

**ROYAL AUSTRALIAN NAVY
CENTRAL CANTEENS BOARD
GOVERNANCE CHARTER**



Table of Contents

Table of Contents.....	i
Governance Statement.....	ii
Preamble.....	iii
Chapter 1	1
<i>Royal Australian Navy Central Canteens Board Members and Committees</i>	
Role of the RANCCB	
CAC Act obligations	
Composition of the RANCCB	
Independent Professional Advice and Access to Fund Information	
Committee Structure and Procedure	
Meetings	
Reporting	
Committee Authority	
Chapter 2	5
<i>Audit, Risk, Compliance and Governance Committee</i>	
Role of the Committee	
Objectives	
Responsibilities Internal Control and Risk Management Duties	
Compliance Duties	
Audit Duties	
Chapter 3	8
<i>Remuneration Committee</i>	
Role of the Committee	
Objectives	
Responsibilities	
Chapter 4	10
<i>Finance and Operations Committee</i>	
Role of the Committee	
Objectives	
Responsibilities	
Chapter 5	11
<i>Strategy Committee</i>	
Role of the Committee	
Objectives	
Responsibilities	

ROYAL AUSTRALIAN NAVY CENTRAL CANTEENS BOARD
GOVERNANCE CHARTER

Our Mission:	<i>To provide sustainable recreational and lifestyle benefits to serving Navy Members.</i>
Our Aspiration:	<i>Navy people see us making a difference in their service life.</i>
Our Values:	
	<i>Commitment: To Navy people, To Navy and its reputation.</i>
	<i>Continuous Improvement: We relentlessly pursue sustainable improvement in all we do.</i>
	<i>Integrity: We are honest, ethical and responsible in the conduct of our business.</i>

Governance Statement

This statement outlines the main governance practices adopted and approved by the Members of the Board of the Royal Australian Navy Central Canteens Fund (RANCCF).

This Governance Charter comprises chapters that fall under the following general headings:

- Preamble
- Royal Australian Navy Central Canteens Board (RANCCB) Members and Committees;
- Audit, Risk, Compliance and Governance Committee;
- Finance and Operations Committee;
- Remuneration Committee; and
- Strategy Committee.

Preamble

The RANCCB maintains a comprehensive system of governance practices designed to provide appropriate levels of disclosure and accountability. The RANCCB's governance practices are derived principally from the provisions of the:

- *Naval Defence Act 1910*;
- *Navy (Canteens) Regulations 1954* (**Regulations**); and
- *Commonwealth Authorities and Companies Act 1997* (**CAC Act**)

The Members of the RANCCB are responsible for the administration of the RANCCF (Regulation 4(1)).

The Members of the RANCCB should always act for the betterment of Navy Members (Regulation 4(3)) whilst following the orders and instructions of the Chief of Navy (Regulation 3(1)).

This Charter reflects the expectations and functions of the RANCCB and its Committees. Specific legal requirements, obligations and duties are enshrined in legislation (some of which are reflected above). The Members of the RANCCB have an obligation to ensure that due regard and adherence is given to their legal obligations and requirements, which sit above and take precedence to this Charter. The Members of the RANCCB are expected to be especially conversant with the Regulations as they relate to the structure of the RANCCB, the RANCCB's powers, obligations and requirements and the legislative intentions and restrictions.

CHAPTER 1

Royal Australian Navy Central Canteens Board Members and Committees

Role of the RANCCB

1.1 The RANCCB's primary role is the protection and enhancement of the RANCCF for the primary benefit of Navy Members. To fulfil this role, the RANCCB is responsible for the overall governance of the RANCCF including the RANCCF's strategic direction, establishing goals for management and monitoring the achievement of these goals.

1.2 The RANCCB is responsible for:

- a. Making recommendations to the Minister for Defence and to the Chief of Navy concerning the matters stated in Regulation 10; and
- b. Exercising the powers granted to it under Regulation 11.

1.3 In practice, the RANCCB discharges its obligations by:

- a. Providing strategic direction for the RANCCF;
- b. Providing oversight and input to enable sustained growth of the RANCCF;
- c. The appointment, performance, remuneration and removal of the Chief Executive Officer (CEO);
- d. Setting corporate strategy and performance objectives;
- e. The appointment of auditors;
- f. Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- g. Monitoring the CEO's implementation of strategy;
- h. Approval of the annual budget;
- i. Approval and monitoring of capital expenditure, capital management and acquisition and divestitures;
- j. Ensuring compliance with all of the legislation, standards and requirements;
- k. Ensuring that the RANCCB stands ready to report on all proceedings and the financial, operational and organisational health of the

RANCCF as and when required, and at least annually in accordance with the CAC Act or other requirements; and

1. Setting key corporate policies (e.g. product development, network structures, financial matters, risk management, information technology, community service obligations, human resources and environment).

1.4 The RANCCB will ideally meet monthly, excluding the months of December and January, at intervals not exceeding 3 months (Regulation 7(3)(b)).

CAC Act obligations

1.5 The CAC Act provides for certain functions and requirements that must be undertaken by the RANCCF. Such matters concern:

- a. Preparation of an Annual Report, for submissions to the Minister for Defence (Section 9). Particular matters to be included in the Annual Report are specified in the Minister for Finance's Orders issued under section 48;
- b. Prior notification to the Minister for Defence of proposed significant activities such as the formation of a company, participation in a joint venture, acquisition of a major shareholding etc. (Section 15);
- c. Keeping the Minister for Defence informed of the operations of the RANCCB (Section 16);
- d. Compliance with any general policies of the Commonwealth Government, as notified by the Minister for Defence (Section 28); and
- e. Establishment of an Audit Committee which among other things is to help the RANCCB and RANCCF comply with their obligations under the CAC Act (Section 32).

Composition of the RANCCB

1.6 The constitution of the RANCCB is determined using the following principles:

- a. The RANCCB comprises six (6) Members plus the Chairman, all appointed by the Chief of Navy as per Regulation 7;
- b. At a meeting of the RANCCB, four (4) Members of the RANCCB form a quorum;
- c. The Chairman or, in his or her absence, a member elected by the Members of the RANCCB present, shall preside; and
- d. All questions shall be decided by a majority of votes of the Members of the RANCCB present.

1.7 The Chairman or other RANCCB member presiding has a deliberative vote and, in the event of an equality of votes, also has a casting vote. Members of the RANCCB are expected to attend, in person, all RANCCB meetings. The Regulations provide further details including a requirement that Members of the RANCCB who are absent for three (3) consecutive meetings (without leave granted by the RANCCB or on business of the RANCCB undertaken with the approval of the RANCCB) shall have their appointment terminated by the Chief of Navy (Regulation 7(5)(b)).

1.8 Members of the RANCCB are expected to devote a minimum of two (2) days per month in respect to attending to RANCCB matters including attendance on various RANCCB Committees.

Independent Professional Advice and Access to Fund Information

1.9 Each Member of the RANCCB has the right of access to all relevant Fund information and to the CEO and, subject to prior approval from the RANCCB, may seek independent professional advice at the Fund's expense. A copy of advice received by the Member of the RANCCB is to be made available to all other Members of the RANCCB.

1.10 The Board must, following consultation with the Chief of Navy, appoint a person to be the Chief Executive Officer of the Canteen Service.

1.11 On occasion, out of session RANCCB approval of specific issues may be agreed by the RANCCB. In these instances the matter for out of session consideration should be registered at a prior RANCCB meeting. All RANCCB Members are to convey their decision on the matter under consideration to the Chairman (or his/her delegate) by either letter or e-mail. All out of session matters (whether approved or not) are to be recorded in the next RANCCB Minutes by the CEO.

Committee Structure and Procedure

1.12 In order to exercise its professional oversight, the RANCCB has established several Committees with specific areas of responsibility. The current RANCCB Committees are:

- a. Audit, Risk, Compliance and Governance;
- b. Remuneration Committee; and
- c. Finance and Operations Committee; and
- d. Strategy Committee

1.13 The CAC Act requires the existence of an Audit Committee (known here as the Audit, Risk, Compliance and Governance Committee). Apart from this Committee, the all other Committee work is considered to be a whole of board function and matters for all Members of the RANCCB. With the exception of the Audit Committee, the role of the other Committees is to help facilitate, lead and plan discussion and deliberations in particular areas before all Members of the RANCCB.

Information, procedures and requirements that are common to all Committees have been listed in this chapter. Committee specific information can be found in the relevant accompanying chapters.

1.14 Committees have been established by the RANCCB and pursuant to this it is recognised that the relevant Committees have the power to obtain information from management for the proper consideration of matters before the Committee. Where Committees require information from management, such requests should normally be directed to the CEO. The Committees also have the right to seek independent professional advice, when considered necessary, however where such advice is likely to incur cost to the Fund, approval must be sought from the RANCCB.

1.15 Each Committee shall have a Chairman and the RANCCB will make such appointments. Should the Chairman of the relevant Committee be absent from a meeting, the Members of the Committee present shall appoint an acting Chairman for that meeting.

1.16 The Audit, Risk, Compliance and Governance Committee should have enough Members of the RANCCB without over-burdening the Members or making it difficult for them to fully discharge their responsibilities; likewise all Members of the RANCCB are expected to participate and be involved with all other Committees.

1.17 The CEO is not a member of a committee, but is to be invited to attend unless the RANCCB decides otherwise. Other senior management of the Fund may be invited to attend Committee meetings but are not considered to be Members of such Committees. Advisers and other parties external to the Fund may also be invited to attend meetings of the Committee, as the Chairman considers appropriate but are not considered to be Members of the relevant Committee.

Meetings

1.18 Meetings of Committees can be called by the Committee Chairman, a Committee member or the RANCCB. Meetings can be held in person, via teleconference, via video conference or other communication or internet interface if deemed appropriate by a majority of Members of the relevant Committee.

Reporting

1.19 The Chairman of each Committee shall report the findings and recommendations of such Committee meetings to the RANCCB after each Committee meeting by way of minutes circulated to the RANCCB.

Committee Authority

1.20 Each Committee shall make recommendations for the RANCCB's approval. As a general rule committees will have delegated authority to make decisions only on clearly defined matters of a routine and non-controversial nature. Delegation of decision making authority does not absolve the RANCCB from responsibility for any committee decision. Consequently, the RANCCB remains responsible for all committee decisions, and such decisions should be brought to the attention of all Members of the RANCCB by the Committee Chairman at the next Board meeting.

CHAPTER 2

Audit, Risk, Compliance and Governance Committee

Role of the Committee

2.1 The Audit, Risk, Compliance and Governance Committee is a committee of the RANCCB established to assist the RANCCB to discharge its responsibilities under the Regulations and CAC Act.

Objectives

2.2 In particular the Committee will ensure that assist the RANCCB is assisted by its oversight and review of:

- a. Financial reporting;
- b. Risk management;
- c. Internal control;
- d. Auditor independence and performance; and
- e. Compliance with laws and regulations.

Responsibilities

2.3 In performing its duties, the Committee will maintain effective working relationships with the RANCCB, management and the internal and external auditors. The Committee will:

- a. Review the annual financial statements prior to their consideration by the RANCCB;
- b. Assess any proposed changes in accounting practices or policies (by February each year), prior to their consideration by the RANCCB;
- c. Review jointly with management, the external auditors and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Corporation. The Committee will also review the manner in which these matters have been disclosed in the financial statements;
- d. Consider any other matter, which affects its recommendation to the RANCCB concerning the adoption of the financial statements;
- e. Monitor the standard of corporate conduct in transactions with related parties;

- f. Monitor the adequacy of financial information provided to the RANCCB; and
- g. Ensure a summary of the Committee's responsibilities and the action it has taken to fulfil those responsibilities is included in the RANCCB's annual report.

Internal Control and Risk Management Duties

2.4 The Committee will:

- a. Satisfy itself that management is ensuring an appropriate organisational culture committed to ethical and lawful behaviour, internal control and risk management;
- b. Assess management's programs and policies that deal with the adequacy and effectiveness of internal controls over the RANCCF's business processes;
- c. Assess the treatment of existing and emerging risks each quarter;
- d. Annually review fraud risk in the RANCCB;
- e. Monitor the adequacy of insurance coverage for the RANCCF; and
- f. Review the RANCCF's information security infrastructure.

Compliance Duties

2.5 The Committee will monitor:

- a. Compliance with laws and regulations;
- b. Processes for the management and exercise of delegations;
- c. Processes to ensure compliance with CAC Act principles for Financial Reporting; and
- d. Updates from management and legal counsel regarding compliance matters that may have a material impact on the RANCCB's and the financial statements.

Audit Duties

2.6 The Committee will:

- a. Participate in the appointment, dismissal or replacement of the internal auditor;

- b. Review the annual internal audit plan including the allocation of resources/projects; and
- c. Assess the plans of the internal and the external auditors, to ensure they are coordinated, cover higher-risk areas and provide assurance regarding compliance with relevant laws and regulations and RANCCB policies and procedures.

CHAPTER 3

Remuneration Committee

Role of the Committee

3.1 The Remuneration Committee is established by the RANCCB to set and review the performance and remuneration of the Chief Executive Officer (CEO) and other staff as requested by the CEO. The issues before the Remuneration Committee are matters for all Members of the RANCCB. The role of the Remuneration Committee is to help facilitate and lead whole of RANCCB discussions regarding remuneration issues.

3.2 Subject to sub regulation 12(3), the RANCCB must determine the terms and conditions of service of the CEO. The CEO is to be paid such remuneration as is determined by the Remuneration Tribunal or, in the absence of a determination by the Remuneration Tribunal, by the RANCCB.

Objectives

3.3 The objectives of the Committee are to:

- a. Manage CEO performance and remuneration;
- b. Provide a forum for CEO to raise issues of concern regarding compliance with employment legislation or issues of employee management; and
- c. Monitor RANCCB performance.

Responsibilities

3.4 To fulfil its role, the specific responsibilities of the Committee are to:

- a. Make recommendations to the RANCCB on remuneration packages and policies applicable for the CEO. This also includes responsibility for future entitlements under any incentive performance packages, superannuation entitlements, retirement and termination entitlements and fringe benefits policies for the CEO and the management team. Remuneration levels are to be competitively set to attract the most qualified and experienced people. Where appropriate, the Committee may seek independent advice on the appropriateness of remuneration packages. The committee may be guided by any relevant Remuneration Tribunal determinations already in existence for similar positions;
- b. Objectively assess the adequacy of remuneration policies and practices;

- c. Demonstrate the RANCCB's intention to exercise due care in reviewing remuneration information and in fulfilling legal responsibilities;
- d. Provide the CEO with a forum in which to raise issues of concern relating to remuneration and performance of RANCCF staff or RANCCF compliance with employment legislation;
- e. Make recommendations to the RANCCB on setting and review of CEO performance, and relating this to decisions regarding remuneration and other benefits or rewards; and
- f. Monitor and provide feedback on RANCCB performance; and
- g. If applicable, identify new RANCCB Members and manage their nomination, appointment, induction and education.

CHAPTER 4

Finance and Operations Committee

Role of the Committee

4.1 The Finance and Operations Committee is established by the RANCCB to manage and monitor the financial performance and operations of the RANCCF.

4.2 The issues before the Finance and Operations Committee before are generally considered to be matters for all Members of the RANCCB. The role of the Finance and Operations Committee is to help facilitate and lead whole of RANCCB discussions regarding identified issues.

Objectives

4.3 The objectives of the Committee are to:

- a. To ensure the financial statements represent the RANCCF's status; and
- b. To ensure that the RANCCF operations are operating in line with the Budget.

Responsibilities

4.4 The Committee shall consider any matters relating to the financial and operational affairs of the RANCCF. In addition, the Committee shall examine any other matters referred to it by the RANCCB.

4.5 The broad duties and responsibilities of the Committee are to:

- a. Approve and monitor capital expenditure, capital management and acquisition, and divestitures;
- b. Assess and propose the accepting of the annual RANCCF budget to the RANCCB as developed by the Executive;
- c. Monitor and report to the RANCCB the monthly financial statements against the approved budget;
- d. Monitor the revenue flows to the RANCCF through the establishment of revenue goals for holiday centres, canteens, clubs, institutions and other business initiatives or ventures, and monitoring the achievement of these goals;
- e. Evaluate requests for grants received by the RANCCF; and
- f. Asses the issues of fees/tariffs and charges for the Holiday Centres and other recreational activities;

CHAPTER 5

Strategy Committee

Role of the Committee

5.1 Primarily, RANCCF strategy is a matter for all Members of the RANCCB. The role of the Strategy Committee is to help facilitate strategic planning concepts for consideration by the whole of the RANCCB.

Objectives

5.2 Cognisant of the fact that strategy is a matter for all Members of the RANCCB, the Strategy Committee are to guide planning and discussions that:

- a. Manage the long term strategic planning process, to ensure the strategic plan remains relevant to achieving RANCCB goals;
- b. Ensure RANCCB strategic planning decisions occur in the timeframe required by the CEO for the purposes of business planning and statutory returns; and
- c. Monitor the performance of RANCCF investments as a matter of routine,

Responsibilities

5.3 The duties of the Committee are to:

- a. Maintain the currency of RANCCB strategic planning documents;
- b. Ensure RANCCF investment strategy is aligned to strategic planning;
- c. Arrange and facilitate (in-conjunction with CEO) an annual RANCCB strategic planning conference;
- d. Meet CEO requirements for strategic input to enable business planning to proceed and statutory returns to be compiled; and
- e. Ensure all RANCCB Members remain engaged in consideration of RANCCF strategy and are aware of investment performance.