

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.

2019-20 will be the fourth year of the Mint's strategic plan which acknowledges the decline in the demand for circulating coin and identifies opportunities for growth in commercial domestic and foreign business. Key strategies identified in this plan include:

- leveraging in-house capability to produce innovative circulating and numismatic products;
- identifying opportunities to fill the revenue gap caused by the decline in the demand for circulating coin;
- continuing to seek efficiency improvements, reduction in cost and improvements in effectiveness;
- delivering in full and on time to all customers;
- maintaining the 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 2019-20, the Mint will continue to target profitable revenue growth opportunities for both numismatic and international circulating coin.

The Mint's return on net assets is forecasted to be 29 per cent in 2018-19, 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 \$34 million in 2018-19 to \$27 million in 2022-23. However, the decline is offset by commercial pre-tax profit and royalties.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity 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 (that is cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables 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 2019-20 as at Budget April 2019

	2018-19 (a) Estimated actual \$'000	2019-20 Estimate \$'000
Departmental		
Special accounts (b)		
Opening balance	45,072	45,151
Non-appropriation receipts	130,662	171,456
<i>Total special accounts</i>	<i>175,734</i>	<i>216,607</i>
Total departmental resourcing	175,734	216,607
Total resourcing for the Royal Australian Mint	175,734	216,607
	2018-19	2019-20
Average staffing level (number)	240	239

(a) Annual appropriation amounts appearing for 2018-19 do not include the Appropriation Bills (No. 3) and (No. 4) 2018-2019, as they had not been enacted at the time of publication.

(b) Excludes trust money and "other CRF 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.

All figures shown above are GST exclusive - these may not match figures in the cash flow statement. Prepared on a resourcing (i.e. appropriations available) basis.

1.3 BUDGET MEASURES

The Mint has no new budget measures.

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.

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

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. 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 – to provide an entity's complete performance story.

The most recent corporate plan for the Mint can be found at:
<https://www.ramint.gov.au/corporate-plan>

The most recent annual performance statement can be found inside the latest annual report at: <https://www.ramint.gov.au/annual-reports>

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

This table shows how much the entity 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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
Program 1.1: Royal Australian Mint					
Administered expenses					
Special accounts					
Royal Australian Mint Special Account	34,502	31,983	33,683	32,904	32,812
Administered total	34,502	31,983	33,683	32,904	32,812
Departmental expenses					
Special accounts					
Royal Australian Mint Special Account	92,147	121,574	152,355	242,034	273,926
Departmental total	92,147	121,574	152,355	242,034	273,926
Total expenses for Program 1.1	126,649	153,557	186,038	274,938	306,738
Total expenses for Outcome 1	126,649	153,557	186,038	274,938	306,738
	2018-19	2019-20			
Average staffing level (number)	240	239			

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2019-20 Budget measures have created new programs or materially changed existing programs.

<p>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.</p>			
<p>Program 1.1 – Royal Australian Mint To produce and distribute circulating coins and minted products to meet the demands of the Australian economy, collectors and foreign countries.</p>			
<p>Delivery</p>	<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 programs to school students who visit the Mint; and - Promote public understanding about the cultural and historical significance of coins. 		
<p>Performance information</p>			
<p>Performance criteria</p>	<p>2018-19</p>	<p>2019-20</p>	<p>2020-21 and the forward estimates</p>
<p>Produce and deliver Australian circulating coins in a cost effective and timely manner</p>	<p>Seigniorage: \$34.3m Volume: 119 mpcs</p>	<p>Seigniorage: \$33.6m Volume: 109 mpcs</p>	<p>Seigniorage: \$31.8m; \$27.5m; \$27.1m Volume: 100 mpcs; 92 mpcs; 86 mpcs</p>
<p>Optimum return on investment</p>	<p>Return on Net Assets: 35%</p>	<p>Return on Net Assets: 35%</p>	<p>Return on Net Assets: 35%</p>
<p>Commercial orders placed are produced and delivered within agreed delivery time</p>	<p>Delivered on time and in full: 90%</p>	<p>Delivered on time and in full: 90%</p>	<p>Delivered on time and in full: 90%</p>
<p>Visitor satisfaction rating of Mint experience</p>	<p>Survey result: 95%</p>	<p>Survey result: 95%</p>	<p>Survey result: 95%</p>
<p>Increase in visitor numbers compared to prior year</p>	<p>Visitors: 340,000</p>	<p>Visitors: 350,000</p>	<p>Visitors: 350,000</p>

Performance information (continued)			
Performance criteria	2018-19	2019-20	2020-21 and the forward estimates
Provide a safe, secure and sustainable operational environment	Retain certification: Yes Major injuries: Nil Security breaches: Nil	Retain certification: Yes Major injuries: Nil Security breaches: Nil	Retain certification: Yes Major injuries: Nil Security breaches: Nil
Build on brand awareness	Net Promoter Score: 50%	Net Promoter Score: 50%	Net Promoter Score: 50%
Have engaged, motivated and committed staff	Staff satisfaction survey: 70%	Staff satisfaction survey: 70%	Staff satisfaction survey: 70%
Purposes	To produce and distribute circulating coins and minted 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 entity finances for the 2019-20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

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

The Mint's Departmental projected results for the 2018-19 and forward years reflect the Mint's focus on identifying opportunities in its numismatic business (refer to 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.

An after-tax surplus is budgeted on the sale of numismatic products and foreign circulating coins. It is expected to be \$10.9 million in 2018-19 and around \$7.5 million in 2022-23 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 forecasted \$34.3 million in 2018-19 to \$27.1 million in 2022-23 (refer to Table 3.7). However with the stabilised Departmental commercial 'pre-tax profit' and Commonwealth royalties, the decline in seigniorage returned to Commonwealth will be less significant.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
EXPENSES					
Employee benefits	26,053	28,290	28,290	28,290	28,290
Suppliers	58,214	84,791	115,001	204,016	235,717
Depreciation and amortisation	5,409	5,832	6,007	6,187	6,373
Finance costs	30	25	22	21	20
Other expenses	2,441	2,636	3,035	3,520	3,526
Total expenses	92,147	121,574	152,355	242,034	273,926
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	105,738	135,411	159,200	250,242	282,870
Interest	575	650	725	800	875
Rental Income	353	375	386	397	409
Other	657	480	500	520	540
Total own-source revenue	107,323	136,916	160,811	251,959	284,694
Total own-source income	107,323	136,916	160,811	251,959	284,694
Net (cost of)/contribution by services	15,176	15,342	8,456	9,925	10,768
Notional income tax expense	2,196	4,602	2,537	2,978	3,231
Total comprehensive income/(loss) - as per the statement of comprehensive income	12,980	10,740	5,919	6,947	7,537

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	45,151	58,736	62,948	70,755	79,109
Trade and other receivables	7,124	6,185	6,185	6,185	6,185
Total financial assets	52,275	64,921	69,133	76,940	85,294
Non-financial assets					
Property, plant and equipment	32,318	29,782	27,966	25,996	23,867
Intangibles	2,209	2,013	2,022	2,005	1,961
Heritage and cultural	21,847	21,847	21,847	21,847	21,847
Inventories	52,443	55,750	57,423	59,146	60,920
Tax assets	1,129	1,291	1,291	1,291	1,291
Other non-financial assets	1,823	1,823	1,823	1,823	1,823
Total non-financial assets	111,769	112,506	112,372	112,108	111,709
Total assets	164,044	177,427	181,505	189,048	197,003
LIABILITIES					
Payables					
Employees	206	381	466	554	646
Suppliers	4,023	4,134	4,190	4,170	4,170
Other payables	3,482	5,888	3,823	4,264	4,517
Total payables	7,711	10,403	8,479	8,988	9,333
Interest bearing liabilities					
Leases	496	434	372	311	247
Total interest bearing liabilities	496	434	372	311	247
Provisions					
Employee provisions	6,575	6,575	6,707	6,841	6,978
Other provisions	506	519	532	546	546
Total provisions	7,081	7,094	7,239	7,387	7,524
Total liabilities	15,288	17,931	16,090	16,686	17,104
Net assets	148,756	159,496	165,415	172,362	179,899
EQUITY*					
Parent entity interest					
Contributed equity	77,903	77,903	77,903	77,903	77,903
Reserves	20,798	20,798	20,798	20,798	20,798
Retained surplus (accumulated deficit)	50,055	60,795	66,714	73,661	81,198
Total equity	148,756	159,496	165,415	172,362	179,899

*'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 2019-20)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2019				
Balance carried forward from previous period	50,055	20,798	77,903	148,756
Opening balance	50,055	20,798	77,903	148,756
Comprehensive income				
Surplus/(deficit) for the period	10,740	-	-	10,740
Total comprehensive income	10,740	-	-	10,740
Estimated closing balance as at 30 June 2020	60,795	20,798	77,903	159,496
Closing balance attributable to the Australian Government	60,795	20,798	77,903	159,496

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sale of goods and rendering of services	129,595	170,526	191,550	280,224	308,779
Interest received	575	650	725	800	875
Other	492	280	300	320	340
Total cash received	130,662	171,456	192,575	281,344	309,994
Cash used					
Employees	25,953	28,115	28,073	28,068	28,061
Suppliers	61,082	90,077	119,110	210,628	238,743
Net GST paid	447	480	440	440	450
Borrowing and other financing costs	17	12	9	7	6
Taxes paid	4,237	2,358	4,602	2,537	2,978
Other	34,268	33,667	31,867	27,596	27,138
Total cash used	126,004	154,709	184,101	269,276	297,376
Net cash from/(used by) operating activities	4,658	16,747	8,474	12,068	12,618
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	4,405	3,100	4,200	4,200	4,214
Total cash used	4,405	3,100	4,200	4,200	4,214
Net cash from/(used by) investing activities	(4,405)	(3,100)	(4,200)	(4,200)	(4,214)
FINANCING ACTIVITIES					
Cash used					
Repayments of borrowings	174	62	62	61	64
Total cash used	174	62	62	61	64
Net cash from/(used by) financing activities	(174)	(62)	(62)	(61)	(64)
Net increase/(decrease) in cash held	79	13,585	4,212	7,807	8,340
Cash and cash equivalents at the beginning of the reporting period	45,072	45,151	58,736	62,948	70,755
Cash and cash equivalents at the end of the reporting period	45,151	58,736	62,948	70,755	79,095

Prepared on Australian Accounting Standards basis

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	4,405	3,100	4,200	4,200	4,214
TOTAL	4,405	3,100	4,200	4,200	4,214
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	4,405	3,100	4,200	4,200	4,214
Total cash used to acquire assets	4,405	3,100	4,200	4,200	4,214

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2019-20)

	Other property, plant and equipment \$'000	Heritage and cultural \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2019				
Gross book value	46,077	21,847	7,982	75,906
Accumulated depreciation/ amortisation and impairment	(13,759)	-	(5,773)	(19,532)
Opening net book balance	32,318	21,847	2,209	56,374
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - other	2,453	-	647	3,100
Total additions	2,453	-	647	3,100
Other movements				
Depreciation/amortisation expense	(4,989)	-	(843)	(5,832)
Total other movements	(4,989)	-	(843)	(5,832)
As at 30 June 2020				
Gross book value	48,530	21,847	8,629	79,006
Accumulated depreciation/ amortisation and impairment	(18,748)	-	(6,616)	(25,364)
Closing net book balance	29,782	21,847	2,013	53,642

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)

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
EXPENSES					
Suppliers	32,676	30,111	31,764	30,927	30,776
Other expenses	1,826	1,872	1,919	1,977	2,036
Total expenses administered on behalf of Government	34,502	31,983	33,683	32,904	32,812
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Sale of goods and rendering of services	68,850	65,650	65,550	60,500	59,950
Total non-taxation revenue	68,850	65,650	65,550	60,500	59,950
Total own-source revenue administered on behalf of Government	68,850	65,650	65,550	60,500	59,950
Total own-sourced income administered on behalf of Government	68,850	65,650	65,550	60,500	59,950
Net cost of/ (contribution by) services	(34,348)	(33,667)	(31,867)	(27,596)	(27,138)
Surplus/(deficit)	34,348	33,667	31,867	27,596	27,138

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
ASSETS					
Non-financial assets					
Inventories	3,717	3,717	3,717	3,717	3,717
Total non-financial assets	3,717	3,717	3,717	3,717	3,717
Total assets administered on behalf of Government	3,717	3,717	3,717	3,717	3,717
LIABILITIES					
Payables					
Other payables	1,898	1,898	1,898	1,898	1,898
Total payables	1,898	1,898	1,898	1,898	1,898
Total liabilities administered on behalf of Government	1,898	1,898	1,898	1,898	1,898
Net assets/(liabilities)	1,819	1,819	1,819	1,819	1,819

Prepared on Australian Accounting Standards basis.

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

	2018-19 Estimated actual \$'000	2019-20 Budget \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	34,348	33,667	31,867	27,596	27,138
Total cash received	34,348	33,667	31,867	27,596	27,138
Net cash from/(used by) operating activities	34,348	33,667	31,867	27,596	27,138
Net increase/(decrease) in cash held	34,348	33,667	31,867	27,596	27,138
Cash and cash equivalents at beginning of reporting period	-	-	-	-	-
Cash to Official Public Account for:					
- Special accounts	(34,348)	(33,667)	(31,867)	(27,596)	(27,138)
Cash and cash equivalents at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

