is budgeting towards an operating result of a profit of \$1.1 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.

**Table 3.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Actual 2004-05 ¹ \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
INCOME					
Revenue					
Goods and services	-	55,761	55,761	55,761	55,761
Other	-	751	751	751	751
Total revenue	-	56,512	56,512	56,512	56,512
Total income	-	56,512	56,512	56,512	56,512
EXPENSE					
Employees	-	8,438	8,438	8,438	8,438
Suppliers	-	45,370	45,370	45,370	45,370
Depreciation and amortisation	-	1,209	1,209	1,209	1,209
Total expenses	-	55,017	55,017	55,017	55,017
Operating result from continuing operations	-	1,495	1,495	1,495	1,495
Income tax expense	-	450	450	450	450
Operating result	-	1,045	1,045	1,045	1,045
Net surplus or (deficit) attributable to the Australian Government	-	1,045	1,045	1,045	1,045

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.

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

	Actual 2004-05 ¹ \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
ASSETS					
Financial assets					
Cash	-	9,912	11,166	12,420	13,674
Receivables	-	1,474	1,474	1,474	1,474
Total financial assets	-	11,386	12,640	13,894	15,148
Non-financial assets					
Land and buildings	-	2,785	11,201	17,202	17,103
Infrastructure, plant and equipment	-	6,944	9,443	11,942	11,941
Inventories	-	21,224	21,224	21,224	21,224
Intangibles	-	540	431	322	213
Other	-	6,728	6,728	6,728	6,728
Total non-financial assets	-	38,221	49,027	57,418	57,209
Total assets	-	49,607	61,667	71,312	72,357
LIABILITIES					
Provisions					
Employees	-	2,937	2,937	2,937	2,937
Total provisions	-	2,937	2,937	2,937	2,937
Payables					
Other	-	5,650	5,650	5,650	5,650
Total payables	-	5,650	5,650	5,650	5,650
Total liabilities	-	8,587	8,587	8,587	8,587
EQUITY*					
Contributed equity	-	12,788	23,803	32,403	32,403
Reserves	-	5,393	5,393	5,393	5,393
Retained surpluses	-	22,839	23,884	24,929	25,974
Total equity	-	41,020	53,080	62,725	63,770
Current assets	-	37,205	46,250	53,484	54,268
Non-current assets	-	12,402	15,417	17,828	18,089
Current liabilities	-	6,870	6,870	6,870	6,870
Non-current liabilities	-	1,717	1,717	1,717	1,717

* 'Equity' is the residual interest in assets after deduction of liabilities.

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2004-05 ¹ \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	55,761	55,761	55,761	55,761
Other	-	645	645	645	645
Total cash received	-	56,406	56,406	56,406	56,406
Cash used					
Employees	-	8,289	8,424	8,489	8,386
Suppliers	-	43,061	42,683	42,618	42,721
Financing costs	-	445	445	445	445
Other	-	2,600	2,600	2,600	2,600
Total cash used	-	54,395	54,152	54,152	54,152
Net cash from or (used by) operating activities	-	2,011	2,254	2,254	2,254
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant equipment, and leasehold	-	4,210	12,015	9,600	1,000
Total cash used	-	4,210	12,015	9,600	1,000
Net cash from or (used by) investing activities	-	(4,210)	(12,015)	(9,600)	(1,000)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	4,210	11,015	8,600	-
Total cash received	-	4,210	11,015	8,600	-
Net increase or (decrease) in cash held	-	2,011	1,254	1,254	1,254
Cash at the beginning of the reporting period	-	7,901	9,912	11,166	12,420
Cash at the end of the reporting period	-	9,912	11,166	12,420	13,674

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	-	-	-	-	-
Opening balance	-	-	-	-	-
Income and Expense					
Net operating result	1,045	-	-	-	1,045
Total income and expenses recognised directly in equity	1,045	-	-	-	1,045
Transactions with owners					
Contribution by owners					
Appropriation (equity injection)	-	-	-	4,210	4,210
Other:					
Restructuring	21,794	5,393		8,578	35,765
Sub-total transactions with owners	21,794	5,393	-	12,788	39,975
Closing balance as at 30 June 2006	22,839	5,393	-	12,788	41,020

Table 3.5: Departmental capital budget statement

	Actual 2004-05 ¹ \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	4,210	11,015	8,600	-
Total capital appropriations	-	4,210	11,015	8,600	-
Represented by:					
Purchase of non-financial assets	-	4,210	11,015	8,600	-
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	-	-	1,000	1,000	1,000
Total	-	4,210	12,015	9,600	1,000

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

	Land	Investment property	Leasehold Building Improvements	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 2005									
Gross book value	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Opening net book value	-	-	-	-	-	-	-	-	-
Additions:									
by purchase	-	-	2,710	-	1,500	-	-	-	4,210
by restructure	-	-	174	-	6,445	-	-	649	7,268
Depreciation/amortisation expense	-	-	(99)	-	(1,001)	-	-	(109)	(1,209)
As at 30 June 2006									
Gross book value	-	-	2,895	-	8,667	-	-	2,133	13,695
Accumulated depreciation	-	-	(110)	-	(1,723)	-	-	(1,593)	(3,426)
Closing net book value	-	-	2,785	-	6,944	-	-	540	10,269

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

	Actual 2004-05 ¹ \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	-	110,475	100,571	107,191	107,191
Total non-taxation	-	110,475	100,571	107,191	107,191
Total income administered on behalf of government	-	110,475	100,571	107,191	107,191
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Seigniorage	-	110,475	100,571	107,191	107,191
Total expenses administered on behalf of government	-	110,475	100,571	107,191	107,191

¹ Actual results for the Mint were consolidated as part of Treasury's financial statements.

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

This table is not applicable to the Mint.

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

	Actual 2004-05 ¹ \$'000	Revised budget 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Seigniorage collected for Commonwealth	-	110,475	100,571	107,191	107,191
Total cash received	-	110,475	100,571	107,191	107,191
Net cash from or (used by) operating activities	-	110,475	100,571	107,191	107,191
<i>Net increase or (decrease) in cash held</i>	-	110,475	100,571	107,191	107,191
Cash at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- seigniorage	-	110,475	100,571	107,191	107,191
Cash at end of reporting period	-	-	-	-	-

1 Actual results for the Mint were consolidated as part of Treasury's financial statements.

Table 3.10: Schedule of administered capital budget

This table is not applicable to the Mint.

**Table 3.11: Schedule of administered property, plant, equipment and
intangibles — summary of movement (Budget year 2005-06)**

This table is not applicable to the Mint

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.

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 2005-06 \$2.7 million was provided for the replacement of plant and equipment and \$1.5 million for the refurbishment of the Mint.

In 2006-07 \$2.5 million was 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.

