



**Australian Government**

**The Treasury**

**FACSIMILE MESSAGE**

**Macroeconomic Policy Division**

1 October 2010

**File:**

**To:** Anthony Dickman

**Fax No:** 855

**From:** Helen Wilson

**Total Pages:** 7 incl &  
this one

**SUBJECT**

Anthony,

As discussed

thanks Helen

Helen Wilson

Pages 2-3 have been redacted under Section 47E and 47C

## ADDITIONAL INFORMATION

### Reserve Bank Board

- The Reserve Bank Board comprises nine members:
  - three *ex officio* members – the Governor (who is Chairman), the Deputy Governor (who is Deputy Chairman) and the Secretary to the Treasury. The Governor and Deputy Governor are appointed by the Treasurer for terms of up to seven years, and are eligible for reappointment; and
  - six external members, who are appointed by the Treasurer. The external members are appointed for terms of up to five years.
- A register of eminent candidates is jointly maintained by the Secretary to the Treasury and the Governor, from which appointments are made to the Board.
  - The register assesses potential Board members for suitability against the selection criteria of personal integrity and contribution to civil society, political independence, leadership and governance, and knowledge of economic and financial matters.
- On appointment to the Reserve Bank Board, each member is required under the *Reserve Bank Act 1959* to sign a declaration to maintain secrecy in relation to the affairs of the Board and the Reserve Bank. Further, by law, members must meet the general obligations of directors of statutory authorities, as set out in the *Commonwealth Authorities and Companies Act 1997* (the CAC Act). The CAC Act sets standards of conduct for directors and officers of Commonwealth authorities including the RBA. Therefore, members of the Reserve Bank Board must:
  - Discharge their duties with care and diligence;
  - Act in good faith, and in the best interests of the Reserve Bank;
  - Not use their position to benefit themselves or any other person, or to cause detriment to the Reserve Bank or any person;
  - Not use any information obtained by virtue of their position to benefit themselves or any other person, or to cause detriment to the Reserve Bank or any person; and
  - Declare any material personal interest where a conflict arises with the interests of the Reserve Bank.
- Over and above these legislated requirements, members recognize their responsibility for maintaining a reputation for integrity and propriety on the part of the Board and the Reserve Bank in all respects. Members have adopted a Code of Conduct that provides a number of general principles as a guide for their conduct in fulfilling their duties and responsibilities as members of the Board.
- The Code of Conduct states that members should observe the following:
  - **The confidentiality of information** – including in the Board materials, and in the discussion at the meeting – must be strictly maintained, including after members have

left the Board. Members shall also avoid any situation where they might be perceived as having acted with the benefit of knowledge not available to the general marketplace.

- **Conflicts of interest**, whether of an actual or potential nature, and whether involving a member's personal or business affairs, shall be promptly and fully disclosed. Members furnish annually a confidential statement of private interests to the Treasurer. The Treasurer has provided a class order under section 27K of the CAC Act, enabling members to discuss and decide monetary and financial stability policies. This order does not extend to other matters which may come before the Board. In the event that a member becomes aware of a conflict of interest associated with a particular issue facing the Board other than one involving monetary or financial stability policies, the member must immediately disclose it to the Board, as required in the CAC Act, which also sets out how such conflicts are to be handled. Major changes to the interests stated in the annual declarations should be promptly disclosed to the Treasurer. Members considering taking on a material interest which might present, or might be perceived as presenting, some risk of conflict with their role as a Board member shall consult the Governor before committing themselves.
- A member is not permitted, under section 17 of the *Reserve Bank Act 1959* to be a director, officer or employee of an Authorised Deposit-taking Institution. Under this Code, a member shall not be a director, officer, employee, or have any material financial interest in **any private company** operating in Australia whose main business is the provision of finance.
- Members shall take great care in **financial transactions** for personal account. Members shall not use information gained in their activities as a Board member and not generally available to the market place, for purposes of carrying out private financial transactions, whether directly or indirectly via third parties, or whether conducted for their own account or for the account of a third party.
- In order to avoid any possibility of perceived conflicts that could damage the Bank's reputation, members shall exercise due care in accepting from third parties **entertainment, travel or accommodation**, or any other benefit which is offered solely or mainly on the basis of membership of the Board.
- Members generally shall refrain from **public commentary** about current Australian monetary policy issues, respecting the confidentiality of Board discussions. Members who, in the ordinary course of their activities outside the Reserve Bank, have occasion to discuss economic policy matters generally, shall do so on the basis that the views so presented are personal or affiliated with another institution, not the Bank. The Governor and Deputy Governor will on occasion need to speak on monetary policy issues as part of their official duties, but in doing so shall still respect the confidentiality of the Board discussions.
- The **Governor** and **Deputy Governor** shall adhere not only to this code but also to the Reserve Bank staff code of conduct.

Pages 6-7 have been redacted under Section 47E and 47C