STRATEGIC PLAN
2016 – 2020
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The strategic plan has been created in an environment of continuing global uncertainty and technological change and will provide direction for the Royal Australian Mint (the Mint) for the next four years.

With a foundation built on a private sector approach to the management and the operation of the organisation and along with the implementation of the Lean philosophy, the Mint is well placed to optimise its Return on Net Assets (RONA).

The focus in the next four years will be on:

- Delivering value to the shareholders
- Understanding and meeting the expectations of customers
- Simplifying systems to become more agile and flexible
- Optimising the use of the Mint’s assets including its brand
- Maintaining a healthy, safe, secure and environmentally progressive workplace
- Recognising the importance and value of staff.
Description of the Mint and its role

The Mint, based in Canberra, was established in 1965 to produce the newly created decimal currency for the nation and since that time has produced an estimated 15 billion circulating coins. The Mint also produces numismatic coins (collector and commemorative) for Australia and international markets, as well as circulating and numismatic coins for other countries.

The tourism gallery provides visitors to the Mint with an education on the history of the coinage system for Australia and coin production and that, combined with the retail shop, ensures the experience is both enlightening and memorable.

Strategic planning process

Given the threat of technological change in reducing demand for circulating coin, the Senior Management team with the support of the Advisory Board, external advisors and the senior staff have adopted a comprehensive and thorough approach to the development of this strategic plan. Drawing on that expertise, supplemented by customer research from both consumers and dealers, the Mint has conducted numerous workshops over six months to ensure the plan provides the direction to deliver an acceptable financial return.
Situation analysis

Economic environment and outlook

• The economic environment in which the Mint has operated over the last four years has been volatile and uncertain. In the last year of the 2013–2016 strategic plan both the domestic and international economic conditions were challenging and set the scene for what has been forecast to be the situation for this new strategic plan. Using the Treasury forecast for GDP and commodity prices supplemented by the Commonwealth Bank forecast data, the Mint is expecting to operate in an ongoing environment of lower economic growth, volatile commodity prices and continuing worldwide uncertainty.

• While the Mint does not directly compete for the domestic circulating coin business we do benchmark our cost base against that of potential international competitors. With the commercial business of numismatic, custom minting, international circulating coin supply, investor products and related services we do compete both domestically and internationally against private mints, state-owned and sovereign mints in what is becoming an increasingly crowded market.

• The core business of the supply of circulating coin is under threat from alternative forms of disruptive technology such as ‘payWave’ or ‘PayPass’, digital currency and other forms of alternative transactions.

Performance

• Whilst the Mint has experienced a decline in the demand for circulating coin between 2012 and 2014, 2015–16 has shown an increase in demand. However, overall there is a decline of approximately 25 per cent. The expectation is that demand will continue to fall but at a slower rate with the lower utility 5c and 10c pieces likely to decline at a faster rate.

• With the strength of the product themes, (e.g. Anzac Centenary) new distribution channel management and product innovations the Mint has progressively increased its domestic market share and its brand awareness.

• Interest from international dealers continues to grow as the Mint, building on its reputation for product and theme innovations, attracts positive attention.

• With success in the supply of international circulating coin to Pacific Island countries as well as the numismatic and custom minting businesses, the Mint is in a very sound financial position with an average RONA over the last two years of 53.7 per cent, and 2015–16 expecting a significant commercial profit and an overall 60 per cent RONA.

• The investment made in new capability and innovation, identified as being essential in the 2013–2016 strategic plan, has established a cost efficiency foundation on which the Mint can now effectively compete.

• The Mint has invested in the progressive development of the Lean approach to continuous improvement and successfully initiated five major projects, ranging from internal processes through to customer driven quality and efficiency, using the Lean techniques. This investment will continue over the next four years.
Corporate profile

Vision
Excellence as a profitable world class Mint

Mission
To meet the circulating and collector coin needs of Australia and selected international markets.

Business definition – Core functions
The core business of the Mint is defined as providing:

• a medium of real and intrinsic value through which stories are told about Australia – its achievements, significant events, inspirational people, heritage, flora and fauna and extraordinary icons
• currency that acts as a medium of exchange
• a ‘medal’ of stored value
• an engaging education on the history of Australian coinage as well as how coins are made in a contemporary manufacturing operation.

Strategic intent
The Mint, inspired by innovation and through the sustainable utilisation of its assets, will provide value for money solutions and experiences that deliver profitable growth.

Target
Return on net assets of 60 per cent in 2019–20.

Brand
The brand attributes (pillars) of the Mint are:

• authenticity
• trust
• integrity
• quality.

Stakeholder requirements
The Mint needs to meet the needs of a number of important stakeholders:

• The Treasury - perform in a cost effective manner and with a very high level of accountability
• Australian banking system – deliver high quality products in a timely, efficient and effective manner
• Australian business and consumers, including collectors and dealers – provide products that meet their needs
• International currency authorities, consumers and dealers - deliver high quality products in a timely, efficient and effective manner. For foreign authorities, the Mint will not compromise the integrity of their sovereign currency.
The challenge

The forecast of a gradual decline in the core business of circulating coin over the next four years will, on a ‘business as usual’ basis, result in a decline in the return (seigniorage) to the shareholder of between 18 per cent and 20 per cent at the end of the four year period. This decline has provided the Mint with the challenge of developing and implementing a range of strategies that will, at a minimum, fill the revenue gap.

In the development of this strategic plan the Mint scanned the competitive environment, considered the likely economic and political landscape over the next four years, recognised its position in the ‘lifecycle’, assessed its core competencies and critically reviewed its key product categories within the structure of an extended Boston Matrix.

The implementation of the following strategies, which will address the challenge, have been detailed against the agreed goals and are subject to the identified enablers (Critical Success Factors) being in place as well as the constraints being managed.
Goals
Targets
Objectives
Strategies
2016 – 2020
## GOAL

**Grow profitable revenue and optimise the use of all ‘leveragable’ assets**

<table>
<thead>
<tr>
<th>STRATEGIES</th>
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<tr>
<td><strong>Circulating</strong></td>
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<tr>
<td>Propose, and if accepted, implement a ‘minimalist’ coin reform</td>
</tr>
<tr>
<td>Build on the capability of the circulating supply chain program and implement further supply chain savings facilitated through new contract negotiations with the banks</td>
</tr>
<tr>
<td>Identify and where viable create some additional value-add revenue by extending the supply chain program with the banks</td>
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| **Commercial** |
| Use strong and relevant themes, product innovations and new distribution relationships continue to grow market share in domestic and international numismatic markets |
| Progressively and strategically offer investor products and related services |
| Continue to target other Pacific Island and near neighbour countries for the supply of circulating coins |
| Where commercially viable provide corporate and other contract customers with product |
| Where commercially viable enter into joint venture arrangements with other mints on programs that are logically relevant |
| Where commercially viable target medallions and Australian medals business. |
| Where commercially viable utilise spare capacity and or under-utilised assets |
| Build on success of education tourism program by: |
| • enhancing the experience |
| • attracting new collectors |

| **Assets** |
| Prioritise CAPEX to ensure Mint can meet market requirements |
| Explore the role played in the transition to digital currency |

## Reduce waste

<table>
<thead>
<tr>
<th>STRATEGIES</th>
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<tbody>
<tr>
<td>Continue to create a multi-skilled and flexible workforce that can be utilised across the Mint</td>
</tr>
<tr>
<td>Continue to identify, prioritise and implement Lean projects under a formalised and centralised structure</td>
</tr>
<tr>
<td>Implement a supply chain approach to vendor management program for the core materials of blanks, packaging and tooling steel</td>
</tr>
<tr>
<td>Establish through education and involvement a commitment to the culture of continuous improvement and simplification</td>
</tr>
<tr>
<td>Refine and maintain the program of measure to manage using the Balanced Scorecard (BSC) approach</td>
</tr>
<tr>
<td>Further enhance the commitment to and engagement with systemised planning – all products must be planned for production and sales must be forecast</td>
</tr>
<tr>
<td>Establish commitment to quality assurance through adoption of an integrated Mint-wide QMS</td>
</tr>
<tr>
<td>Prioritise CAPEX to ensure the Mint can reduce its cost of business</td>
</tr>
<tr>
<td>GOAL</td>
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| Satisfy stakeholder expectations               | Create and maintain a stakeholder management program  
Ensure all reporting is on time  
Ensure ongoing conformance to regulatory and governance requirements to avoid surprises  
Anticipate and actively communicate  
Where appropriate help to build the capability of select core vendors |
| Provide a safe, secure and sustainable operational environment | Maintain investment in safety and environmental best practice  
Ensure all processes and related documentation reflects how we work, represented in our retained certification  
Maintain investment in security  
Identify and implement where feasible further opportunities to reduce environmental footprint |
| Build on brand awareness                        | Maintain investment in innovation in products and programs  
Increase investment in brand awareness  
Utilise new distribution relationships to attract active customers  
Trial new distribution channels  
Continue to deliver programs and events that showcase the Mint and its products  
Continue to ensure brand attributes are not compromised |
| Have engaged, motivated and committed staff     | Ensure skills match the existing and future requirements of the Mint  
Maintain investment in health and wellbeing program  
Maintain investment in leadership development program  
Ensure Performance Development System is continuously implemented and where required improved  
Continue to appropriately recognise staff contribution and in particular exceptional performances  
Where possible promote from within  
Ensure the values of the Mint are enforced and that discipline is maintained  
Continue to keep staff informed through regular, open and transparent communication |
| Be responsive, flexible and agile               | Focus on innovation, research and development  
Planned production allows changes to be made  
"Accountability" and "ownership" applied to all decisions |
Critical success factors

There are a number of critical success factors which are crucial to the Mint being able to achieve its goals as set out in the strategic plan:

- There is ongoing Australian Government support for the strategic plan.
- There is an enabling and robust governance structure in place.
- There is an effective and comprehensive communication program.
- There is an enabling and effective enterprise solution in place.
- There is an effective customer relationship management program.
- There are strong and trusting stakeholder relationships in place.
- There is a skilled and committed workforce.
- Effective leadership is practiced in all areas of the Mint’s operation.
- Funds are available for judicious and justifiable capability investments.
Risks and Risk Mitigation
<table>
<thead>
<tr>
<th>RISK</th>
<th>INHERENT</th>
<th>RESIDUAL</th>
<th>MITIGATION STRATEGIES</th>
</tr>
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<tbody>
<tr>
<td>Failure to fully comply with critical accreditations (safety, quality, environment, financial audits etc.)</td>
<td>Medium</td>
<td>Low</td>
<td>Timely internal and external audits and actions arising from audit results are completed</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Continuous education and commitment to agreed business processes and timely reporting</td>
</tr>
<tr>
<td>Diminishing demand for coins due to emerging technologies</td>
<td>High</td>
<td>Medium</td>
<td>Investigate the options for security underwriting of crypto currency</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Propose a coin reform program</td>
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<td></td>
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<td></td>
<td>Research and investigate options for digital currency</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Promote the security and cost benefits of using tangible currency</td>
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<tr>
<td>System failure</td>
<td>High</td>
<td>High</td>
<td>Replace existing system</td>
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<td></td>
<td></td>
<td></td>
<td>Implement business continuity plan (BCP)</td>
</tr>
<tr>
<td>Severe economic downturn</td>
<td>High</td>
<td>High</td>
<td>Remain flexible staffing arrangement</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Diversify into counter cyclical product</td>
</tr>
<tr>
<td>Fraud and/or security breach</td>
<td>High</td>
<td>High</td>
<td>Ensure staff awareness on a continuous basis</td>
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<td></td>
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<td></td>
<td>Ensure all processes are reviewed, tested and approved</td>
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<td></td>
<td>Communicate immediately</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Have a communications plan ready to go</td>
</tr>
<tr>
<td>Failure of key materials supplier to meet our requirements</td>
<td>Medium</td>
<td>Low</td>
<td>Have in place alternative suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Have sufficient risk management inventory available</td>
</tr>
<tr>
<td>Negative market reaction to a program</td>
<td>High</td>
<td>Medium</td>
<td>Test/research the market and if in doubt test stakeholder reaction</td>
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Leadership Values
Service Charter
Leadership values

We Will Be

• Open and honest
• Trusting and trusted
• People with integrity
• Accountable for our actions
• Respectful
• Active listeners and not talk over others
• Non-judgemental
• Aware and accommodating of other’s roles and responsibilities
• Disciplined
• Evidence based decision makers
• Encouraging and developing

We Will

• Empower our staff
• Deliver on commitments
• Recognise performance
• Create solutions
• Measure to manage
Service charter

Services

• We aim to meet your needs as a customer efficiently and promptly and always look for ways of improving the quality and timeliness of our service.

• We seek to respond promptly to any issue you may raise related to the history, production and distribution of Australian coinage.

• You may contact us through our internet site or by mail, email, phone or fax using the address and numbers given in this publication.

• When you contact us we will be courteous, helpful and prompt in any follow-up actions required.

• Your first contact person will keep you informed of the progress of your request or may direct your request to a more appropriate person.

Complaints

• We will address all complaints in terms of the Australian Standard AS 4269-1995 Complaints Handling and of the Trade Practices Act 1974.

• If you return products, please include your contact details. If you are currently included on our mailing list please advise us of your customer number. We aim to respond within one week of receipt.

• If you continue to have a problem, our customer contact staff will try to resolve the matter but if necessary, you will be referred to the appropriate manager.

• If the matter is then not resolved, please contact the Chief Executive Officer (CEO) with all details. The CEO will respond within one week of receipt of this contact

Note: This Service Charter is not legally binding on the Royal Australian Mint but is an expression of the standards we seek to achieve and maintain.

Response

• We will clearly identify ourselves when you contact us by telephone and will ask for specific contact information from you.

• Your discussions will be treated with respect and confidentiality.

• If you contact us by phone during business hours (8.30 am to 5.00 pm), we will address your query immediately or advise when a response can be expected. If you contact us by phone out of normal business hours your call will be recorded and we will aim to call you back during the next working day.

• Your contact by mail, fax or email will be acknowledged within five working days of receipt.
ADDRESS
Royal Australian Mint
Denison St
Deakin ACT 2600
AUSTRALIA

Visitors are welcome between 8.30 am and 5.00 pm weekdays and between 10.00 am and 4.00 pm on weekends and public holidays. The Mint is closed to visitors on Good Friday and Christmas Day.

EMAIL
info@ramint.gov.au

WEB
ramint.gov.au

PHONE
Domestic (02) 6202 6900
International +61 2 6202 6900

FAX
Domestic (02) 6202 6953
International +61 2 6202 6953