

# Chairman's Review

**I**t is with great pleasure that I report on Gold Corporation's achievements in 1999-2000, one of the most exciting years in the 101-year history of The Perth Mint.

The year opened in the midst of the Mint's Centenary celebrations. As the year progressed, the Mint's Centenary and Millennium coin issues won wide acclaim, sales of Sydney 2000 Olympic coins topped 4 million, production of gold and platinum coin blanks destined for overseas markets totalled 2.3 million, and the decision was made to expand the Mint's production facilities by constructing a new building on the Goderich Street frontage.

Importantly, The Perth Mint won international acclaim for the high quality of design and production of its range of collector coins and for innovative marketing of its products worldwide.

Gold Corporation realised a record operating profit for the year of \$7 million before statutory contribution. This compares with the operating result of \$6.5 million in 1998-1999 before bringing to account the abnormal profit realised in that year from the establishment of the AGR Joint Venture. The net profit for 1999-2000 was \$4.1 million after statutory contribution in lieu of income tax of \$2.9 million.

A further highlight of the year was The Perth Mint's involvement in producing the Sydney 2000 Olympic and Paralympic Games victory medals, the most prestigious of all minting commissions. This assignment was shared with the Royal Australian Mint in Canberra, with The Perth Mint having the honour of producing the gold Olympic medals. This, together with the highly acclaimed Sydney 2000 Olympic Coin Program, brought considerable national and international publicity and further enhanced the Mint's reputation while arousing public awareness of its activities.

The final 25 coins in the Sydney 2000 Olympic Coin Program were released during the year and a national road show was undertaken to promote the complete 53-coin

collection. Some 2.2 million coins, including 9000 Silver Kilo Olympic Masterpieces, were sold during the year, bringing total Program sales since October 1997 to 4.2 million, the highest sales of any Olympic collector coin program.

A significant achievement in 1999-2000 was the Mint's success in the 2000 WA Tourism Awards, in which it won a record three categories, this being the first time in the 28-year history of the awards that an organisation had won that many categories. The Mint is now a national finalist in the categories of Retail Tourism, Heritage and Cultural Tourism and Promotional and Marketing Campaigns in the Australian Tourism Awards to be announced in November.

GoldCorp Australia had a very good year, with strong sales of collector coins exceeding early expectations. Full advantage was taken of widespread interest in the new Millennium and in the Lunar Year of the Dragon to produce popular commemorative coin issues. Substantial sales of gold and platinum coin blanks also boosted the division's result.

The Perth Mint Depository Service and Certificate Program again exceeded budget expectations, despite stagnant international interest in precious metals investment. The Program aims to attract international investment in Australian precious metal bars and legal tender coins, which are stored at the Mint on behalf of investors.

In its first full year of trading, the Australian Gold Refineries Joint Venture, jointly owned by the Western Australian Mint and Golden West (Australasia) Pty Ltd, consolidated its position as the leading refiner of precious metals in the Asia Pacific region. The Newburn refinery in Perth processed 246 tonnes of metal from domestic and imported material.

The Board has decided to expand and upgrade the Mint's production facilities by the construction of an 8,400 square metre, four level building next to the existing Perth Mint

*Mr Les McCarrey CMG*



# Chairman's Review

buildings. The \$13.5 million building, which will also house the sales administration, marketing and e-commerce divisions, will relieve the congestion and severe pressures under which the production staff have been working.

The Board and Management of Gold Corporation are conscious of their responsibility to preserve the surroundings as well as the structure of one of Perth's finest heritage buildings, and care has been taken to ensure that the new building harmonises with the adjacent Mint.

The new facility will allow the Mint to establish three separate precious metal blanking lines to meet the increased demand for gold and platinum blanks and to avoid cross contamination of metals, a recurring problem when several precious metal blanks are produced on the same equipment. The intention is to establish 'state of the art' production facilities that will place The Perth Mint at the forefront of minting technology. It will also position the Mint to win a greater share of blanking contracts from the major world mints, many of whom prefer to outsource their coin blank requirements.

The combined statutory contribution and dividend payment to the Western Australian Government will amount to \$5.1 million. With this contribution, payments to the State and Commonwealth Governments since the establishment of the Corporation in 1988 will total \$35.7 million.

It is customary in the Chairman's annual review to offer some prognosis for the year ahead. This cannot be done with confidence given the uncertainties in precious metals markets, the diminishing role of coinage in monetary transactions and the changing preferences in the market for collectables, which much of the Corporation's output serves. However, I believe Gold Corporation now has the reputation for quality and innovation and the management expertise that will enable it to maintain market share in its established products while opening up new opportunities for growth in the years ahead.

Future growth is expected to come from a number of sources. These include the Collectables division, launched in March 2000, The Perth Mint On-line Shop, launched in July 2000, and precious metal blank manufacturing contracts, following the establishment of new blanking lines in 2001. Opportunities are also expected to arise from new distribution channels established as a result of the Sydney 2000 Olympic Coin and Medallion Programs.

Finally, I extend the Gold Corporation Board of Directors' thanks to the Management and Staff of the Corporation who have worked under intense pressure throughout the past year to produce an excellent result in this memorable Olympic year.

L E McCARREY CMG  
Chairman  
1 November, 2000

*Top: The proposed coining facility, viewed from Goderich Street.*

*Left: Three of the twenty-eight Sydney 2000 Olympic bronze coins.*

*Opposite Page: Series 1 Sydney 2000 Olympic gold coin, The Journey Begins.*



*The Journey Begins*

# Group Profile

Gold Corporation's history began more than a century ago with the opening of The Perth Mint on 20 June 1899. The Mint was established as a branch of Britain's Royal Mint to refine the increasing quantities of gold being discovered in Western Australia's Eastern Goldfields and to coin it into sovereigns and half-sovereigns for the Crown.

Today the Corporation is Australia's leading precious metals refining and minting group, providing high quality services and precious metal products to domestic and international markets.

The Corporation is the holding company of two wholly owned subsidiaries, the *Western Australian Mint* and *GoldCorp Australia*. It provides central services to the Group, including treasury, bullion services and settlement, accounting, personnel management, business development, information systems, public affairs, government relations, security and records management. Some treasury services, such as depository and metal leasing, are also offered to external clients.

The Corporation was created by the Gold Corporation Act 1987 on 30 June 1988 and is wholly owned by the Government of Western Australia. The Act formalised the merger of the Western Australian Mint (also known as The Perth Mint) and GoldCorp Australia.

GoldCorp Australia was formed in 1986 to manage the redevelopment of the Western Australian Mint and to mint and market Australia's first legal tender precious

metal bullion coin program internationally, under a unique agreement with the Commonwealth of Australia.

GoldCorp Australia is a significant participant in international markets for value-added precious metal investment and collectable coin products, marketing a wide range of legal tender bullion and collector coins and precious and base metal medallions. Its major ventures in 1999-2000 were the Sydney 2000 Olympic Coin and Medallion Programs, the official Australian programs commemorating the Sydney 2000 Olympic Games, held from 15 September to 1 October 2000.

The Corporation has one wholly owned international operating subsidiary, GoldCorp Australia (Hong Kong) Limited.

## Functions

Gold Corporation's functions, as described in sections 10, 36 and 49

of the Act, include:

- providing high quality processing services to the precious metals industry;
- adding value to Australia's precious metals before export; and
- generating consumer interest in, and demand for, precious metals.

## Mission Statement

*The mission of Gold Corporation is:*

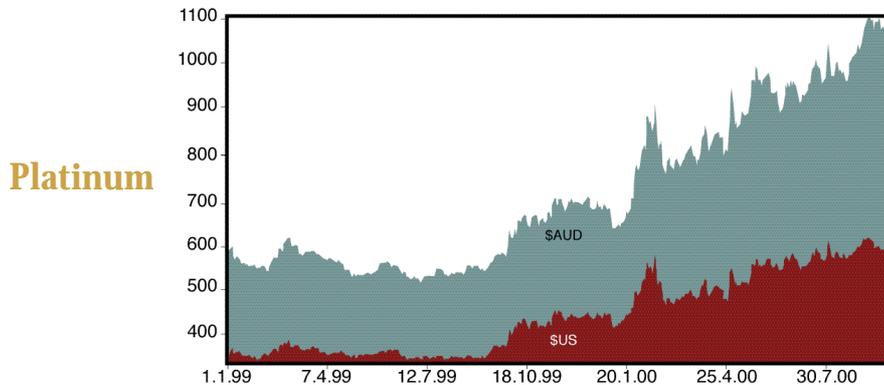
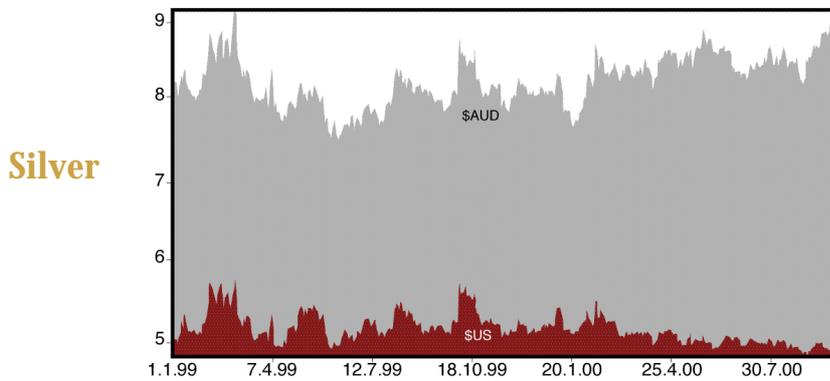
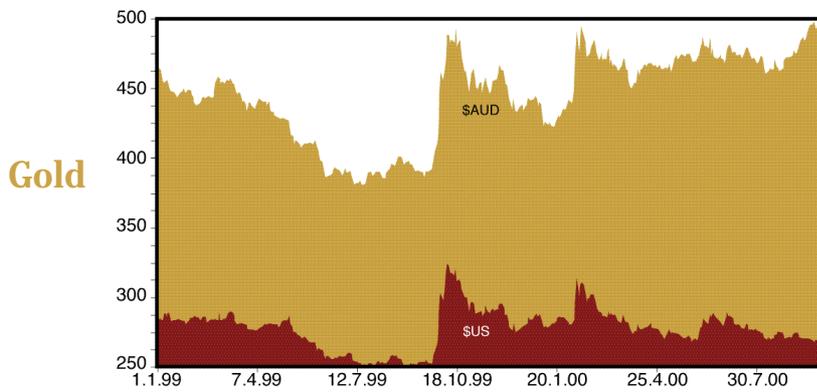
*to provide high quality processing, refining and other services to the gold industry and to develop and market globally, innovative, value-added precious metal products at a commercial rate of return acceptable to the shareholder.*

*Top Left: 1999 Cook Islands Marine Life Series - Clown Anemone; 2oz 2000 Australian Proof Nugget gold coin; 2000 Australian Coin Fair Privy Mark Series - 2oz Kookaburra with Roman Silver Antoninianus.*  
*Right: Cook Islands Threatened Species Series - Australian Flora - Ptychosperma Bleeseri and Milligania Johnstonii.*  
*Opposite Page: Series 2 Sydney 2000 Olympic gold coin, Dedication 1.*

*Dedication 1*

# Precious Metal Prices

## Daily Average Perth Mint Prices, January 1999 - August 2000



# Output Measures and Performance Indicators

Under the Treasurer's Instructions 904 and 905, a statutory authority is required to provide appropriate output measures and performance indicators in its Annual Report, namely:

- Government desired outcome(s) for each output;
- key efficiency indicators for each output, relating outputs to consumed inputs;
- key effectiveness indicators for each outcome, relating outputs to achieved outcomes; and
- comparative results for the output measures of quantity, quality, timeliness and cost.

Given the above Instructions and taking into consideration the Corporation's functions under the Act, the Corporation's outcomes are:

- **high quality precious metal refining;**
- **value-added precious metal product manufacture and marketing; and**
- **a commercial rate of return on its equity.**

The key effectiveness indicators for the above outcomes are:

- the estimated proportion of Australian fine gold refined annually by the Corporation and the AGR JV;
- the Australian Nugget's annual share of the world bullion coin market;
- the annual value added to gold, silver, platinum and palladium in (i) coin production and (ii) other precious metal products (eg: blanks);
- the Corporation's annual return on equity, (i) before and (ii) after abnormal items; and
- the average daily number of visitors to The Perth Mint Shop.

The Corporation's outputs are:

- **precious metals refining services; and**
- **precious metal product sales.**

The key efficiency indicators for the above outputs are:

- the Corporation's trading results as a proportion of sales revenue;
- the Corporation's expenditure as a proportion of total revenue; and
- the cost per ounce of refining gold expressed as an index.

The Corporation's key effectiveness and efficiency indicators since 1995-96 are tabulated on pages 41 and 42 of this Report.

Under the Treasurer's Instructions, output measures describing quantity, quality, timeliness and cost are also to be included in a statutory authority's Annual Report for each output identified above. An output measure analysis with this information is presented on the next page.



# Output Measures and Performance Indicators

## OUTPUT MEASURE ANALYSIS

OUTPUT	REFINING SERVICES		PRODUCT SALES		GROUP TOTAL	
	Actual \$M	Budget \$M	Actual \$M	Budget \$M	Actual \$M	Budget \$M
QUANTITY (Note 1)	2	2	52	34	54	36
COST (Note 2)	0	0	47	32	47	32
QUALITY	Gold and silver bars produced by The Perth Mint and the AGR JV are accredited for their accurate weight and purity by the London Bullion Market Association (LBMA), Tokyo Commodities Exchange (TOCOM) and the Comex Division of the New York Mercantile Exchange (Comex).		The weight and purity of all Australian legal tender precious metal coins manufactured by The Perth Mint are described in the Commonwealth Currency Act 1965. The Corporation has installed processing and management systems to ensure it meets these statutory specifications.		The Corporation sells some 90 percent of its precious metal coins and products in international markets. The Corporation is committed to maintaining the product quality standards described opposite to protect its international market status.	
TIMELINESS	The AGR JV melts, samples and assays primary precious metal doré within two business days of receipt at the Perth refinery. This turnaround time is equivalent to the most efficient international industry standards.		The Corporation's minting and marketing divisions operate in an international commercial environment and must be timely with regard to product releases and manufacture to remain competitive.		The Corporation complies with standard international two-day settlement terms on its precious metal and precious metal product purchases and sales.	

Note 1: The Group quantity measure is the actual trading profit and other revenue for the fiscal year, compared with the financial estimate in the Corporation's 1999 Annual Report. Refining Services income is derived from the Group's investment in the AGR Joint Venture partnership. Income from the partnership is included as a single line item in the group Operating Statements. Further information is presented in the group Operating Statements and Note 2 of the Financial Statements.

Note 2: The cost measure of each output is the actual total expenditure for the fiscal year, compared with the financial estimate in the Corporation's 1999 Annual Report.

Opposite Page: Series 3 Sydney 2000 Olympic gold coin, Dedication 2.

*Dedication 2*

# Management

(SENIOR STAFF AT 30 JUNE 2000)

## GOLD CORPORATION

Chief Executive Officer:	Don Mackay-Coghill
Chief Financial Officer:	Jesper Sentow
Group Accountant and Joint Company Secretary:	Anne Melville
Manager, Business Development and Joint Company Secretary:	Michael Kile
Manager, Information Systems:	Mannie Comacho
Manager, Personnel and Industrial Relations:	Giles Talbot
Manager, Public Affairs:	Alison Puchy
Manager, Risk Services:	Chris Mumme
Manager, Treasury Operations:	Nigel Moffatt

## GOLDCORP AUSTRALIA

Managing Director:	Don Mackay-Coghill
Marketing Director, Proprietary and Special Projects:	Veronica Maguire
General Manager, Perth Mint Retail Operations:	Chris Rosagro
Manager, Customer Services:	Justin Kees
Director, Europe:	Ernst Jurgens
Managing Director, GoldCorp Australia (Hong Kong) Ltd:	Dominic Leung
Agent, United States:	George Hall
Agent, Japan:	Koji Ishikawa

## WESTERN AUSTRALIAN MINT

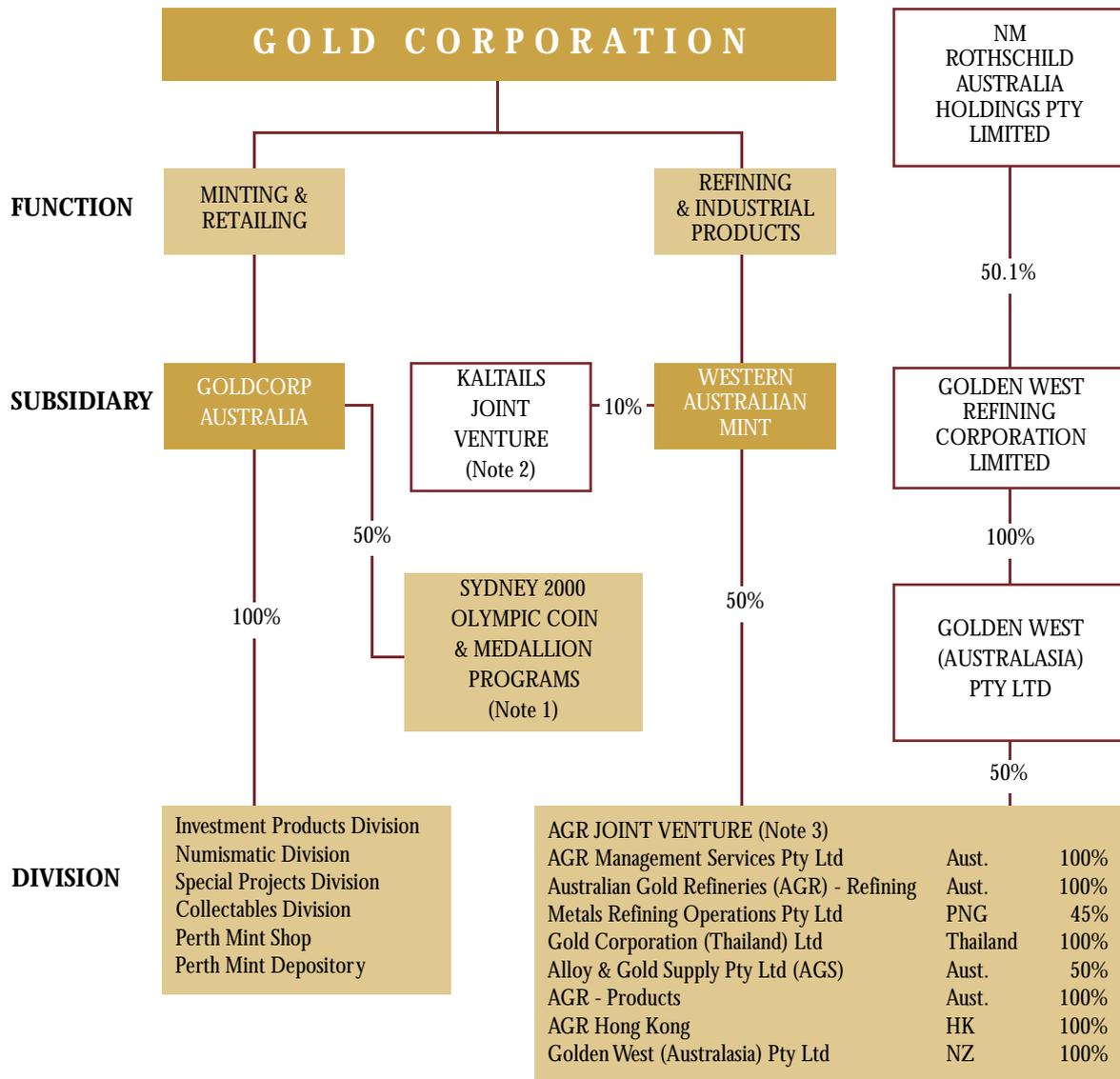
Managing Director, Western Australian Mint:	Don Mackay-Coghill
Operations Manager, Minting:	Eric Brogle

## AGR MANAGEMENT SERVICES PTY LTD

Managing Director:	Brian Bath
Deputy Managing Director and Finance Director:	Richard Hayes
Associate Director, Marketing (Refining Services):	Michael Cotton
Associate Director, Technical Services:	Darrall Trainor
General Manager, Products Division:	Brian O'Connor
Operations Manager, Refining (Newburn):	David Woodford
General Manager, Gold Corporation (Thailand) Ltd:	Kasame Chunhasomboon

NOTE: AGR Management Services Pty Ltd (ACN 085 142 605) is a company incorporated and controlled by Golden West (Australasia) Pty Ltd (ACN 073 121 918) and the Western Australian Mint.

# Group Structure



Note 1: A 50/50 partnership between Gold Corporation and the Royal Australian Mint.

Note 2: Gold Corporation has a 10% share in the Kaletails Joint Venture, the balance being held by Normandy Kaletails Pty Ltd.

Note 3: The Australian Gold Refineries JV is a 50/50 partnership between the Western Australian Mint and Golden West (Australasia) Pty Ltd. It was formed on 1 December 1998.

# Going for Gold

**D**uring the Sydney 2000 Olympic Games, from 15 September to 1 October 2000, Australia commanded the attention of the world, as the Games were broadcast to a massive worldwide audience of some 3.5 billion people.

The event showcased far more than Sydney's magnificent new sporting venues and the world's most talented athletes. It provided a platform to profile The Perth Mint internationally.

The Perth Mint is proud to have 'gone for gold' in 2000 by playing the most significant role of any Western Australian organisation in the Sydney 2000 Olympic and Paralympic Games.

Jointly with the Royal Australian Mint, The Perth Mint produced the Sydney 2000 Olympic and Paralympic victory medals, as well as the official Olympic and Paralympic coins and a range of medallions.

The Perth Mint also developed and marketed Olympic collectables in its own right. Below is a summary of its Olympic involvement.

## Sydney 2000 Olympic Victory Medals

The Perth Mint and the Royal Australian Mint shared production of the Olympic victory medals, with the gold medals being produced in Perth and the silver and bronze in Canberra.

Specimen strikes of the victory medals were unveiled at The Perth Mint on 7 June 2000, as part of the '100 Days to Go' celebrations.

The co-captain of the Australian Women's Hockey Team,

Rechelle Hawkes, unveiled the medals.

Following the unveiling, Australia's most decorated Olympic athlete, Shirley de la Hunty (nee Strickland), pressed the button to commence the official production of the gold medals.

Both women went on to play significant roles in the Games, with Rechelle reading the Athletes' Oath and Shirley participating in the final lap of the Torch Relay at the Opening Ceremony. Rechelle also succeeded in winning a gold medal in Sydney, the third in her illustrious career.

Olympic organising committees create their own design for the 'reverse' of the Olympic medals, and add elements to the 'obverse' to distinguish their victory medals from those of previous Olympic Games.

The Sydney Organising Committee for the Olympic Games (SOCOG) invited prominent Australian artists to enter a competition to design the medals. This was won by Royal Australian Mint sculptor and designer Wojciech Pietranik. His design featured the highly identifiable images of the Sydney Opera House, the Olympic torch and the Olympic Rings.

The obverse design was created by the Italian artist, Giuseppe Cassioli, and was introduced for the 1928 Olympic Games.

The dimensions and metal content of each gold, silver and bronze medal were strictly regulated by the International Olympic Committee (IOC). Each was 68mm in diameter, with a thickness ranging between 3mm at the rim and 5mm at the highest point of the relief.

The IOC charter stipulates "the medals for first and second places shall be of silver of at least 925 - 1,000 grade; the medal for first place shall be gilded with at least 6 grams of pure gold." The gold medals were made from 99.9% pure silver plated with a minimum of 6 grams of pure gold; and

*Top: Sydney 2000 Olympic gold victory medal reverse.*

*Above: Set of miniature replica Sydney 2000 Paralympic victory medals.*

*Opposite Page: Series 4 Sydney 2000 Olympic gold coin, Preparation 1.*



*Preparation 1*

# Going for Gold

the silver medals were made from 99.9% pure silver.

Although 1,000 gold, 1,000 silver and 1,100 bronze victory medals were produced, only some 650 gold, 650 silver and 670 bronze medals were awarded. Additional bronze medals were required for sports such as Judo and Boxing, which automatically award double bronze.

The gold for the medals was donated by OPHIR *gold 2000*, a unique project by the communities of Blayney, Cabonne and Orange, in the central west of New South Wales. The district was named Ophir after King Solomon's biblical mines, and was the scene of Australia's first gold rush in 1851 when payable gold was discovered. It remains the home of world-class mines and gold prospects.

The silver for the victory medals was supplied by BHP's Cannington Mine in Queensland and a 20-kilogram ingot donated by the community of Broken Hill in north-western New South Wales.

The bronze victory medals were made from recycled Australian 1 and 2 cent coins donated by the Royal Australian Mint, together with a small amount of silver.

## **Sydney 2000 Paralympic Victory Medals**

The Sydney 2000 Paralympic Games victory medals were also produced jointly by The Perth Mint and the Royal Australian Mint. These were unveiled at a special ceremony at the Sydney Opera House on 6 April 2000.

The medals feature the internationally recognised icons, the Sydney Harbour Bridge and the Opera House, surrounded by seven of the Paralympic competition venues.

The obverse depicts the logos of the Sydney Paralympic Organising Committee (SPOC) and the International Paralympic Committee (IPC).

The medals were designed by the internationally-renowned coin and medallion designer, Stuart Devlin.

## **Sydney 2000 Olympic Coin and Medallion Programs**

The Sydney 2000 Olympic Coin Program is the largest international collector coin program in history.

The sports of the Sydney 2000 Olympic Games, the environmental treasures of Australia, aspects of Australia's cultural development, and the Olympic and athletic ethos, are all recognised and celebrated in the 53 commemorative coins, produced jointly by The Perth Mint and the Royal Australian Mint.

The Perth Mint produced all eight gold coins, half of the sixteen silver coins and the full mintage of Silver Kilo Olympic Masterpieces.

In addition to producing the coins, Gold Corporation was assigned sole responsibility for the Australian and international marketing of the Program.

The world's foremost coin designer, Australian-born Stuart Devlin, was commissioned to design all 25 precious metal coins, two of which were based on original drawings by Aboriginal Olympic athlete, Nova Peris-Kneebone.

*Top: Sydney 2000 Paralympic gold victory medal reverse.*

*Above: Silver Kilo Olympic Masterpiece in jarrah presentation case.*



Under a separate licence agreement with SOCOG, The Perth Mint and the Royal Australian Mint also produced and marketed medallions with Olympic themes.

Four of the medallion programs were conducted jointly by the two mints and a further twelve programs were produced and marketed by GoldCorp Australia alone.

**Queen Elizabeth II presented with No.1 Sydney 2000 Millennium Coin Collection**

The Premier of Western Australia, The Hon. Richard Court MLA, presented Her Majesty Queen Elizabeth II with Australia's most prestigious Olympic memento, the Sydney 2000 Olympic Millennium Coin Collection, during her visit to Perth in March 2000.

The numbered collection, featuring the eight proof gold and sixteen proof silver coins of the Sydney 2000 Olympic Coin Program, was the first of only 3,000 sets released worldwide.

This gift showcased Western Australia's natural resources, its fine craftsmanship and its manufacturing expertise in one magnificent collection.

Glen Holst Furniture, of Bridgetown in the State's south-west, crafted the superb hand-assembled box from local jarrah and she-oak timbers.

**Sydney 2000 Paralympic Coin and Medallion Programs**

Extremely low worldwide mintages generated keen collector interest in the official Sydney 2000 Paralympic Games commemorative coins, which were launched in Sydney in August 2000.

The gold, silver and bronze coins were produced jointly by the Royal Australian Mint and The Perth Mint, along with miniature replicas of the Sydney 2000 Paralympic victory medals.

**Sydney 2000 Olympic Coin and Medallion Jewellery Collection**

During the year, The Perth Mint released a range of jewellery incorporating the official Sydney 2000 Olympic coins and medallions.

Set in high quality jewellery frames and protected by crystal lenses, the jewellery was sold through The Perth Mint Shop and national retail outlets.

*Top: The Western Australian Premier, the Hon. Richard Court MLA, presents the Number 1 Sydney 2000 Millennium Coin Collection to Her Majesty, Queen Elizabeth II (photo courtesy of Channel 7 Perth).*

# Going for Gold

## Sydney 2000 Olympic Coin Art Pieces

In March 2000, The Perth Mint released a series of limited edition Olympic art pieces incorporating the official Olympic coins. The series was developed to satisfy Olympic sponsors' needs for high-quality, official commemorative Olympic product capable of being displayed in corporate boardrooms or foyers.

Each of the 18 art pieces featured either the gold, silver or bronze legal tender coins of the official Sydney 2000 Olympic Coin Program.

## Torch Relay Celebrations

The Perth Mint celebrated the Sydney 2000 Olympic Torch Relay in a unique way by giving Western Australian Torchbearers a personally inscribed Torch Relay medallion during the Perth leg of the relay.

While the Torch Relay made its way around the suburbs of Perth, The Perth Mint joined the festive atmosphere by opening its popular Gold Exhibition to the public, and serving complimentary morning and afternoon teas daily.

## Olympic Profile

The Perth Mint's involvement in the Sydney 2000 Olympic and Paralympic Games dramatically increased its profile, both nationally and internationally. In January this year, The Perth Mint and the Royal Australian Mint were acknowledged internationally by being named joint Mints of Honour at the World Money Fair in Basel, Switzerland. In the second half of the financial year alone, more than 250 newspaper articles were published and a similar number of radio and television reports were aired in Australia on the Olympic Coin Program. Considerable international media coverage was also generated through wire services and visiting overseas media organisations.

*Top: A young Western Australian Torchbearer arrives at The Perth Mint to receive his personally inscribed Torch Relay Medallion.*

*Above Right: Edge view of the massive Silver Kilo Olympic Masterpiece, the biggest Olympic coin ever minted.*



# Report on Operations

## FINANCIAL SUMMARY

The Group's annual operating profit before the statutory contribution payable to the Western Australian Government in lieu of Commonwealth income tax was \$7.0 million.

This compares with a Group profit of \$6.5 million before abnormal profit and statutory contribution in fiscal 1998-1999.

A statutory contribution of \$3.3 million will be paid to the Western Australian Government in fiscal 2000-2001.

The Board recommended to the Western Australian Treasurer that the dividend payable to the Western Australian Government for fiscal 1999-2000 should be \$1.8 million.

Since its establishment in 1988, Gold Corporation has made income tax equivalent and dividend payments to the Western Australian Government of \$27 million.

The Corporation also pays royalties to the Commonwealth annually on all its Australian legal tender coin sales. An amount of \$1.4 million will be paid for the fiscal year, bringing total payments since fiscal 1991-1992 to \$8.7 million.

Payments to the State and Federal Governments since inception now total \$35.7 million, or an average annual payment of \$2.9 million.

The Corporation's capital expenditure for the year was \$2.9 million, \$1.7 million of which was spent by the coining department on new equipment.

## GROUP SUBSIDIARIES

### GoldCorp Australia

GoldCorp Australia's major products are precious metal coins and medallions. The main coin programs have legal tender status under Australia's Currency Act and are manufactured and marketed by formal agreement with the Commonwealth Government. The Commonwealth receives a royalty on each coin sold by the Group. In the case of the Sydney 2000 Olympic Coin Program, certain other entities also receive royalty payments.

The current range of coins includes the series of gold Australian Kangaroo Nuggets, platinum Australian Koalas, silver Australian Kookaburras and the gold and silver Australian Lunar series. In addition to this standard annual range of coins, permission was also granted for the release of special commemorative issues during 1999-2000, including two Millennium coins and a number of privy mark issues with themes ranging from Ancient Coins to US State Quarters.

In addition to the Australian coin programs, GoldCorp Australia also mints coins under the authority of the Governments of the Cook Islands, Tuvalu and Zambia, and produces a diverse range of medallions and special sets.

Coins and medallions are manufactured to proof and bullion or uncirculated quality. In addition, the introduction of colour to many new coins has seen the creation of a new category of 'proof-like' coins.

Coin and medallion sales, excluding the Sydney 2000 Olympic Coin Program, in 1999-2000 (1998-1999) utilised 4.6 tonnes (6.6 tonnes) of gold, 27.2 tonnes (12.6 tonnes) of silver and 0.13 tonnes (0.24 tonnes) of platinum.

*Above Right: Australia 2000 Silver Millennium Coin.*

*Above Left: Australia 2000 Bi-Metal Millennium Coin.*

# Report on Operations

## Investment Products

The international investment products market remained extremely depressed during the year, due to lacklustre gold prices and continuing uncertainty regarding gold reserve asset sales by central banks. Global demand for gold bullion coins declined dramatically during the financial year, as North American concern over Y2K dissipated during the second half. Total world bullion coin sales for the June quarter were 89% less than in the same period the previous year. While the Australian Nugget's world market share increased from 5.9% in calendar 1999 to 12.9% in the first half of the 2000 calendar year, the total volume of coin sales declined as investors retreated from the market.

## Numismatic Products

Sales of proof gold and silver Lunar Year of the Dragon coins were the main contributor to the Numismatic Products category. Full advantage was taken of the widespread interest in Dragon-theme coin issues and the response was greater, and much more widespread, than anticipated.

Privy Mark coins also continued to be popular and a new issue introduced to pay tribute to the United States 50-State Quarter series attracted overseas collector interest.

## Special Projects

A wide range of coin issues was released under the Special Projects banner during the year. Most popular among these were two innovative Millennium coins, each of which sold out within weeks of their release. Also exceptionally popular was a Cook Islands Year of the Dragon gold coin program, issued for sale in South East Asia. To capitalise on the extraordinary interest in the Year of the Dragon, a one kilogram Australian legal tender silver coin was released, featuring a coloured dragon design, with two yellow diamonds positioned as the Dragon's eyes. This coin received considerable media interest and was extremely popular with collectors.

In addition to these coin programs, strong overseas demand for coin blanks continued to make a significant contribution to revenue.

## Perth Mint Collectables

A new division, Perth Mint Collectables, was launched in March 2000. Its role is to capitalise on The Perth Mint's reputation for minting excellence, integrity, creativity and innovation, by developing a range of proprietary and customised products that will have appeal to both the corporate and collectables markets across a diversity of interests.

The initial product range consisted of limited edition framed Olympic Art Pieces incorporating the official Sydney 2000 Olympic Coins and plates of Stuart Devlin's original coin designs. This range of gold, silver and bronze art pieces was positioned to appeal both to corporate customers and individual collectors. The initial response was positive and several new projects were planned for the new financial year, featuring a variety of themes, including sports, Centenary of Federation, wine and the Chinese Lunar calendar.

## E-Commerce

*Top: 1 Kilo Silver Diamond-Eyed Dragon - the first Australian coin to incorporate diamonds in its design.*

*Above: Limited edition Gold, Silver and Bronze Sydney 2000 Olympic Art Pieces, featuring the official Olympic coins.*

*Opposite Page: Series 5 Sydney 2000 Olympic gold coin, Preparation 2.*



*Preparation 2*

# Report on Operations

In mid-January, GoldCorp Australia commenced a redevelopment plan for its internet site, with the aim of upgrading the existing site's navigation, appearance and interactive capabilities, and introducing an on-line shop.

The three main objectives for the website were to:

- provide collectors/clients with access to comprehensive information on The Perth Mint and its range of products;
- reach retail customers, particularly in the United States, where traditional distribution is fragmented and specialised; and
- introduce a business-to-business extranet to facilitate the flow of information to and from distributors and to attract new distribution opportunities.

Several issues needed to be taken into account. Foremost among these was the need to prevent any conflict between GoldCorp Australia's on-line activities and the activities of its distributors, which often operate under exclusive regional distribution agreements.

Distribution strategy was another key issue, with the need to determine where stocks would be warehoused to service orders in a timely and efficient manner.

A conservative budget was assigned for the redevelopment of the site, and the Western Australian company, Pretzel Logic, was appointed to undertake production of the e-store and to redevelop the existing site.

The e-store was launched on 5 July 2000, with a limited initial product range, to prevent conflict with international distributors. Orders will be dispatched from Perth until regional demand levels are ascertained.

## **The Sydney 2000 Olympic Coin Program**

The Sydney 2000 Olympic Coin Program commemorates the Games of the XXVII Olympiad.

The Program is the largest non-circulating Olympic coin program in history, sold in some 50 countries. It extends from October 1997 to 30 June 2001 and consists of three series of coins in gold, silver and bronze.

A partnership between The Perth Mint and the Royal Australian Mint, the Program is authorised by the Commonwealth of Australia and the Sydney Organising Committee for the Olympic Games (SOCOG).

The Sydney 2000 Olympic Coin Collection consists of fifty-three coins in total: eight proof gold coins, sixteen proof silver coins, twenty-eight bronze uncirculated coins, and the proof Silver Kilo Olympic Masterpiece.



The 10 gram gold coins celebrate the athlete and the Olympic ethos, and have limited mintages of 30,000 each. The one ounce silver coins depict the fauna and flora and culture of Australia, and have maximum mintages of 100,000 each. The bronze coins represent the 28 sports of the Sydney 2000 Olympic Games and have been minted to demand. The Silver Kilo Olympic Masterpiece is the largest Olympic coin ever minted and the first to feature all of the sports of an Olympic Games. Its mintage is limited to 20,000.

During the year, a total of 2.2 million coins (1.7 million bronze, 418,000 silver, 84,000 gold and 9,000 Silver Kilo Olympic Masterpieces) were sold, following an intensive global marketing campaign led by The Perth Mint.

From the launch of the Sydney 2000 Olympic Coin Program in October 1997 to the end of June 2000, a total of 4.2 million coins were sold – 3.4 million bronze, 689,000 silver, 150,000 gold and 9,000 Silver Kilo Olympic Masterpieces. This was almost twice as many coins as were sold over the entire life of the United States Mint's Atlanta Olympic Coin Program (2.4 million).

During the year, research proved the value of the Retail Merchandising Campaign initiated last year in Australian retail outlets. Sales of bronze coins in merchandised

Australia Post stores in Victoria, compared with non-merchandised stores, increased by 385%, and sales in New South Wales and Western Australia increased by 343% and 340%, respectively.

Australia Post was again the largest single distribution channel, selling almost a million coins during the year through its Australian network of corporate and licensed post offices. These spectacular results were largely attributable to the successful merchandising campaign undertaken in Australia Post outlets and marketing initiatives aimed at educating and motivating Australia Post sales staff in regard to the coin program.

An important development occurred at the end of the financial year, with Canada Post agreeing to distribute the Sydney 2000 Olympic Coin Program. This distribution agreement was expected to boost North American sales substantially. The agreement followed the demonstrated success of the coin program through the

Australia Post network.

The Australian advertising and promotional campaign during the year focused on targeted print and television advertising, in conjunction with a national publicity tour. Surveys showed that prompted awareness increased from 4% in September 1998 to 35% in June 2000, with unprompted awareness increasing from 29% to 59% in the same period.

*From the launch of the Sydney 2000 Olympic Coin Program in October 1997 to the end of June 2000, a total of 4.2 million coins were sold. This was almost twice as many coins as were sold over the entire life of the Atlanta Olympic Coin Program (2.4 million).*

# Report on Operations

For the third successive year, the Sydney 2000 Olympic Coin Program was honoured in the Coin of the Year awards conducted by the European coin magazine, Deutsches Münzen. The Series 4 gold coin, 'Preparation 1', designed by Stuart Devlin and shown on page 13, was voted the third most popular coin in a 1999 reader's poll, achieving this distinction against a strong field of coins from around the world.

## SYDNEY 2000 OLYMPIC COIN PROGRAM

THEME	Athlete & Olympic Ethos	Australian Culture	Australian Fauna & Flora	Individual Olympic Sports	All 28 Olympic Sports
METAL	99.99% Gold	99.9% Silver	99.9% Silver	Al Zn Bronze	99.9% Silver
1997 October (Release 1)	The Journey Begins	Festival of the Dreaming	Kangaroo & Grasstrees	Archery Athletics Gymnastics Hockey Sailing Weightlifting	
1998 April (Release 2)	Dedication 1	A Sea Change 1	Great White Shark & Coral	Cycling Football Triathlon	
1998 September (Release 3)	Dedication 2	A Sea Change 2	Frill-Necked Lizard & Sturt's Desert Pea	Canoe/Kayak Handball Softball Wrestling	
1999 April (Release 4)	Preparation 1	Reaching the World 1	Emu & Wattle	Basketball Taekwondo Tennis	
1999 September (Release 5)	Preparation 2	Reaching the World 2	Koala & Flowering Gum	Badminton Fencing Shooting Table Tennis	
2000 March (Release 6)	Achievement (Stadium)	Harbour of Life (Water)	Platypus & Waterlily	Baseball Judo Rowing Volleyball	
2000 March (Release 7)	Achievement (Athlete)	Harbour of Life (Land)	Echidna & Tea-Tree	Nil	
2000 March (Release 8)	Achievement (Torch)	Harbour of Life (Air)	Kookaburra & Waratah	Aquatics Boxing Equestrian Modern Pentathlon	Silver Kilo Olympic Masterpiece

### **The Sydney 2000 Olympic Medallion Program**

During the year, The Perth Mint and the Royal Australian Mint produced and marketed a range of minted medallions under a licence agreement with SOCOG.

Four of the medallion programs were conducted jointly by the two mints and a further twelve programs were produced and marketed by GoldCorp Australia alone.

The joint programs released during the year were: the Olympic Mascot Medallion & Sports Coin Collector's Series; Olympic Sports Coin & Pin Set; Olympic Sports Coin & Mascot Medallion Set; and Olympic Torch Relay Medallion Booklet.

In addition to the above, GoldCorp Australia released the following medallion products: the Australian Olympic Heroes Medallion Collection; Olympic Mascots Medallion; Countdown Pin & Medallion Sets; Shell Sporting Pictograms of the Sydney 2000 Olympic Games; Olympic Emblem Medallions Framed Set; and Olympic Mascot Medallions Framed Set.

GoldCorp Australia also released a series of colourful products housed in booklets. These included: the Olympic Emblem Medallion; Olympic Emblem & Pin Set; Olympic Torch Relay Medallion & Pin Set; Olympic Mascot Medallion; and Olympic Mascot Medallion & Pin Set.

In the past year, most activity revolved around developing and manufacturing the core product range and developing strategic alliances with selected Olympic licensees and retailers. A number of customised minting projects were also undertaken.

Two key objectives, namely to open up new distribution channels and to expand direct marketing opportunities, were realised during the year, with Australia Post, Myer Direct (The Direct Fulfilment Group) and Myer Grace Bros becoming medallion distributors.

A further strategy, to penetrate the retail newsagent and gift shop markets, was achieved with the appointment of Transit Distribution, which had the necessary resources to distribute medallion products and to service this market segment effectively.

An early measure of the appeal of the medallion product was evident by June 2000 when the Olympic Torch Relay arrived in Australia. The Torch Relay Medallion was consistently rated as the second-largest selling item from the official merchandise van that followed the route.

*Centre: Sydney 2000 Countdown Pin & Medallion Set,  
issued as part of GoldCorp Australia's Olympic Medallion Program.*

*Centre Right and Left: Products from the Sydney 2000 Olympic Coin and Medallion Jewellery Collection.*

# Report on Operations

A national promotional roadshow was undertaken in July 2000, with the aim of showcasing the entire range of medallions to major retailers. In addition, targeted sales strategies were implemented during the key selling period in the weeks leading up to, during, and just after the Games.

## Perth Mint Shop

The Perth Mint Shop sells a wide range of precious metal products to investors, collectors, jewellery buyers and tourists. The Perth Mint's Gold Exhibition is a favoured tourist destination and attracts many visitors to the Shop.

The Shop and Gold Exhibition performed strongly over the year due to growing overseas tourism and high domestic consumer confidence.

The popularity of the Sydney 2000 Olympic Coin Collection was enhanced by sell-outs of some of the coins, while regular launches of Olympic Countdown pins stimulated new local interest. The introduction of dedicated Olympic coin and pin counters in the Perth Mint foyer made a significant contribution to sales.

During the Games, The Perth Mint Shop operated a retail outlet in Sydney's Darling Harbour precinct, taking advantage of the large volume of tourist traffic.

Despite slow recovery in Asian economies, international tourist traffic to the Mint remained strong. A weak Australian Dollar also enticed a growing number of visitors from the United States and Europe.

The Mint's own marketing was effective and benefited from the flow-on effect of publicity generated in the previous Centenary year. Visitor numbers increased by 4.5% to 116,604. Pre Christmas sales were particularly vigorous and were buoyed by the Golden Dragon and Millennium coin issues and commission from 'Millennium Gold' champagne sales. Post Christmas sales were supported by a Year of the Dragon medallion for custom engraving.

In April, the world's second biggest natural gold nugget, the 'Normandy' nugget, went on display to the public for the first time, with much attendant publicity. Encapsulated nuggets, a new presentation concept aimed at the United States market, were introduced. These initiatives elevated natural nuggets to a new 'Perth Mint' branded collectable product.

At the end of the year, the Shop adjusted the prices of 2,500 stock lines as a consequence of the introduction of the GST. The changeover was implemented smoothly and trading continued unabated over the year-end period.

In June, The Perth Mint won three Western Australian Tourism Awards in the categories of Tourism Retailing, Heritage and Cultural Tourism and Promotional and Marketing Campaigns. An important objective for the coming year will be to convert this recognition into increased market penetration, particularly of the lucrative overseas tourist market.

Long-term external retail opportunities have been identified at a variety of tourist venues, including the new Bell Tower in Perth, the new Australian Museum in Canberra, the Museum of Victoria, and the new Prospectors' and Miners' Hall of Fame in Kalgoorlie.

*Above: The world's second largest natural gold nugget, the 819oz (26.3kg) 'Normandy' nugget, which was on display at The Perth Mint from April to October 2000, on loan from the Normandy Mining Group.*

### **Perth Mint Depository**

The Perth Mint Depository division is comprised of Perth Mint Depository Services and the Perth Mint Certificate Program.

The Perth Mint Depository offers confidential precious metal storage to international private clients, trusts and corporations seeking offshore storage and portfolio diversification under a government guarantee. The service is promoted via the Internet and an international representative network of approved dealers, and is currently focussed on North America and Europe. The minimum investment is USD50,000.

The division's performance during the year exceeded budget expectations once again, despite declining interest in precious metal investment in international markets.

The Perth Mint Certificate Program is designed primarily to attract international investment in Australian precious metal legal tender coins and bars, which are stored at the Mint on behalf of investors. The minimum investment is USD25,000. The Certificate is a non-negotiable but transferable warehouse receipt and is not a bearer instrument. It is retailed via an international Approved Dealer network.

The Program was launched in the United States in April 2000 at a seminar in Palm Springs, California. Four new Perth Mint Certificate Approved Dealers were subsequently appointed, which should lead to greater business when investment sentiment towards precious metals improves.

In April, Gold Corporation agreed to act as the preferred depository and precious metal supplier for an innovative US mutual fund project to be launched in the USA during the new financial year. The Corporation provided USD250,000 to research and develop the flexibility of the project.

### **Western Australian Mint**

#### **AGR Joint Venture**

The Australian Gold Refineries Joint Venture (AGR JV) is jointly owned by the Western Australian Mint and Golden West (Australasia) Pty Ltd in equal shares, and is managed by AGR Management Services Pty Ltd.

The AGR JV reported an operating profit before taxation of \$3.667 million for the 12 months ended 30 June 2000, after allowing for restructuring costs and goodwill amortisation.

During 1999-2000, both the Refining and Product Divisions consolidated their respective operations on to single sites in Perth and Melbourne, resulting in significant administrative and operational efficiency gains.

The AGR JV is engaged in negotiating with a number of companies on production and technology-related issues aimed at enhancing its diversification strategy.

#### **Australian Gold Refineries**

Consolidation of the refining activities to a single location in Newburn, Western Australia, has provided the joint venture with the opportunity to establish three distinct refining circuits to produce fine gold products, ranging from London Good Delivery purity of 99.5+% to 99.999% purity.

Refined fine gold output was 246 tonnes for the 12 months ended 30 June 2000, with 59 tonnes coming from overseas.

Total Australian fine gold refined was 183 tonnes for the year, or 62% percent of total Australian mine production, plus 4 tonnes of secondary material.

International demand for value-added refinery products such as kilo bars and tola bars was again erratic, with the AGR JV producing

86 tonnes of kilo bars and 30 tonnes of tola bars. In addition, AGR JV produced 15 tonnes of 99.999% purity

*Above: Collectors queue to purchase Sydney 2000 Countdown Pins at The Perth Mint Pinworkx counter.*

# Report on Operations

gold grain for the electronics and computer industries.

Refined fine silver output was  
81 tonnes for the 12 months ended  
30 June 2000.

On 2 January 2000, a 'slow burn' occurred in the refinery's electrolytic gold room. Total losses were contained to less than \$1 million, which was covered by insurance. While the fire caused inconvenience, AGR JV suffered no material loss and there were no injuries to staff.

## Products Division

There were significant changes within the Products Division during the year. The manufacturing of all semi-fabricated forms of gold and silver for the jewellery, electronics, electrical and building industries, was consolidated into a new facility in Somerton, Victoria. In addition, an in-depth review of the product range resulted in certain products being out-sourced and some being discontinued.

The year also saw the formation of a joint venture with Automated Fusion Technology to distribute AGR JV-manufactured platinum laboratory ware. Continued progress was made with regard to Alloy & Gold Supply (NSW) Pty Ltd and Atlantis Chain to expand the Products Division's role in marketing manufactured jewellery. These initiatives further consolidated the domestic market and provided expanded international opportunities.

## Gold Corporation (Thailand) Limited

Gold Corporation (Thailand) Limited operates a precious metal trading business from premises in central Bangkok. It is a major supplier of kilobars, granules and other precious metal products to the Thai export jewellery sector and also to domestic bullion dealers and consumers. Gold Corporation (Thailand) Limited continued to perform solidly in difficult markets.

## Indonesia

As part of the AGR JV consolidation strategy, the agency agreement with PT Aurum Argentum Austindo was terminated, and all Indonesian business is now conducted via the Perth Treasury desk. Indonesia performed adequately given the continued political and economic uncertainties prevailing there.

## Hong Kong

AGR Hong Kong traded precious metals and supplied precious metal products, jewellery alloys and specialty chemicals to the local market and mainland China. The business review conducted in 1999 resulted in strategic changes that have impacted positively on the performance of this regional office, with the bulk of the revenue currently generated from chemicals, precious metals, sterling silver and metal leasing.

### Metals Refining Operations

Metals Refining Operations (MRO) is a Port Moresby-based precious metals refinery, in which AGR JV has a 45% interest. The other major shareholder is the Government of Papua New Guinea. MRO also offers support services to the domestic jewellery market and small gold producers. MRO performed satisfactorily throughout 1999-2000.

### Westmill

The Corporation's Westmill division holds a 10% interest in the Kaltails gold tailings re-treatment project in Kalgoorlie. The Kaltails project is 90% owned and operated by the Normandy Mining Group.

Re-treatment operations ceased in 1999-2000, after a study found that it would not be feasible to treat the low-grade Oroya and Old Croesus tailings at current gold prices. The joint venture will undertake no further processing, but some of the remaining high-grade tailings may be sold. The plant and equipment has been sold and rehabilitation work has commenced. It is anticipated that the majority of the work will be completed in the 2000-2001 financial year.

Westmill also controls the remainder of the State Battery System, having assumed control in 1988 to commercialise its operations and to realise the value of the tailings resulting from the operation of the batteries over many decades.

During the year, management evaluated the issue of environmental degradation arising from the management of the batteries over many decades. Rehabilitation of the State Battery sites is a potentially complex and costly venture. Discussions with the Departments of Minerals and Energy, Environmental Protection and Land Administration have revealed strong support for a 'whole of government' approach to this issue, as no individual government agency has the resources to undertake such an extensive rehabilitation program.

### Events Subsequent to Balance Date

At the date of this report, the following matters and circumstances have arisen since 30 June 2000 that may affect the state of affairs of the Corporation in subsequent financial years, namely:

1. On 5 July 2000, GoldCorp Australia launched an on-line store, featuring a limited range of Perth Mint products. Despite the absence of any promotion, the first on-line order was received within two hours of the launch. One hundred orders (245 products) were sold in the first 47 days, representing an average of 2.12 orders daily. Almost 80% of orders came from retail customers in the United States, demonstrating the ability of the site to reach the target audience.
2. On 14 August 2000, Gold Corporation accepted the successful tender for construction of a new, four-level production facility, which will also house the sales administration, marketing and e-commerce divisions. The \$13.5 million building is scheduled for completion in late 2001.

*Above Right: Australian Nugget 2000 Proof Issue.*

# Report on Operations

## Staff

Following the significant reduction in permanent and temporary contract staff in 1998-99 as a result of the formation of the AGR JV, staff numbers in Gold Corporation and the Western Australian Mint increased slightly during 1999-2000 from 189 (including 12 part-time staff) to 197 (including eight part-time). The increase took place mainly in the marketing area.

At 30 June 2000, permanent and temporary contract staff were assigned as follows (1999 figures in brackets):

Gold Corporation	26	( 23)
Western Australian Mint	113	(113)
GoldCorp Australia (includes Europe)	55	( 50)
GoldCorp Australia (Hong Kong) Ltd	3	( 3)

Work on overseas blanking contracts and the Sydney 2000 Olympic Coin and Medallion Programs continued at a high level of intensity, and at one point, more than 140 personnel from a labour hire agency were needed to supplement core staff in the Coining Department. The number had, however, halved by the end of the financial year. The agency contract was re-negotiated, with a significant saving in costs. A number of clerical and accounting personnel were also employed through various agencies to cater for the increased volume of activity. This was expected to decline significantly after the Olympic Games.

Staff employed in Australia fell into the following broad categories:

Salaried	99	(92)
Wages	92	(91)

There were 187 staff (182) based in Western Australia, four (one) in the eastern states and six (six) in Hong Kong and Switzerland. Overseas staff are all residents of the countries concerned.

A strategic business planning exercise in April 1999 identified a gap in senior management, following the transfer of staff to the AGR JV, and the need for further information systems development as matters requiring urgent attention. As a result, a Chief Financial Officer was recruited from Melbourne in October 1999 to head the Corporation's financial and administrative functions. A Manager, Information Systems, reporting to the Chief Financial Officer, was appointed in January 2000 to centralise and upgrade services and systems.

The proportion of women on the staff in Western Australia was virtually unchanged at 42.8% (43.7%) or 43.4% of all staff in Australia. The number of women in middle and senior management or equivalent positions (Peromnes grade 8 and above) was 7, the same as in the previous year.

Employees from non-English speaking backgrounds comprise 16.7% (15.1%) of staff in Australia.

Gross staff turnover was 16.8% (24.1%) for the year. The 1998-1999 figure was particularly high due to redundancies arising from the establishment of the AGR Joint Venture. The avoidable turnover rate in 1999-2000 ie the rate excluding retirements, redundancies, ill-health, employee relocation etc, was 10.5% (13.6%).

The number of Western Australian Mint staff employed under Western Australian workplace agreements was largely unchanged at 53 (55). There were 31 (32) staff employed under engineering, clerical and security awards.

The issue of enterprise bargaining was discussed with one of the unions represented at the Western Australian Mint, but was not pursued by mutual agreement. There were no work stoppages and no other industrial activity during the year.

Two equal opportunity complaints against the Western Australian Mint were made by personnel agency staff during



*A chievement (Stadium)*

# Report on Operations

the year, under the clause in the Equal Opportunity Act regulating the relationship between a principal and the employees of contractors. Both complaints were dismissed by the Equal Opportunity Commission, though at the time of writing the complainants in the second case had referred it to the Equal Opportunity Tribunal and the matter had still to be heard.

Following a risk management survey of the organisation, three key areas of potential risk were identified in relation to the staffing function. These were the loss of, or incorrect, payroll data, the loss of key personnel, and the standard of staff selection. In the year under review, there were no significant matters to report in these areas. The Personnel and Industrial Relations department continued to provide personnel and payroll services to the AGR Joint Venture on a fee basis, and this arrangement will continue in 2000-2001.

## Industry and Community Participation

As part of its functions under the Gold Corporation Act 1987, the Corporation is obliged to encourage industry and community interest in precious metals and the Australian gold industry.

Production of the quarterly precious metals journal, *The Australian Nugget Journal*, and the periodical, *The Australian Numismatic Post*, continued during the year.

In December 1999, in the final month of The Perth Mint's centennial year, the Corporation published a catalogue of coin production at The Perth Mint entitled *A Century of Minting Excellence*. This is a companion to the history book, *Striking Gold - 100 Years of The Perth Mint*, which was published in June 1999. Copies of both publications are available for sale through the Mint's mailing list, The Perth Mint Gold Shop and coin dealers.

*Above: The 1999 centennial publication, A Century of Minting Excellence.*



The AGR JV was again a presenter of the Australian Gold Conference, Australia's premier annual gold forum. Arranged by the Chamber of Minerals and Energy of Western Australia, the conference was held at the Burswood Convention Centre in Perth and attracted some 500 participants. The Corporation will continue its association with the conference in 2001 via the AGR JV's sponsorship of this event. The AGR JV also sponsored and participated in the Diggers and Dealers mining conference in Kalgoorlie during the year.

Gold Corporation is a member of the World Gold Council and an associate member of the Australian Gold Council. The AGR JV is an associate member of the Chamber of Minerals and Energy of Western Australia, the Association of Mining and Exploration Companies and the Australian Gold Council.

Gold Corporation is a member of the Chamber of Commerce and Industry of Western Australia and of the Australian Institute of Management. It is also a member of Standards Australia.

The Perth Mint is a member of the Western Australian Chinese Chamber of Commerce Inc and in November 1999 hosted a major function for the Chamber celebrating the launch of the Australian Lunar Series Year of the Dragon legal tender coins. The launch was performed by Mr Tian Junting, the Consul-General of the People's Republic of China (Perth).

The Perth Mint is a Silver Member of the Perth Convention Bureau, and a member of the Meetings Industry Association of Australia, the Association of Perth Attractions, Museums Australia, the Inbound Tour Operators Association, Tourism Council Australia and the Royal Western Australian Historical Society.

## Awards

### W S Lonnie Awards

Gold Corporation's 1999 Annual Report won a Silver Award

in the W S Lonnie Awards for Excellence in Public Sector Reporting. This was the second successive year in which the Corporation had been honoured in the awards, having won a Bronze Award in 1998.

### Western Australian Tourism Awards

The Perth Mint was a major winner in the 2000 Western Australian Tourism Awards, becoming the first organisation in the 28-year history of the awards to win three categories. The Mint is now a national finalist in the Retail Tourism, Heritage and Cultural Tourism and Promotional and Marketing Campaigns categories of the awards, which will be announced in Canberra at the end of November 2000.

*Centre: Gold Corporation Chief Executive Officer, Mr Don Mackay-Coghill, with the three 2000 Western Australian Tourism Awards won by The Perth Mint.*

*Above Right: 2000 Cook Islands Insect Series 1oz coloured coins.*

# Board of Directors

## CHAIRMAN

**LESLIE McCARREY** CMG, BEc(Hons), BSc

Mr McCarrey is a former Under Treasurer of Western Australia and Director General of Economic Development. He is widely experienced in financial management and was involved in all aspects of Commonwealth and State financial relations for more than twenty years.

Mr McCarrey chaired the Independent Commission to Review Western Australia's Public Sector Finances from February to August 1993. He was State Under Treasurer from 1976 to 1984, having previously occupied the position of Deputy Under Treasurer for five years and Assistant Under Treasurer for a similar period.

During his career, Mr McCarrey served on a variety of State Government and national committees. He was Chairman of the Gas Strategy Committee and Chairman of the Trustee Investments Review Committee. He is a past Commissioner of the R&I Bank. As Director General of Economic Development he directed a number of project and investment analysis studies.

Following his retirement from Government service, Mr McCarrey was Director of the Institute of Public Affairs Limited, States' Policy Unit and a Senior Fellow of the Institute from 1986 until 1989.

Since 1990 he has been an Emeritus Fellow of the Institute.

Mr McCarrey is Deputy Chairman of the AGR Joint Venture and a Director of Vitech Assembly Ltd, an electronics company employing people with disabilities.

## DIRECTORS

**PETER LALOR** LL.B

Mr Lalor is the Executive Chairman of Sons of Gwalia Ltd, one of Australia's largest and most successful mining companies and also a substantial participant in Australia's industrial minerals industry. Mr Lalor is also a Director of the World Gold Council, a Vice President of the Western Australian Chamber of Minerals and Energy and a member of the Executive Committee of the Minerals Council of Australia. He is also the Deputy Chairman of the Australian Gold Council, which was established in 1999.

**PETER UNSWORTH**

CA, BCom

Mr Unsworth specialises in corporate finance and is a director of a number of public and private companies. He recently retired as an Executive Director of Western Australian stockbroking company Paterson Ord Minnett Ltd.

Mr Unsworth's career has included six years with international accounting firm Coopers & Lybrand (now PricewaterhouseCoopers) in Perth and Sydney and six years with the Perth Stock Exchange Ltd.

**MARTINE POP** PhD EEC Commercial Law

Ms Pop has more than 12 years of credit, risk management and control management experience with the banking industry in senior and executive positions. She has been working in the consulting industry for the last five years, providing risk management and corporate management services to the public and private sectors. She holds directorships of the AGR Joint Venture, Special Broadcasting Service (SBS), The Grain Pool of WA, the Centre for Mental Health Services Research, and AgWest. She is a member of the Management Review and Audit Committee of Edith Cowan University and of the University of Western Australia's Institute of Advanced Studies Advisory Board. She is also a member of the Australian Institute of Company Directors and of the Institute of Internal Auditors.

**JOHN LANGOULANT** BEc(Hons)

Mr Langoulant is the Western Australian Under Treasurer, a position he has held since June 1995. Prior to this appointment, he worked for 18 years in State and Federal Treasury Departments, developing and implementing economic and financial policies. More than a decade of this experience was with the Federal Treasury in Canberra. Mr Langoulant is also Chairman of the Western Australian Treasury Corporation and a Director of the Asia Research Centre.

**DON MACKAY-COGHILL**

Mr Mackay-Coghill is the Chief Executive Officer of Gold Corporation, a position he has held since the proclamation of the Gold Corporation Act on 30 June, 1988.

Mr Mackay-Coghill joined International Gold Corporation Limited (Intergold) in South Africa in 1971, an organisation established to promote the industrial uses of gold worldwide. The following year, he was appointed Manager of the Johannesburg Office of Intergold. He became Manager, Worldwide, in 1975 and was appointed Chief Executive, Worldwide, in 1979.

During his time at Intergold, Mr Mackay-Coghill was responsible for the outstandingly successful international marketing of the Krugerrand, which created the first global market for bullion coins. In recognition of his achievements he received the South African Marketing Award of the Year in 1978.

He resigned from Intergold in 1986 and emigrated from South Africa to take up the dual position of Chief Executive officer of GoldCorp Australia, and Managing Director of the Western Australian Mint.

He holds directorships at the World Gold Council and the AGR Joint Venture.

# Corporate Governance

## Functions of the Board

Gold Corporation is managed by a Board of Directors. Part II (Section 6) of the Gold Corporation Act 1987 empowers the Board to determine policies for the Corporation and its subsidiaries, and requires the Board to:

- develop and expand the Corporation's business;
- operate in accordance with prudent commercial principles; and
- strive to earn a commercial rate of return on its capital.

The Board's authority is limited by the provisions in the Act and by ministerial direction.

The Board is committed to sound corporate governance principles, high standards of legislative compliance, and financial and ethical behaviour.

The Board acknowledges its accountability to the Corporation's only shareholder, the Government of Western Australia.

## Board Membership

The Gold Corporation Board comprises executive and non-executive Directors. It has a majority of independent non-executive Directors, including the Chair.

During 1999-2000, the Board consisted of five non-executive Directors, Mr Les McCarrey, Mr Peter Lalor, Ms Martine Pop, Mr Peter Unsworth and the Under Treasurer of the State of Western Australia, Mr John Langoulant, who was a non-executive Director ex officio. Mr Don Mackay-Coghill (Chief Executive Officer of Gold Corporation and Managing Director of GoldCorp Australia and the Western Australian Mint) was the only executive Director of the Board.

Apart from the Under Treasurer, each of the non-executive Directors was appointed by the Government of Western Australia on the nomination of the Treasurer for three-year terms from 1 July 1996. The term was extended during 1998-99 for one year, and again in the financial year ended 30 June 2000 for another year.

The following Directors are also members of the Board of the AGR JV, namely Mr Les McCarrey (Deputy Chairman), Mr Don Mackay-Coghill and Ms Martine Pop. The other Directors of the AGR JV are Messrs Rick Lee (Chairman), Sean Russo and Mike Ryan. Messrs Brian Bath and Richard Hayes are non-voting Directors in their capacity as Managing Director and Deputy Managing Director and Financial Director, respectively.

## Directors' Meetings

There were eleven meetings of the Directors of Gold Corporation and four meetings of the Directors of the AGR JV during the year ended 30 June 2000. The number of meetings attended by each Corporation Director is indicated below:

### Director attendance:

	Gold Corporation	AGR JV
L E McCarrey	11	4
D Mackay-Coghill	10	4
P K Lalor	9	n/a
J L Langoulant	7	n/a
M D F Pop	11	3
P J Unsworth	11	n/a

n/a = Not applicable



*A chievement (A thlete)*

# Corporate Governance

## Board Committees

The Board has established a number of committees, chaired by non-executive Directors, to assist in the execution of its duties, including an Audit Committee, Credit Committee and Remuneration and Allowances Committee.

Each committee member has only one vote and each resolution must be passed by unanimous agreement, except in the case of the Audit Committee, where decisions are taken by majority. In the event that an agreement cannot be reached, the matter is referred to the Board for resolution.

### Audit Committee

The Audit Committee advises the Board on the quality, integrity, reliability and adequacy of the Corporation's information, accounting, and control systems. The committee also acts as a communication interface between the Board and the Corporation's auditors. It comprises three members, including a non-executive Director, who acts as Chairperson.

The Committee met four times during the year and the Committee members were:

M D F Pop (Chair)	-	Non-executive Director
P J Unsworth	-	Non-executive Director
A P Melville	-	Group Accountant and Joint Company Secretary

The Committee also actively monitors the group risk management program and process to ensure they are comprehensive, effective and integrated with divisional decision making, project management and planning processes.

### Credit Committee

The Credit Committee assists the Board in developing and implementing credit policy, procedures and controls required to ensure the Corporation operates in accordance with prudent commercial principles.

The Credit Committee met four times during the year and the Committee members were:

L E McCarrey (Chair)	-	Non-executive Director
A P Melville	-	Group Accountant and Joint Company Secretary
C J Mumme	-	Manager, Risk Services

Under the Committee's voting procedures, each member has only one vote and each resolution must be passed unanimously. In the event that unanimity cannot be reached, the matter is referred to the Board for resolution.

The Committee monitors the Group Prudential Management Policy. The policy deals with all operational and financial risk management issues and insurance compliance matters including Treasury dealing authorities, counter-party risk evaluation, credit application procedures, and credit approval authorities, and ensures that adequate risk control measures are in place in the Group's divisions.

### Remuneration and Allowances Committee

The Board of Directors delegates authority for determining conditions of employment to the Remuneration and Allowances Committee. The Committee's responsibilities include determining senior staff salary adjustments, alterations to core conditions of employment and incentive bonus schemes.



The Remuneration and Allowances Committee consists of two non-executive Directors and the Chief Executive Officer.

During 1999-2000, the members of the Committee were:

L E McCarrey (Chair) -	Non-executive Director
P K Lalor -	Non-executive Director
D Mackay-Coghill -	Chief Executive Officer

## Management Committees

### Risk Management

Risk management is an important aspect of the Corporation's corporate governance. On a quarterly basis, the Board reviews reports on group financial risk, credit and audit committee matters, occupational safety and health, environmental issues and security. During the year, a quality review of the risk management process was undertaken to enhance its effectiveness and outcome.

### Occupational Safety and Health

Mr Chris Mumme, Manager, Risk Services, coordinates occupational safety and health issues within the Corporation.

Line management is responsible for occupational safety and health at site level. The coordinator's role is to ensure that agreed policies, procedures and standards are implemented throughout the organisation.

An occupational safety and health site committee operates in the coining department. A site inspection committee also operates in the Corporation's two administration buildings, including the national heritage listed building at 310 Hay Street.

The continuing focus on workplace health and safety has seen a continuation of the favourable trend in lost time injuries among staff. The rate fell from 11.9 lost time injuries per million hours in 1998-99 to 9.5 in 1999-2000. Statistics prior to 1998-99 are not strictly comparable as the organisation previously operated a gold refinery and a precious metal fabrication plant, which weighted the proportion of industrial work performed.

### Environment

During the year, the Corporation's primary environmental focus was on the State Battery System, for which Gold Corporation assumed responsibility in 1988. At that time, the State Batteries were operating at a substantial loss and the State Government asked the Corporation to commercialise their operations. Some of the battery sites were vested in Gold Corporation, while others remained vested with other Government departments.

After some investigation, it was resolved that the best solution was to close the operating batteries and to sell the tailings and other assets. This process was completed by the mid-1990s, although some battery sites were leased to parties interested in keeping them operational to service the small prospector.

In late 1999, environmental and safety concerns were raised in connection with the Northampton State Battery, after a Northampton child was found to have elevated blood lead levels resulting from lead tailings used as foundation material for the house in which he was living. Following investigations into this issue, the Corporation funded the removal of a quantity of apparent concentrates that had been left at the battery site since the closure of the battery in 1984, and erected fences and warning signs on the site.



# Corporate Governance

Gold Corporation representatives have held meetings with representatives of the Department of Environmental Protection (DEP), the Department of Minerals and Energy (DME) and the Department of Land Administration (DOLA) in an effort to find a more appropriate management solution for the old State Battery sites.

A recent study by the DME provided a priority listing for attention, with ranking based on the apparent damage, the number and severity of physical hazards and the proximity to populated areas.

It is the view of Gold Corporation, and of all government departments involved, that the most appropriate course of action is to return the management responsibility for the sites to DOLA. Rehabilitation of the sites is seen as a 'whole of government' responsibility. The Corporation has expressed this view to the State Government and is awaiting its response.

## **Year 2000 Compliance**

The Corporation completed its testing and compliance program during the first months of the financial year. By 1 December, contingency plans were prepared and the Corporation was ready for the Year 2000 date change. No disruptions to operations were experienced on or after 1 January 2000.

## **GST Compliance**

Throughout the year, Gold Corporation planned the implementation of the Goods and Services Tax (GST). Due to the complexities of the Corporation's activities, a GST Committee was established, with members representing all of the Corporation's business areas. The committee met on a weekly basis and a series of workshops was conducted to train staff on internal procedures and familiarise them with GST.

*Top: 2000 Australian Koala Bullion Coin Collection.*

*Opposite Page: Series 8 Sydney 2000 Olympic gold coin, Achievement (Torch).*

*A chievement (Torch)*

# Performance Indicators

**T**he mission statement of Gold Corporation is: to provide high quality processing, refining and other services to the gold industry and to develop and market world-wide, innovative, value-added precious metal products at a commercial rate of return acceptable to the Western Australian Government.

Under the Treasurer's Instructions 904 and 905, a statutory authority is required to provide appropriate output measures and performance indicators in its Annual Report, namely:

- Government desired *outcome(s)* for each *output*;
- *key efficiency indicators* for each output, relating *outputs* to consumed *inputs*; and
- *key effectiveness indicators* for each *outcome*, relating *outputs* to achieved *outcomes*.

Given the above Instructions and taking into account the Corporation's functions under the Act, its Government desired *outcomes* are:

- **high quality precious metal refining;**
- **value-added precious metal product manufacture and marketing; and**
- **a commercial rate of return on its equity.**

*Above: 2000 Australian Kangaroo Nugget Bullion Coin Collection.*

## Effectiveness Indicators

The key effectiveness indicators for the above outcomes are presented below.

		1999-00	1998-99	1997-98	1996-97	1995-96
<b>1</b>	Estimated proportion of Australian fine gold production refined: (Note 1)	<b>31%</b>	40%	58%	55.2%	50.8%
<b>2</b>	Global market share of Australian Nugget gold bullion coin: (Note 2)	<b>6%</b>	5%	11%	16%	16%
<b>3</b>	Coin programs - value added to gold, silver, platinum & palladium: (Note 3)					
(a)	Total premium income:	<b>\$13.9m</b>	\$10.1m	\$8.7m	\$9.7m	\$9.8m
(b)	Total premium income expressed as a percentage of precious metal value:	<b>17.3%</b>	9.3%	7%	8.5%	7.7%
<b>4</b>	(a) Return on equity before abnormal items: (Note 4)	<b>12.4</b>	12.0	6.0	3.9	6.4
(b)	Return on equity after abnormal items:	<b>12.4</b>	26.4	(6.2)	3.9	6.4
<b>5</b>	Average daily number of visitors to The Perth Mint Shop: (Note 5)	<b>322</b>	309	272	284	276

### Notes:

- The decline in the Corporation's share of Australian gold production between 1997-98 and 1999-2000 was due to the sale of a 50 per cent share in its Australian Gold Refineries subsidiary in late 1998. The AGR JV's share of the total Australian fine gold production for the year was 62 per cent. This is based on the AGR JV's records of gold processed from within Australia and an estimate by the Australian Bureau of Agricultural and Resource Economics of Australian gold mine production of 296.8 tonnes for fiscal 1999-2000.
- World Gold Council data for calendar 1999.
- The calculation is the total premium income (amount of income received above metal cost) for all fiscal year Australian legal tender coin sales, which is also expressed as a percentage of the value of the precious metal content of the coins.  
A significant volume of non-coin precious metal product (eg: medallions and coin blanks) was produced also during fiscal 1999-00. The total premium income (amount of income received above metal cost) earned on these non-coin product sales was \$13 million. (1999:\$10.5 million)
- (a) The percentages show Group return on equity at the end of the respective fiscal year, based on the operating result before abnormal items and statutory contribution in lieu of Commonwealth income tax.  
(b) The percentages show Group return on equity at the end of the respective fiscal year, based on the operating result after abnormal items and before statutory contribution in lieu of Commonwealth income tax.
- Daily visitor traffic is recorded and the annual number of visitors divided by the number of trading days.

# Performance Indicators

## Efficiency Indicators

Given the Treasurer's Instructions and taking into account the Corporation's functions under the Act, its outputs are:

- precious metal refining services; and
- precious metal product sales.

The key efficiency indicators for the above outputs are presented below:

EFFICIENCY INDICATORS							
		1999-00	1998-99	1997-98	1996-97	1995-96	
<b>All figures are percentages (except item 3)</b>							
<b>1</b>	Trading results as a proportion of sales revenue:	(Note 1)	15.9	3.9	3.0	3.8	3.5
<b>2</b>	Expenditure as a proportion of total revenue:	(Note 2)	19.2	4.3	3.9	4.7	4.2
<b>3</b>	Gold refining cost per ounce expressed as an index:	(Note 3)	66	66	68	79	91

### Notes:

- 1 The percentages show the proportion of Group sales revenue represented by the trading result for the respective financial year. The significant change in percentage is due to the restructure of the Group's business in 1998-99, wherein the refining and industrial products divisions transferred to the AGR JV partnership on 1 December 1998. Income from the partnership is included as a single-line item in the Group Operating Statements. Sales revenue in 1999-2000 is therefore significantly lower than in previous years, with a resultant increase in the efficiency indicator.
- 2 The percentages show the proportion of Group total revenue – trading and other – represented by total expenditure as shown in the operating statement for the respective financial year. The significant change in percentage is again due to the restructure of the Group's business, as set out under Note 1. Sales revenue in 1999-2000 is therefore significantly lower than in previous years, with a resultant increase in the efficiency indicator.
- 3 The cost per ounce is the annual total cost divided by the number of fine ounces of gold refined by the group, expressed as an index with the 1994-95 year indexed as 100.

*Opposite Page: Sydney 2000 Olympic Gold Coin Collection.*



# *Certification of Performance Indicators*

In our opinion, the performance indicators for Gold Corporation and its subsidiaries contained in this report are based on proper records and fairly represent the performance of the group for the year ended 30 June 2000.

**L E McCARREY CMG**

Chairman

**D MACKAY-COGHILL**

Executive Director

1 November, 2000

# *Opinion of the Auditor General*

**To the Parliament of Western Australia**

**GOLD CORPORATION**

**PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30,2000**

## **Scope**

I have audited the key effectiveness and efficiency performance indicators of Gold Corporation for the year ended June 30,2000 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act.No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators,and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Corporation's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects,the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

## **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of Gold Corporation are relevant and appropriate for assisting users to assess the Corporation's performance and fairly represent the indicated performance for the year ended June 30, 2000.

**D D R PEARSON**

AUDITOR GENERAL

November 13,2000

# *Certification of Financial Statements*

The accompanying financial statements of Gold Corporation and the accompanying consolidated financial statements have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2000, and the financial position as at 30 June 2000.

At the date of signing, we are not aware of any circumstances that would render the particulars included in these financial statements misleading or inaccurate.

**L E McCARREY CMG**

Chairman

**D MACKAY-COGHILL**

Executive Director

**A P MELVILLE**

Principal Accounting Officer

46

1 November, 2000

*Opposite Page: Sydney 2000 Olympic Silver Coin Collection.*



# Opinion of the Auditor General

**To the Parliament of Western Australia**

**GOLD CORPORATION**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2000**

## **Scope**

I have audited the accounts and financial statements of Gold Corporation for the year ended June 30, 2000 under the provisions of the Financial Administration and Audit Act 1985. The financial statements include the consolidated accounts of the consolidated entity comprising the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Board.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Corporation to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Corporation's and the consolidated entity's financial position, the results of their operations and their cash flows.

The audit opinion expressed below has been formed on the above basis.

## **Audit Opinion**

In my opinion,

- (i) the controls exercised by Gold Corporation provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Operating Statement, Statement of Financial Position and Statement of Cash Flows of the Corporation and the Consolidated Operating Statement, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows of the consolidated entity and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the financial position of the Corporation and the consolidated entity at June 30, 2000 and the results of their operations and their cash flows for the year then ended.

**D D R PEARSON**  
AUDITOR GENERAL  
November 13, 2000