

CHARTER - THE TREASURY AND THE ROYAL AUSTRALIAN MINT

Introduction

Purpose of the Charter

The Treasury portfolio is responsible for currency matters. The portfolio agencies responsible for currency matters include the Reserve Bank of Australia (RBA), the Royal Australian Mint (RAM) and the Treasury.

This Charter sets out the scope of the roles and accountabilities of the principal stakeholders in producing circulating coins and like products for Australia.

- These stakeholders are the Treasury and its Secretary, the RAM and its CEO and the RAM Advisory Board (the Board).

The Secretary of the Treasury and the RAM CEO have obligations under the *Financial Management and Accountability Act 1997* (FMA Act) for their respective agencies. However, the Secretary of the Treasury has obligations for both the Treasury and the RAM under the *Public Service Act 1999* (Public Service Act), and may delegate some, or all, of those functions and powers to the RAM CEO. Consequently, this Charter defines the roles and responsibilities of the principal stakeholders.

The Charter is to be read in conjunction with the Memorandum of Understanding (the Memorandum) between Treasury and the RAM made on 26 February 2003. The Memorandum relates particularly to the minting of Australian circulating coin and the costs which the RAM may claim in this connection.

CLARIFICATION OF ROLES

The status of the RAM as a prescribed agency means that there is potential for conflict of roles to arise between the Secretary of Treasury (as Agency Head of Treasury for the purposes of the Public Service Act) and the CEO of the RAM (as Chief Executive of the RAM for the purposes of the FMA Act).

This conflict stems from the fact that, as a prescribed agency, the RAM is separate from Treasury for the purposes of the FMA Act but is part of Treasury for the purposes of the Public Service Act. It was a condition of the prescription of the RAM for the purposes of the FMA Act that mechanisms be put in place to deal with any such conflict of roles.

This charter seeks to clarify the respective roles in relation to the RAM of the Secretary to the Treasury and the CEO of the RAM. In addition, to reduce the possibility of conflict, it makes arrangements for certain specific situations:

- the Secretary to the Treasury is expected, in the ordinary course of events, to continue to delegate to the CEO of the RAM a number of functions under the Public Service, Long Service Leave, Maternity Leave and Workplace Relations Acts;
- the CEO of the RAM will be responsible for preparing the RAM's annual report and financial statements for inclusion in this report;

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- the CEO of the RAM will be responsible for ensuring that the RAM has its own Audit Committee; and the RAM will not be subject to the departmental Audit Committee;
- the responsible officers in the Treasury and the RAM will consult each other when it is proposed to amend the Chief Executive's Instructions of their organisation.

The Secretary to the Treasury and the CEO of the RAM will endeavour to discuss areas of potential conflict of their respective roles and to resolve any differences before they become disputes.

ACCOUNTABILITIES OF THE RAM AND TREASURY

Role of the RAM

The RAM is the sole producer of Australian circulating coins and one of two producers of Australian numismatic (collector) coins. The RAM's responsibilities in fulfilling these functions include:

- producing sufficient circulating coins to meet the demands of authorised deposit-taking institutions which purchase coin, with the assistance of forecasts of the RBA (in accordance with the Coin Agreement between the RAM and the RBA dated 31 October 2002);
- producing circulating coin in accordance with the Memorandum of Understanding between the RAM and Treasury dated 26 February 2003;
- producing numismatic coins as a commercial activity within Government parameters;
- meeting financial targets;
- providing advice to Treasury portfolio ministers to assist with meeting their responsibilities and implementing Government decisions in relation to coinage and RAM operations; and
- maintaining the National Coin Collection and the RAM's visitors' gallery, and promoting public understanding of the cultural and historical significance of coins.

The RAM is a prescribed agency for the purposes of the FMA Act. It is also part of the Department for the purpose of the Public Service Act.

Role of the RAM CEO

Section 44 of the FMA Act requires an agency Chief Executive to manage the affairs of the agency in a way that promotes the efficient, effective and ethical use of Commonwealth resources, which includes compliance with applicable laws and Australian Government policy.

The Finance Minister has delegated all FMA Act agency Chief Executives certain limited powers under the FMA Act and FMA Regulations in the Financial Management and Accountability (Finance Minister to Chief Executives) Delegation 2002 (as amended) (the Delegation). All Chief Executives of FMA Agencies, which includes the RAM CEO, are required each year to certify to the Finance Minister that the delegations have been exercised in accordance with the limits and conditions of the Delegation.

The CEO of the RAM is accountable to Treasury portfolio Ministers for the performance of the RAM. The CEO of the RAM is responsible for:

- ensuring compliance with the requirements of the FMA Act, including;

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- promoting the proper use of the Commonwealth resources for which the Chief Executive is responsible;
 - producing annual financial statements;
 - maintaining its own audit committee and Chief Executive Instructions; and
 - complying with any direction of the Finance Minister and the Department of Finance and Administration consequential to the RAM's prescribed agency status.
- overseeing the efficient, effective and ethical management of the RAM including its day-to-day operations;
 - maintaining appropriate risk management strategies;
 - maintaining an appropriate risk management framework;
 - developing organisational performance targets and budgets for consideration by the Advisory Board;
 - maintaining and developing appropriate human resources to provide the professional management of the RAM's functions and accountabilities;
 - giving effect to the provisions of the *Mint Employees Act 1964* which remain relevant and impose a power or duty on the Chief Executive Officer;
 - reporting fully and promptly to the Treasury portfolio Ministers and the Secretary (as appropriate); and
 - when providing advice to Treasury portfolio ministers, providing this advice in parallel to the Secretary (through including it in the Treasury Minute Register).

The CEO of the RAM has been delegated by the Secretary a number of powers and functions under the Public Service Act, the *Long Service Leave (Commonwealth Employees) Act 1976*, *Maternity Leave (Commonwealth Employees) Act 1973* and the *Workplace Relations Act 1996* (the Public Service, Long Service Leave, Maternity Leave and Workplace Relations Acts). The CEO is responsible for carrying out these powers and functions in relation to RAM employees.

Role of the Treasury

The relevant Treasury policy division has the primary responsibility for the development of advice to the Treasury Ministers on broader, strategic issues relating to Australian coins and the RAM. These accountabilities include:

- advising on the implications of and possible amendments to the *Currency Act 1965*;
- providing advice to Treasury portfolio ministers in relation to:
 - issues concerning Australian circulating coin, where such issues may carry national implications – for example, any proposal to change the shape of a coin or to cease to issue a particular denomination;
 - general issues of significance to the production and sale of Australian numismatic coins – for example, the rate of royalty/seigniorage payable on them;

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- the status and governance structure of the RAM.
- consulting with the RAM on decisions that may affect the areas delegated to the RAM CEO.

Role of the Secretary

The Secretary is responsible, under the Public Service Act, for managing the Department and must advise Treasury Ministers in matters relating to the Department. For this purpose, the Department includes the RAM.

- The Secretary does not, however, expect to be involved in decisions relating to the routine operations of the Mint, such as choosing themes and particular designs for numismatic coins for endorsement by the Minister, the hiring of staff, the day-to-day production of circulating coins and other routine administrative functions of the Mint.

Role of the Advisory Board

Purpose

Treasury and the RAM are both formally represented on the Board. The Board performs an advisory role and does not possess executive powers or decision-making authority in its own right.

The Board provides advice on corporate strategy and guidance to the senior management of the RAM. The independent members bring commercial and diversified experience to the Board. Specifically, the Board:

- considers the RAM's financial objectives, corporate plans and strategies; and
- reviews and provides advice in relation to significant policies and procedures to encourage and promote the RAM's principal accountabilities.

Membership

The Board is expected to consist of the General Managers of the Treasury's Corporate Services Division (as Chairman) and Corporations and Financial Services Division, the CEO of the RAM and several independent members.

The Board members, as at 1 March 2006, are: Ian Robinson (General Manager, Corporate Services Division); Janine Murphy (CEO of the RAM); Geoff Miller (General Manager, Corporations and Financial Services Division); Michael Del Gigante (Chief Operating Officer, Defence Housing Authority) and Ross Macdiarmid (CEO, Australian Capital Tourism Corporation).

Independent Board members are appointed by the Chairman on an informal basis for a two-year period. The two current independent members (Mr Del Gigante and Mr Macdiarmid) were reappointed in December 2004.

Meetings

The Board will meet quarterly on the third Thursday of the designated month or as otherwise agreed. There will also be one annual meeting to discuss strategic issues. The draft timetable of the meetings will be distributed to Board members no later than the beginning of each calendar year.

RAM senior managers are expected to present relevant reports including on finance and marketing issues to each meeting. In addition, the agenda for each meeting is expected to include an item on a

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current strategic issue relevant to the RAM's functions. Adequate time will be scheduled for consideration of the matters placed on the agenda for each meeting.

The RAM is responsible for disseminating Board papers to Board members at least one week prior to each meeting. The papers should include the agenda, minutes from the previous meeting, written reports of senior managers and background material on the strategic issue(s) to be considered by the Board.

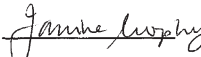
The CEO of the RAM is responsible for recording the minutes of each meeting and shall submit a draft copy of the minutes to the Chairman for his endorsement, and to Board members for their approval, within a week of each meeting.

REVIEW

A review of the Charter will be conducted every three years. The next review is scheduled for 2008. In addition, amendments can be made at any time with the joint agreement of the Secretary of Treasury and the CEO of the RAM.


Ken Henry
Secretary to the Treasury

4.04.06


Janine Murphy
Chief Executive Officer
Royal Australian Mint

10/04/06.