

## 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 2002-03 the Mint received no direct budget funding.

## 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 2003 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 Executive Officer, TransACT Communications; and Ross Macdiarmid, Chief Executive Officer, Canberra Tourism and Events Corporation.

The Mint's Senior Management Team comprises the Controller, the Director of Marketing, Anton Porzig, the Director of Operations, Prabir De and the Director of Finance and Systems, Catherine Porter.

## PERFORMANCE

2002-03 was another challenging year for the Mint in managing the business in uncertain times. Despite exchange rate swings, changes to the GST regime that saw the Mint unable to claim input tax credits and cautious customer spending, the Mint operated with a sound profit.

The Mint's operating profit before company tax and net of seigniorage was \$1.893 million. The profit before tax represents a return on gross assets, excluding the Coin Museum and approved excess circulating coining inventory of 11.02 per cent. The Mint returned \$80.242 million to consolidated revenue in seigniorage, royalties and other payments.

Inventory holdings decreased from \$17.22 million in 2001-02 to \$15.42 million in 2002-03 due to decreased holdings of finished circulating coin and raw material blanks.

The change in the GST regime, coming from an Australian Taxation Office ruling on precious metal purchases, greatly affected the Mint's expenditure. The Mint made a concerted effort to control discretionary expenditure, reducing it to \$12.98 million from \$13.8 million in 2001-02. Expenditure is 32.7 per cent of revenue.

## CIRCULATING COIN

Demand for circulating coin was lower than previous years (Tables 1 and 2). The Reserve Bank of Australia purchased 238 million coins in 2002-03, compared to 544 million coins the previous year. This should allow the banking system to absorb surplus coins that have accumulated. These surpluses arose from prudent purchases to mitigate the risk of uncertainty during the Y2K calendar transition and ownership transfer of coin pools to commercial banks.

The drop in demand for all denominations of circulating coin reduced seigniorage earnings from \$129.538 million last year to \$79.656 million this year.

**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
Total	796,720	584,405	318,114	223,599	140,372	148,072	48,793	31,162	2,291,237

**Table 2: Circulating coin production 2002-03**

Denomination	Design	Date of Coin	Alloy	Pieces (millions)
5 cents	Standard	2002	Cupro-Nickel	80.252
5 cents	Standard	2003	Cupro-Nickel	52.178
10 cents	Standard	2002	Cupro-Nickel	44.089
10 cents	Standard	2003	Cupro-Nickel	9.137
20 cents	Standard	2002	Cupro-Nickel	21.523
50 cents	CoF <sup>1</sup>	2001	Cupro-Nickel	0.080
50 cents	Outback	2002	Cupro-Nickel	11.507
50 cents	Volunteers	2003	Cupro-Nickel	5.725
1 Dollar	Outback	2002	Aluminium Bronze	16.025
2 Dollars	Standard	2002	Aluminium Bronze	14.099
Total				254.615

(1) Centenary of Federation

## NUMISMATIC PROGRAM

The Mint's numismatic program yielded \$17.961 million. Table 3 sets out proof and special coin production.

The Mint has divided collector coin issues into two broad categories. Products such as the year sets, baby sets and wedding sets are purchased both by serious and occasional coin collectors and are produced in unlimited or very large numbers. More numismatic products have limited mintages and the coins generally are available only from the Mint and coin dealers (with numismatic knowledge and who sell and buyback coins).

This results in many numismatic coin issues selling out, some in near-record times. In 2002-03 the following issues sold out: the \$1 silver proof coin commemorating the end of the Korean War, the fine proof silver 2003 year set, the proof Rugby World Cup coin, the selectively gold plated silver kangaroo, the hologram coin, and the \$10 proof commemorative 'Adelaide Pound' coin. As a result, many coins and coin sets issued over the past few years are in considerable demand, reinforcing the interest in current new issues of both the numismatic and generally available coins.

Sales to overseas dealers reached a very high level with coins having an overseas interest with Australian themes. These included the Battle of Sunda Strait, Masterpieces in Silver and Accession coins.

For the second year in a row, the Mint has won a prestigious international 'Coin of the Year' award by United States based Krause Publications. The design, an Aboriginal interpretation of the kangaroo, was commissioned from the Aboriginal artist Jeanette Timbery.

The Mint also uses collector coin issues to highlight Australia's numismatic and general history. Modern day issues featuring historic 'icon' coins can re-ignite interest in the older coin issues. Two modern issue coins featuring historic Australian coins were the \$10 Commemorative Numismatic of the Adelaide Pound and the Subscription Coin of the Holey dollar and dump.

Other coins issued this year commemorating Australian culture and history were the \$1 proof silver kangaroo coin with the kangaroo designed by Aboriginal artist Ray Thomas; the \$1 aluminium bronze paying tribute to Australia's Vietnam veterans and \$1 proof silver coin commemorating the fiftieth anniversary of the end of the Korean War. The Masterpieces in Silver set highlighted Australia's nautical history with the depiction of four historic sailing vessels. The Golden Jubilee of the Coronation of Queen Elizabeth II was commemorated on two precious metal collector coins. Possibly the most topical highlight was the theme of the 2003 proof and uncirculated year sets saluting Australia's volunteers.

The Mint also launched a design competition for primary school pupils to produce a design for a 50c coin. The winning designer will win \$10,000 for their school.

**Table 3 – PROOF AND SPECIAL COINS PRODUCTION 2002-03**

Country	Type	Date of Coin	Quantity	Pieces
Australia	50 cents uncirculated PNC, Coronation	2003	65,003	65,003
	50 cents uncirculated and RAAMC token	1995	5002	10004
	50 cents proof silver, Accession	2002	2,450	2,450
	50 cents proof silver, Coronation	2003	5,502	5,502
	\$1 frunc silver kangaroo capsule	2003	500	500
	\$1 frunc silver kangaroo card	2002	3,040	3,040
	\$1 frunc silver kangaroo case	2002	200	200
	\$1 frunc silver kangaroo card	2003	17,302	17,302
	\$1 frunc silver kangaroo case	2003	10,800	10,800
	\$1 frunc silver kangaroo gilt	2003	10,000	10,000
	\$1 proof silver kangaroo	2002	1,209	1,209
	\$1 proof silver YOTO	2002	646	646
	\$1 proof silver kangaroo	2003	8,062	8,062
	\$1 proof silver Korean War	2003	15,000	15,000
	\$1 proof silver subscription	2003	14,204	14,204
	\$1 uncirculated 'b' YOTO	2002	29,698	29,698
	\$1 uncirculated 'c' YOTO	2002	13,921	13,921
	\$1 uncirculated 'm' YOTO	2002	31,694	31,694
	\$1 uncirculated 's' YOTO	2002	11,702	11,702
	\$1 uncirculated 'b' Korean War	2003	22,800	22,800
	\$1 uncirculated 'c' Korean War	2003	69,529	69,529
	\$1 uncirculated 's' Korean War	2003	20,500	20,500
	\$1 uncirculated Vietnam War	2003	28,600	28,600
	\$5 bimetallic Australian version	2002	10,502	10,502
	\$5 bimetallic USA version	2002	5,765	5,765

Country	Type	Date of Coin	Quantity	Pieces
	\$5 proof aluminium bronze	2002	749	749
	\$5 proof silver Commonwealth Games	2002	1,397	1,397
	\$5 proof silver Queen Mother	2002	9,382	9,382
	\$5 proof silver Rugby World Cup	2003	13,251	13,251
	\$5 proof silver finale	2002	15,001	15,001
	\$5 uncirculated Rugby World Cup	2003	7,250	7,250
	\$10 proof silver Adelaide pound	2002	10,001	10,001
	\$100 proof gold Sturt's desert rose	2002	1,417	1,417
	\$100 uncirculated gold Sturt's desert rose	2002	900	900
	\$150 proof gold Sturt's desert rose	2002	1,154	1,154
	2 coin set proof Coronation	2003	660	1,320
	3 coin set \$5 Commonwealth Games	2002	2,500	7,500
	3 coin set proof ACT	2001	100	300
	3 coin set uncirculated ACT	2001	120	360
	4 coin set proof masterpieces	2002	8,620	34,480
	6 coin set proof	2002	5,200	31,200
	6 coin set proof baby	2002	4,284	25,704
	6 coin set proof	2003	31,412	188,472
	6 coin set silver proof	2003	6,500	39,000
	6 coin set proof baby	2003	9,972	59,832
	6 coin set uncirculated	2002	7,940	47,640
	6 coin set uncirculated baby	2002	9,937	59,622
	6 coin set uncirculated wedding	2002	1,370	8,220
	6 coin set uncirculated	2003	67,177	403,062
	6 coin set uncirculated baby	2003	24,636	147,816
	6 coin set uncirculated wedding	2003	2,119	12,714
Fiji	20 cent uncirculated South Pacific Games	2003	5,003	5,003
New Zealand	\$5 proof silver gilt capsule	2003	200	200
	\$5 uncirculated capsule	2003	400	400
	\$5 proof silver	2002	1,002	1,002
	\$5 proof silver gilt	2003	1,503	1,503
	\$5 uncirculated	2002	1,008	1,008
	\$5 uncirculated	2003	2,003	2,003
	7 coin set proof	2003	1,503	10,521
	7 coin set uncirculated	2003	3,003	21,021
<b>Total</b>				<b>1,579,038</b>

## CORPORATE AND OTHER PRODUCTS

Sales of corporate and other product were \$2.062 million for the year. This includes the sales of foreign coin production orders of \$0.608 million for New Zealand, Fiji and the Cook Islands. Sales of medals, medallions and tokens to government and the corporate sector remains a highly competitive market.

**Table 4 – CIRCULATING COIN PRODUCTION FOR OVERSEAS 2002-03**

Country	Denomination	Design	Date of Coin	Alloy	Pieces (millions)
Cook Islands	1 Dollar	Standard	2003	Cupro-Nickel	0.2
	2 Dollars	Standard	2003	Cupro-Nickel	0.3
	5 Dollars	Standard	2003	Aluminium Bronze	0.103
Fiji	20 Cents	SPG <sup>1</sup>	2003	Cupro-Nickel	1.5401

(1) South Pacific Games

**Table 5 – MEDALS, MEDALLIONS ETC 2002-03**

	Customer	Pieces
Medals	Australian Government	640
	Other	229
Medallions	Australian Government	3589
	Academic Institutions	342
	Corporate	4988
Lapel Badges	Australian Government	1153
	Other	3337
Tokens	Retailers	29780
	Other	33408
Jewellery	Royal Australian Mint	1273
	Other	502
Engraving	Various	196
Trophies	Commonwealth Games World Records	9
Total		79446

## VISITORS GALLERY AND NATIONAL COIN COLLECTION

After strong support during the Olympic and Centenary of Federation years, visits to the Mint's visitors gallery weakened, reflecting a general decline in tourist activity throughout the region (Table 6).

Large numbers of school children visit the Mint so the cafeteria has been converted into an additional viewing room for the Mint video. This should greatly relieve congestion. At the Mint's first Open Day on Saturday 29 March 2003, visitors were escorted through the factory area and allowed close to the operating circulating coin presses. Mint staff acted as guides and a collection supported the Canberra Bushfire Relief Fund.

**Table 6: Visitor numbers**

	1998-99	1999-00	2000-01	2001-02	2002-03
Total visitor numbers	146,101	173,198	186,597	208,429	182,104

As part of the Coin Disposals and Acquisition Program a set of 1916 proof coins was sold at public auction. Proceeds will be used to make strategic purchases of coins for the National Coin Collection

## CUSTOMER SERVICE CHARTER

The Customer service charter is due to be reviewed in December 2003.

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, either through surveys or focus groups. Mint staff also regularly meet collectors. The Mint website hosts a forum for the public to comment on or discuss numismatic matters and it provides the Mint with direct feedback on many matters. In addition the public can raise matters directly with the Mint through letters, phone calls, e-mails and two dedicated e-mail response addresses on the Mint's website.

## QUALITY MANAGEMENT

The Mint's Quality Management System was designed to capture its operations including occupational health and safety, security, environmental management, human resource 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

The Mint's Quality Management System was upgraded to comply with the new International Standard ISO9001-2000. A comprehensive two-day audit by two auditors from SAI-Global resulted in awarding the Mint with the ISO9001-2000 Quality System certification. The Mint has maintained its quality system certification for the thirteenth successive year and is one of the few organisations certified to the new International Standard.

## **OCCUPATIONAL HEALTH AND SAFETY**

In July 2002 the Royal Australian Mint was awarded for the eighth consecutive year, the National Safety Council of Australia (NSCA) 5 Star Award for its occupational health and safety management system. The management system demonstrated a continued commitment to OH&S. The Mint continues as the only organisation within the Australian Capital Territory to achieve this status, and is among only a few organisations in Australia to retain that status for eight consecutive years.

## **ENERGY MANAGEMENT**

The Mint continued with its good energy management practice, significantly reducing energy consumption. Natural gas consumption was down by 4.8 per cent while electricity consumption was down by 16.3 per cent compared to last year. The energy consumption during the year was the lowest since the Mint started its energy management program in 1992.

## **ENVIRONMENTAL MANAGEMENT SYSTEM**

An environmental management system was developed by the Mint and implemented to comply with the requirements of the International Standard ISO 14001. The incorporation of the Environment Management System within the control of the Quality Management System avoided duplication of work and ensured better use of resources.

## **WATER USAGE**

In March 2003, Mint signed a Voluntary Agreement with ACTEW to reduce its water consumption by 15 per cent. It actually more than halved consumption, achieving another record since the water management program started in 1992.