

ROYAL AUSTRALIAN MINT

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ROYAL AUSTRALIAN MINT

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Royal Australian Mint (the Mint) is a listed entity operating under the *Public Governance, Performance and Accountability Act 2013*. The Mint's vision is to achieve excellence as the world's best performing 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 visitors.

The Mint has developed a new three year strategic plan which acknowledges the anticipated decline in the demand for circulating coin and identifies opportunities for growth in numismatic and foreign business. Key strategies identified in this plan include:

- leveraging the developed in-house capability to produce innovative circulating and numismatic products;
- identifying 'other' opportunities to fill the gap in seigniorage caused by the decline in the demand for circulating coin;
- implementing 'lean', a program which aims to drive efficiency improvement, reduce costs and improve effectiveness;
- delivering in full and on time to all customers;
- maintaining an outstanding record for workplace health and safety, as well as environmental conditions;
- continuing to recognise the importance of staff; and
- continuing to build brand recognition.

As the sole supplier of Australia's circulating coin requirements, the Mint is responsible for the continuous review of Australian coinage and for providing advice to the Treasury and the government on coin related issues.

In 2016-17, the Mint will continue to target profitable revenue growth opportunities for both numismatic and international circulating coin.

To ensure that Commonwealth resources are appropriately deployed, the Mint will implement the lean philosophy across the organisation to improve its operational

efficiency and drive improvement. To deliver a safe and secure environment, the Mint will continue to invest in health and safety for its employees and maintain a high level of security. The Mint will increase engagement with its employees to empower and motivate staff, invest in health and wellbeing activities, and conduct mentoring and leadership programs.

The Mint's return on net assets is budgeted to be 53.5 per cent in 2015-16, inclusive of the seigniorage return to the Commonwealth. Across the forward estimates, the Mint will be focussed on maintaining its return on net assets. With the decline in demand for circulating coin, seigniorage is expected to fall over the next four years from the budgeted \$79.0 million in 2015-16. However, with the addition of the commercial 'pre-tax profit' and royalties (\$10.4 million in 2015-16) excluding 'other' initiatives, the decline will be less significant.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Mint for its operations and to deliver programs and services on behalf of the government. The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (i.e. cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Royal Australian Mint resource statement — Budget estimates for 2016-17 as at Budget May 2016

	2015-16 <i>Estimated actual</i> \$'000	2016-17 Estimate \$'000
Departmental		
Special accounts (a)		
Opening balance	24,402	35,560
Non-appropriation receipts	181,016	177,532
<i>Total special accounts</i>	205,418	213,092
Total departmental resourcing	205,418	213,092
Total resourcing for the Royal Australian Mint	205,418	213,092
	2015-16	2016-17
Average staffing level (number)	219	215

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures are GST exclusive — these may not match figures in the cash flow statement.

(a) Excludes 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for Other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Monies accounts (SOETM). For further information on special appropriations and special accounts, please refer to *Budget Paper No. 4 - Agency Resourcing*. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.

1.3 BUDGET MEASURES

The Mint does not have any Budget measures for 2016-17.

Section 2: Outcomes and planned performance

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 entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note: From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced Commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports from October 2016 – to provide an entity's complete performance story.

2.1 BUDGETED EXPENSES AND PERFORMANCE 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

Budgeted expenses for Outcome 1

The table below shows how much the Mint intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
Program 1.1: Royal Australian Mint					
Administered expenses					
Special accounts					
Royal Australian Mint Special Account	48,742	40,250	36,964	34,182	31,358
Departmental expenses					
Special accounts					
Royal Australian Mint Special Account	92,204	93,097	103,498	105,473	120,942
Total expenses for program 1.1	140,946	133,347	140,462	139,655	152,300
	2015-16	2016-17			
Average staffing level (number)	219	215			

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with 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.	
Program 1.1 — Royal Australian Mint	
To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.	
Delivery	<ul style="list-style-type: none"> • Production, maintenance and sales to meet demand for: <ul style="list-style-type: none"> – Australian circulating coins; – Foreign country circulating coins; – Numismatic products; and – Other custom minted products. • Maintenance of Australia's National Coin Collection. • Tourism and education services to public and school groups: <ul style="list-style-type: none"> – Maintenance of the Mint's visitor gallery, including building and surrounds; – Educational program to school students who visit the Mint; and – Promote public understanding about the cultural and historical significance of coins.

Performance information			
Performance criteria	2015-16 targets	2016-17 targets	2017-18 and forward year targets
Produce and deliver Australian circulating coins in a cost effective and timely manner	Seigniorage: \$79.3m Volume: 240 million pieces	Seigniorage: \$74.8m Volume: 215 million pieces	Seigniorage: \$63m; \$58m; \$53m
Numismatic sales meet or exceed cost of production	Gross margin: 50%	Gross margin: 50%	Gross margin: 50%
Foreign circulating coin sales meet or exceed cost of production	Gross margin: 20%	Gross margin: 20%	Gross margin: 20%
Numismatic orders placed are produced and delivered within agreed delivery time	Delivered on time and in full: 80%	Delivered on time and in full: 85%	Delivered on time and in full: 90%
Rotate the display of Australia's National Coin Collection on a regular basis	Annual rotation completed	Annual rotation of National Coin Collection items	Annual rotation of National Coin Collection items
Visitor satisfaction rating of Mint experience	Survey result: 95%	Survey result: 95%	Survey result: 95%
Increase in visitor numbers compared to prior year	Visitors: 300,000	Visitors: 320,000	Visitors increase 10%
Purpose	To produce and distribute circulating coins, collector coins and minted like products to meet the demands of the Australian economy, collectors and foreign countries.		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of the Mint's finances for the 2016-17 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences in entity resourcing and financial statements

The Mint does not have any material differences between entity resourcing and financial statements.

3.1.2 Analysis of budgeted financial statements

The Mint has two streams of revenue. One stream comes from production and subsequent sale of circulating coins at face value to commercial banks. The second stream comes from sale of numismatic products and production of foreign circulating coins.

The Mint's Departmental projected results for the 2016-17 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (Table 3.1). The ongoing implementation of 'lean' principles will enable the Mint to manufacture coins (both circulating and numismatic) in a more efficient manner which is expected to deliver a reduction in cost and improved business effectiveness.

A surplus is budgeted on the sale of numismatic products and foreign circulating coins. The surplus is expected to rise from \$7.5 million in 2015-16 to \$10.0 million in 2019-20 and will offset the reduction in seigniorage received by the government from Australian circulating coins.

The anticipated decline in demand for Australian circulating coin is reflected in a fall in Administered surplus over the next four years from the budgeted \$79 million in 2015-16 (refer Table 3.7). However with the increased Departmental commercial 'pre-tax profit' and Commonwealth royalties, the decline in seigniorage returned to Commonwealth will be less significant.

The Mint's cash balance movements demonstrate the fluctuating nature of circulating and numismatic sales in addition to the investment by the Mint in capital items which was postponed due to strategic prioritisation of asset purchases.

3.1.3 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	20,487	21,013	21,331	21,656	21,659
Suppliers	64,123	64,289	74,167	75,605	91,019
Depreciation and amortisation	4,321	4,451	4,585	4,723	4,865
Finance costs	54	45	34	23	18
Other expenses	3,219	3,299	3,381	3,466	3,381
Total expenses	92,204	93,097	103,498	105,473	120,942
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	101,458	102,393	116,458	113,430	133,811
Interest	1,000	1,000	1,000	1,000	1,000
Other	300	300	300	300	320
Total own-source revenue	102,758	103,693	117,758	114,730	135,131
Gains					
Other	160	160	160	160	160
Total gains	160	160	160	160	160
Total own-source income	102,918	103,853	117,918	114,890	135,291
Net (cost of)/contribution by services	10,714	10,756	14,420	9,417	14,349
Notional income tax expense	3,214	3,227	4,326	2,826	4,305
Total comprehensive income/(loss) attributable to the Australian Government	7,500	7,529	10,094	6,591	10,044

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	5,560	5,673	5,179	4,932	5,220
Trade and other receivables	43,407	45,468	57,311	66,129	79,352
Total financial assets	48,967	51,141	62,490	71,061	84,572
Non-financial assets					
Property, plant and equipment	42,174	43,127	42,301	40,816	39,193
Heritage and cultural	21,243	21,243	21,243	21,243	21,243
Intangibles	1,590	1,460	1,826	1,688	1,546
Inventories	33,103	37,703	37,925	36,007	36,028
Tax assets	2,029	2,029	2,029	2,029	2,029
Other non-financial assets	1,247	1,247	1,247	1,247	1,247
Total non-financial assets	101,386	106,809	106,571	103,030	101,286
Total assets	150,353	157,950	169,061	174,091	185,858
LIABILITIES					
Payables					
Suppliers	1,556	1,568	1,512	1,447	1,475
Tax liabilities	3,693	3,706	4,805	3,305	4,755
Other payables	5,555	5,579	5,603	5,628	5,653
Total payables	10,804	10,853	11,920	10,380	11,883
Interest bearing liabilities					
Leases	395	261	116	-	-
Total interest bearing liabilities	395	261	116	-	-
Provisions					
Employee provisions	5,117	5,253	5,330	5,408	5,610
Other provisions	447	464	482	499	517
Total provisions	5,564	5,717	5,812	5,907	6,127
Total liabilities	16,763	16,831	17,848	16,287	18,010
Net assets	133,590	141,119	151,213	157,804	167,848
EQUITY*					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	21,453	21,453	21,453	21,453	21,453
Retained surplus (accumulated deficit)	34,234	41,763	51,857	58,448	68,492
Total equity	133,590	141,119	151,213	157,804	167,848

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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2016-17)

	Retained earnings	Asset revaluation reserve	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	34,234	21,453	77,903	133,590
Opening balance	34,234	21,453	77,903	133,590
Comprehensive income				
Surplus/(deficit) for the period	7,529	-	-	7,529
Total comprehensive income	7,529	-	-	7,529
Estimated closing balance as at 30 June 2017	41,763	21,453	77,903	141,119
Closing balance attributable to the Australian Government	41,763	21,453	77,903	141,119

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	180,716	177,232	179,483	171,717	187,285
Other	300	300	300	300	320
Total cash received	181,016	177,532	179,783	172,017	187,605
Cash used					
Employees	20,019	21,238	21,495	21,817	21,940
Suppliers	61,960	67,573	74,090	72,575	90,526
Net GST paid	3,408	3,342	3,385	3,238	3,532
Receipts transferred to OPA	13,000	2,000	11,000	9,000	12,000
Net income tax paid	27	3,214	3,227	4,326	2,826
Other	79,258	74,750	62,938	58,203	53,393
Total cash used	177,672	172,117	176,135	169,159	184,217
Net cash from/(used by) operating activities	3,344	5,415	3,648	2,858	3,388
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	5,148	5,274	4,125	3,100	3,100
Total cash used	5,148	5,274	4,125	3,100	3,100
Net cash from/(used by) investing activities	(5,148)	(5,274)	(4,125)	(3,100)	(3,100)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	38	28	17	5	-
Total cash used	38	28	17	5	-
Net cash from/(used by) financing activities	(38)	(28)	(17)	(5)	-
Net increase/(decrease) in cash held	(1,842)	113	(494)	(247)	288
Cash and cash equivalents at the beginning of the reporting period	7,402	5,560	5,673	5,179	4,932
Cash and cash equivalents at the end of the reporting period	5,560	5,673	5,179	4,932	5,220

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	5,148	5,274	4,125	3,100	3,100
TOTAL	5,148	5,274	4,125	3,100	3,100
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	5,148	5,274	4,125	3,100	3,100
Total cash used to acquire assets	5,148	5,274	4,125	3,100	3,100

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016-17)

	Property, plant and equipment \$'000	Heritage and cultural \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2016				
Gross book value	54,743	21,243	6,236	82,222
depreciation/amortisation and impairment	(12,569)	-	(4,646)	(17,215)
Opening net book balance	42,174	21,243	1,590	65,007
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	5,274	-	-	5,274
Total additions	5,274	-	-	5,274
Other movements				
Depreciation/amortisation expense	(4,321)	-	(130)	(4,451)
Total other movements	(4,321)	-	(130)	(4,451)
As at 30 June 2017				
Gross book value	60,017	21,243	6,236	87,496
Accumulated depreciation/ amortisation and impairment	(16,890)	-	(4,776)	(21,666)
Closing net book balance	43,127	21,243	1,460	65,830

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Suppliers	48,742	40,250	36,964	34,182	31,358
Total expenses administered on behalf of Government	48,742	40,250	36,964	34,182	31,358
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	128,000	115,000	99,902	92,385	84,750
Total non-taxation revenue	128,000	115,000	99,902	92,385	84,750
Total own-source revenue administered on behalf of Government	128,000	115,000	99,902	92,385	84,750
Total own-sourced income administered on behalf of Government	128,000	115,000	99,902	92,385	84,750
Net cost of/(contribution by) services	(79,258)	(74,750)	(62,938)	(58,203)	(53,392)
Surplus/(deficit)	79,258	74,750	62,938	58,203	53,392
Total comprehensive income/(loss)	79,258	74,750	62,938	58,203	53,392

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Non-financial assets					
Inventories	13,514	13,514	13,514	13,514	13,514
Total non-financial assets	13,514	13,514	13,514	13,514	13,514
Total assets administered on behalf of Government	13,514	13,514	13,514	13,514	13,514
LIABILITIES					
Payables					
Suppliers	5,906	5,906	5,906	5,906	5,906
Total payables	5,906	5,906	5,906	5,906	5,906
Total liabilities administered on behalf of Government	5,906	5,906	5,906	5,906	5,906
Net assets/(liabilities)	7,608	7,608	7,608	7,608	7,608

Prepared on Australian Accounting Standards basis.

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

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	79,258	74,750	62,938	58,203	53,393
Total cash received	79,258	74,750	62,938	58,203	53,393
Net cash from/(used by) operating activities	79,258	74,750	62,938	58,203	53,393
Net increase/(decrease) in cash held	79,258	74,750	62,938	58,203	53,393
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Special accounts	(79,258)	(74,750)	(62,938)	(58,203)	(53,393)
Total cash to Official Public Account	(79,258)	(74,750)	(62,938)	(58,203)	(53,393)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.