

OVERVIEW

The Royal Australian Mint is a semi-autonomous operating division of the Treasury, 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

In the 2003-04 Budget the Government provided additional funding of \$13.5 million over four years for the Royal Australian Mint. Of this amount, \$9.5 million over four years will allow the Mint to undertake a staged capital replacement programme of its antiquated coin producing equipment. The remaining \$4 million in 2003-04 was a one-off equity injection to meet periodic fluctuations in the Mint's working capital requirements.

CORPORATE GOVERNANCE

The Mint's Advisory Board is responsible for ensuring good corporate governance, advising corporate strategy and providing guidance and oversight to the Mint's senior management team.

The Mint's Advisory Board members as at 30 June 2004 were: Jim Murphy, Executive Director, Markets Group, Treasury (Chair); Vivienne Thom, Controller, Royal Australian Mint; Michael Rawstron, General Manager, Corporations and Financial Services Division, Treasury; Michael Del Gigante, Chief Operating Officer, Defence Housing Authority; and Ross Macdiarmid, Chief Executive Officer, Australian Capital Tourism Corporation.

The Mint's Senior Management Team comprises the Controller and the Directors of Marketing, Operations, and Finance & Systems.

PERFORMANCE

The 2003-2004 financial year was another challenging year for the Mint in a climate of strong competition for collectables. But despite swings in exchange rates and changes in precious metal prices, the Mint operated at a healthy profit.

The Mint's operating profit before company tax and net of seigniorage was \$2.952 million compared to a forecast of \$1.187 million. This profit was due to a number of factors including sound business performance of the numismatic programme, a refinement of the transfer price model, re-valuation of assets at fair value, and accounting changes in the treatment of master tooling. The profit before tax represents a return on gross assets, excluding the Community Service Obligations (that is, the Coin Museum) and approved excess circulating coining inventory, of 10.64 per cent.

The Mint returned \$59.889 million to consolidated revenue in seigniorage, royalties and other payments.

CIRCULATING COIN

Demand for circulating coin was higher than in the previous year. The Reserve Bank of Australia purchased 293 million coins in 2003-04 compared to 238 millions coins in the previous year. This growth is thought to represent stabilisation of demand patterns following the large purchases in previous years and the change of ownership of the coin pools. The Reserve Bank forecasts show ongoing growth over the next three years.

Although there was an overall increase in demand for circulating coin compared to last year, seigniorage earnings were \$58.098 million this year compared to \$79.656 million last year. This is attributable to a shift in the denomination mix from higher to lower denominations.

To ensure ongoing reliability and cost efficiency of production of circulating coins, four high speed coining presses were ordered during the year. Two horizontal presses arrived in the Mint in June 2004. The presses should be more efficient and have lower maintenance costs than existing presses.

In December 2003, Australia celebrated the centenary of women's first opportunity to exercise their right to vote and stand in federal elections with the release of a \$1 coin commemorating women's suffrage. Approximately 10 million of the \$1 suffrage coins were minted for general circulation.

Table 1: Australian decimal coin issued by Treasury

| Year | \$2 \$'000 | \$1 \$'000 | 50c \$'000 | 20c \$'000 | 10c \$'000 | 5c \$'000 | 2c \$'000 | 1c \$'000 | Total \$'000 |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|------------------|
| 1965-92 | 395,960 | 319,780 | 217,625 | 161,303 | 93,532 | 84,652 | 48,793 | 31,162 | 1,352,807 |
| 1992-93 | 16,460 | 7,150 | 50 | 56 | 4,000 | 3,874 | — | — | 31,590 |
| 1993-94 | 26,100 | 24,075 | 2,349 | 280 | 2,440 | 5,716 | — | — | 60,960 |
| 1994-95 | 39,000 | 37,600 | 9,920 | 3,080 | 3,240 | 5,540 | — | — | 98,380 |
| 1995-96 | 27,000 | 32,200 | 8,000 | 1,040 | — | 4,140 | — | — | 72,380 |
| 1996-97 | 26,800 | 24,300 | 6,960 | 3,160 | — | 4,360 | — | — | 65,580 |
| 1997-98 | 22,200 | 20,500 | 4,320 | 4,340 | 820 | 4,660 | — | — | 56,840 |
| 1998-99 | 32,400 | 18,900 | 7,480 | 7,180 | 5,740 | 5,920 | — | — | 77,620 |
| 1999-00 | 64,000 | 23,200 | 15,930 | 10,700 | 7,080 | 6,210 | — | — | 127,120 |
| 2000-01 | 31,600 | 16,000 | 8,760 | 9,660 | 7,320 | 7,300 | — | — | 80,640 |
| 2001-02 | 67,200 | 37,400 | 27,080 | 18,020 | 11,520 | 10,680 | — | — | 171,900 |
| 2002-03 | 48,000 | 23,300 | 9,640 | 4,780 | 4,680 | 5,020 | — | — | 95,420 |
| 2003-04 | 33,800 | 12,300 | 8,920 | 7,700 | 7,360 | 6,660 | — | — | 76,740 |
| Total | 830,520 | 596,705 | 327,034 | 231,299 | 147,732 | 154,732 | 48,793 | 31,162 | 2,367,977 |

Table 2: Circulating coin production 2003-04

| Denomination | Design | Date of Coin | Alloy | Pieces (millions) |
|--------------|-----------------------|--------------|------------------|----------------------|
| 5 cents | Standard | 2003 | Cupro-Nickel | 61.292 |
| 5 cents | Standard | 2004 | Cupro-Nickel | 49.908 |
| 10 cents | Standard | 2003 | Cupro-Nickel | 44.499 |
| 10 cents | Standard | 2004 | Cupro-Nickel | 27.101 |
| 20 cents | Volunteers | 2003 | Cupro-Nickel | 7.574 |
| 20 cents | Standard | 2004 | Cupro-Nickel | 26.638 |
| 50 cents | Volunteers | 2003 | Cupro-Nickel | 8.202 |
| 50 cents | Standard | 2004 | Cupro-Nickel | 7.318 |
| 1 Dollar | Volunteers | 2003 | Aluminium Bronze | 4.149 |
| 1 Dollar | Centenary of Suffrage | 2003 | Aluminium Bronze | 10.007 |
| 1 Dollar | Standard | 2004 | Aluminium Bronze | 0.848 |
| 2 Dollars | Standard | 2002 | Aluminium Bronze | 4.492 |
| 2 Dollars | Standard | 2003 | Aluminium Bronze | 13.656 |
| 2 Dollars | Standard | 2004 | Aluminium Bronze | 3.277 |
| Total | | | | 268.961 |

NUMISMATIC PROGRAM

The Mint's numismatic programme yielded \$20.506 million. Moving back to traditional themes, particularly on our proof sets, saw a year of extremely strong sales. The innovative 2004 proof set featuring traditional designs but with soft lithography on the \$1 coin performed exceptionally well. This coin was the result of collaborative research with the CSIRO.

The Athens Olympic three coin set proved very popular with our collectors, again outperforming budget. The Mint, together with the CSIRO, won a 2003 Engineering Excellence Award from the Engineers Australia, Canberra Division, for the OVD Hologram that was used on these coins.

The Mint uses collector coins to highlight Australia's numismatic and general history and culture. The 2003-04 numismatic coin programme included a release celebrating the opening of the historic Adelaide to Darwin Railway line which was particularly popular and sold out in record time, and the coin commemorating the 150th anniversary of the Eureka Stockade was very well received when it was launched in Ballarat. The last Australian Penny was honoured by the annual subscription minting, highlighting the 40th anniversary of the Penny's passing into history with the changeover from Imperial coinage to Decimal currency. A coin highlighting a unique part of Australia's sporting culture was the Australian Football League coin celebrating Australia's own game. The uncirculated Rugby World Cup coin also performed well.

This year also saw the close of a nine-year series of Gold Coins with a running theme based on Australia's floral emblems. The final coins depict the Australian Capital Territory's Royal Bluebell.

The Mint ran a primary school design competition won by John Serrano, a Year 5 student at St Peter's Primary School, East Keilor in Victoria who will have his design minted on an Australian 50c collector coin and possibly also a circulating coin, to be released in the second half of 2004. The winning design of a wombat, koala and lorikeet was selected by Australians who participated in the voting on the Mint's website choosing from amongst the final top five designs submitted.

The Mint received a prestigious award from the Heraldry Society of the United Kingdom for the exemplary use of and quality of presentation of the Australian and state and territory coats of arms which appeared on the Centenary of Federation 50c coins in 2001 as well as for the information provided to collectors about the meaning of the coats of arms. The award was accepted by the Australian High Commissioner in London on behalf of the Mint.

Table 3 – PROOF AND SPECIAL COINS PRODUCTION 2003-04

| Country | Type | Date of Coin | Quantity | Pieces |
|------------------------------|-----------------------------------|--------------|----------|--------|
| Australia | 50 cents proof silver Coronation | 2003 | 805 | 805 |
| | \$1 proof silver subscription | 2004 | 16437 | 16437 |
| | \$1 proof silver Eureka | 2004 | 16447 | 16447 |
| | \$1 uncirculated Vietnam War | 2003 | 28400 | 28400 |
| | \$1 uncirculated "c" Korean War | 2003 | 24043 | 24043 |
| | \$1 uncirculated "b" Korean War | 2003 | 12149 | 12149 |
| | \$1 uncirculated "m" Korean War | 2003 | 36142 | 36142 |
| | \$1 uncirculated "s" Korean War | 2003 | 15591 | 15591 |
| | \$1 uncirculated "c" Eureka | 2004 | 65088 | 65088 |
| | \$1 uncirculated "s" Eureka | 2004 | 33083 | 33083 |
| | \$1 uncirculated "b" Eureka | 2004 | 23402 | 23402 |
| | \$1 uncirculated "e" Eureka | 2004 | 72498 | 72498 |
| | \$1 proof silver kangaroo | 2003 | 1938 | 1938 |
| | \$1 proof silver kangaroo | 2003 | 10400 | 10400 |
| | \$1 frunc silver kangaroo card | 2003 | 3378 | 3378 |
| | \$1 frunc silver kangaroo case | 2003 | 1200 | 1200 |
| | \$1 frunc silver kangaroo capsule | 2003 | 2050 | 2050 |
| | \$1 frunc silver kangaroo gilt | 2004 | 10500 | 10500 |
| | \$1 frunc silver kangaroo card | 2004 | 17461 | 17461 |
| | \$1 frunc silver kangaroo case | 2004 | 10927 | 10927 |
| | \$1 uncirculated suffrage | 2003 | 225 | 225 |
| | \$5 proof silver Tasmania | 2004 | 7499 | 7499 |
| | \$5 proof silver Rugby World Cup | 2003 | 6250 | 6250 |
| | \$5 proof Adelaide to Darwin | 2004 | 12500 | 12500 |
| | \$5 proof silver finale | 2003 | 15000 | 15000 |
| | \$5 proof AFL | 2004 | 14300 | 14300 |
| | \$5 proof silver AOC | 2004 | 10450 | 10450 |
| | \$5 uncirculated AOC | 2004 | 21637 | 21637 |
| | \$5 uncirculated Rugby World Cup | 2003 | 36552 | 36552 |
| | \$10 proof silver Sydney pattern | 2003 | 10000 | 10000 |
| | \$100 proof gold bluebell | 2003 | 1343 | 1343 |
| | \$100 uncirculated gold bluebell | 2003 | 852 | 852 |
| | \$150 proof gold bluebell | 2003 | 1105 | 1105 |
| | 3 coin set AOC | 2004 | 2146 | 6438 |
| | 4 coin set proof masterpieces | 2003 | 7411 | 29644 |
| | 4 coin set proof masterpieces | 2002 | 476 | 1904 |
| | 6 coin set proof silver | 2004 | 6270 | 37620 |
| | 6 coin set proof | 2003 | 7678 | 46068 |
| | 6 coin set proof baby | 2003 | 4827 | 28962 |
| | 6 coin set uncirculated wedding | 2004 | 2025 | 12150 |
| | 6 coin set uncirculated | 2003 | 13335 | 80010 |
| | 6 coin set uncirculated baby | 2003 | 13112 | 78672 |
| | 6 coin set uncirculated wedding | 2003 | 1130 | 6780 |
| 6 coin set proof | 2004 | 43162 | 258972 | |
| 6 coin set proof baby | 2004 | 11752 | 70512 | |
| 6 coin set uncirculated baby | 2004 | 22260 | 133560 | |
| 6 coin set uncirculated | 2004 | 57565 | 345390 | |
| Cook Islands | \$2 proof monkey | 2004 | 13033 | 13033 |
| | \$20 proof one monkey | 2004 | 1524 | 1524 |
| | \$20 proof two monkeys | 2004 | 1539 | 1539 |
| New Zealand | \$5 proof silver | 2004 | 1503 | 1503 |

| | | | |
|-------------------------|------|------|----------------|
| \$5 uncirculated | 2004 | 1503 | 1503 |
| 7 coin set proof | 2004 | 1503 | 10521 |
| 7 coin set uncirculated | 2004 | 3003 | 21021 |
| Total | | | 1726978 |

CORPORATE AND OTHER PRODUCTS

Sales of corporate and other product were \$1.580 million for the year. This includes the sales of foreign coin production orders of \$0.939 million. Sales of medals, medallions and tokens to government and the corporate sector remain a highly competitive market.

Table 4 – CIRCULATING COIN PRODUCTION FOR OVERSEAS 2003-04

| Country | Denomination | Design | Date of Coin | Alloy | Pieces (millions) |
|--------------|--------------|----------|--------------|-----------------------|-------------------|
| Cook Islands | 5 Dollars | Standard | | 2003 Aluminium Bronze | 0.05 |

Table 5 – MEDALS, MEDALLIONS ETC 2003-04

| | Customer | Pieces |
|--------------|-----------------------|---------------|
| Medals | Australian Government | 207 |
| Medallions | Australian Government | 358 |
| | Academic Institutions | 463 |
| | Corporate | 8468 |
| Lapel Badges | Australian Government | 403 |
| | Other | 1203 |
| Tokens | Corporate | 527505 |
| | Royal Australian Mint | 9733 |
| Jewellery | Royal Australian Mint | 1754 |
| Engraving | Various | 152 |
| Total | | 550246 |

VISITORS GALLERY AND NATIONAL COIN COLLECTION

Visitor numbers increased over 2002–03. A special exhibition of a set of a 1853 Sydney Sovereign and a Half Sovereign, one of only four existing sets in the world and the only one owned by an Australian, was on loan as a special display at the Mint. The two coins are valued at over three-quarters of a million dollars and generated a lot of excitement with visitors.

Table 6: Visitor numbers

| | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003–04 |
|-----------------------|---------|---------|---------|---------|---------|
| Total visitor numbers | 173,198 | 186,597 | 208,429 | 182,104 | 188,262 |

CUSTOMER SERVICE CHARTER

The Mint's customer service charter is available in hard copy and on its website. The customer service charter is due to be reviewed in December 2004.

Customer complaints are managed within the context of the Mint's overall Quality Management System that meets with the ISO9001-2000 Quality System certification. The complaints are dealt with according to the Australian Standard AS 4269-19951 Complaints Handling. Relevant staff are trained in all aspects of customer service.

The Mint carries out market research to establish customer satisfaction levels as well as views about the coins it is planning to issue, through either surveys or focus groups. Mint staff also regularly meet collectors and dealers. In addition the public can raise matters directly with the Mint through letters, phone calls, and two dedicated email response addresses on the Mint's website.

QUALITY MANAGEMENT

The Mint's Quality Management System was designed to capture all of its operations including occupational health and safety, security, environmental management, human resources and quality control. The Quality Management System ensures that the Mint's operations meet customer requirements and organisational goals, and comply with applicable regulatory requirements. An electronically based system of policies, procedures and records management ensures effective document control and easy accessibility for all intended users.

In 2003-04 the Mint further developed its ISO9001-2000 certified Quality Management System to support the Business Plan outcomes and maintain high quality service to the customers. In March 2004 SAI-Global conducted a comprehensive three-day audit of the system, concluding that the 'Mint's Quality Management System provides high levels of compliance both in definition and implementation in line with the International Standard and the organisational requirements'. The certification to the International Standard was extended for a further year.

OCCUPATIONAL HEALTH AND SAFETY

The Mint is committed to providing a safe and healthy workplace for employees, contractors and visitors and all reasonable steps are taken to control or eliminate hazards and minimise the risks associated with the Mint's activities. This year the Occupational Health and Safety Committee formed under revised guidelines. It comprises three management representatives, the Occupational Health and Safety manager and a representative from each designated health and safety work group. The committee meets monthly and focuses on reviewing policies, procedures and programs.

The Mint was awarded the National Safety Council of Australia's 5 star status for the ninth consecutive year and continues to have Comcare self audit status.

Under the Health Surveillance programme, blood and biochemistry (kidney and liver function) tests were conducted for all employees whose normal occupations exposed them to hazardous material. Screening tests specifically for occupational overexposure to chromium and nickel were also conducted. Employees exposed to noise received hearing tests and free flu vaccinations were offered.

A new electronic Hazard Register acts as a database for all identified hazards, risk assessments and implemented controls.

The Mint's employee assistance programme was contracted to Davidson Trahaire Corpsych for support service to the Mint staff and their immediate family members. The Mint recognises that healthy employees are more productive and actively promotes employee activities which lead to a healthy lifestyle. A subsidy of \$100 is available per calendar year on production of receipts for health related lifestyle expenses.

The Mint fulfilled all Comcare legislative requirements and guidelines for rehabilitation cases, with the Mint outsourcing rehabilitation case management to Access Occupational Therapy Services in accordance with Section 41A of the *Safety, Rehabilitation and Compensation Act (1988)*.

The Mint continues to comply with the provisions of the *Occupational Health and Safety (Commonwealth Employment) Act (1991)* and has not received directives or provisional improvement notices under any section of the Act.

Section 68 of the Act requires employers to notify and report certain incidents to Comcare. One serious personal injury was reported to Comcare.

ENERGY MANAGEMENT

The Mint continued with sound energy management practices, achieving modest gains in energy savings. The total electricity consumption for the building was marginally higher than last year but the increase was because Passports Australia with 25 to 30 staff and some machinery occupied part of the building. The malfunction of a power factor correction bank also increased electricity consumption. Overall the energy consumption in both gas and electricity for the Mint operations was down by 2 per cent.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Environment Management System developed in line with the International Standard ISO14001 was upgraded to comply with the *National Environment Protection Measures (Implementation) Act 1998* (NEPM). The Mint participated in workshops conducted by the Commonwealth Department of the Environment and Heritage to discuss the movement of controlled waste. The Mint has a comprehensive waste management and movement programme and meets the requirements of relevant regulations. The internal controls of the Mint's waste management programme include monitoring and control of atmospheric emissions, wastewater treatment and recovery of precious metals.

WATER USAGE

All water conservation measures were in place during the year and the water consumption increased by less than 1 per cent, despite the inclusion of Passports Australia.