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Mr Donald G McGauchie AO
Chairman
Reserve Bank Board Remuneration Committee
GPO Box 3947
SYDNEY NSW 2001

15 SEP 2010

Dear Mr McGauchie

Thank you for your letters regarding the remuneration packages of the Governor and Deputy Governor.

While I acknowledge, of course, that the independent Reserve Bank Board, through the *Reserve Bank Act 1959*, has the power to determine the remuneration of the offices of Governor and Deputy Governor, I am concerned that I was only advised in September 2009 of the Board's October 2008 decision to grant significant increases to remuneration, nearly one year after the decision.

Further, I would expect in future that the Reserve Bank Board Remuneration Committee discharge its powers with an emphasis on ensuring that salaries are adjusted to be in line with community expectations of senior officials' remuneration.

Yours sincerely

WAYNE SWAN