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# RESERVE BANK OF AUSTRALIA

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~~PRIVATE AND CONFIDENTIAL~~

18 September 2009

The Hon Wayne Swan MP  
Treasurer  
Suite MG 47  
Parliament House  
CANBERRA ACT 2600

Correspondence Received - Office of the Treasurer	
Office Circulation	
Treasurer	Contact Adviser - .....
Chief of Staff	Other Adviser - .....
Deputy Chief of Staff	DLOs - .....
24 SEP 2009	
Departmental Action	
Acknowledge	Brochure
Substantive Response	Speech
Appropriate Action	Refer to .....
Information	No Further Action
Constituent Response	URGENT
Signatory .....	

Dear Treasurer

On behalf of the Reserve Bank Board, I am writing to inform you of the remuneration details of the Governor and Deputy Governor of the Bank.

Given the national significance of the Governor's position, the Board's Remuneration Committee, and the Board itself, discharges its responsibilities in this area in a disciplined manner. The key components of the most recent decision on the Governor and Deputy Governor's remuneration were:

- consideration of a detailed salary review undertaken by PricewaterhouseCoopers in 2007, which included analysis of comparable remuneration in Australia and overseas;
- a cumulative narrowing of the levels of remuneration between the Bank's Assistant Governors and the Deputy Governor; and
- the elimination in 2008 of individual performance bonuses of Departmental Secretaries and the resultant the across-the-board-increase in superannuable base salaries.

As a consequence of these multiple factors, the Board determined that a sizeable increase in total remuneration for the Governor and Deputy Governor was appropriate. Neither the Governor nor the Deputy Governor is involved in deliberations of the Board's Remuneration Committee in respect of their salaries.

The changes to the remuneration packages were agreed by the Board in October 2008 and implemented with effect from 1 July 2008. It is likely that no remuneration adjustment for either official will be made in 2009. The current remuneration packages are as follows, with 2008 figures shown for comparison.

MEG  
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Governor		
	2009 (\$ pa)	2008 (\$ pa)
Salary	786 300	552 080
Parking	7 050	6 616
Health Fund	5 354	5 505
Superannuation	167 482	117 593
Other allowances <sup>1</sup> (including motor vehicle)	0	44 578
Total	966 186	726 372

Deputy Governor		
	2009 (\$ pa)	2008 (\$ pa)
Salary	593 800	414 060
Parking	7 050	6 616
Health Fund	5 354	5 505
Superannuation	126 479	88 195
Other allowances <sup>1</sup> (including motor vehicle)	0	36 760
Total	732 683	551 136

As the office of the Governor is a Principal Executive Office in terms of the Remuneration Tribunal's framework, we have advised the President of the Tribunal of the Governor's remuneration, and that of the Deputy Governor, so that this information can be considered by the Tribunal in its deliberations.

In view of its legislative responsibility for setting the remuneration of the Governor and Deputy Governor, for the future it is the intention of the Board:

- following review of the remuneration of the Governor and Deputy Governor, to synchronise the implementation of any changes with those for Reserve Bank staff more generally, namely in mid November each year;
- to advise you and the President of the Remuneration Tribunal of the details of these remuneration packages in the December quarter each year; and
- from 2010, to disclose the remuneration of the Governor and Deputy Governor in the Reserve Bank's annual report.

It is also the Board's intention to continue the longstanding practice whereby the starting level of remuneration of any Governor and Deputy Governor be agreed with the Treasurer at the time of appointment.

Yours sincerely

  
 for Donald McGauchie AO  
 Chairman, Remuneration Committee

<sup>1</sup> The Governor and Deputy Governor were each eligible for a benefit in relation to spouse travel, valued at cost-to-Bank of \$25 800, which was unused in 2007/08.