



**DEPUTY PRIME MINISTER
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Mr Roger Corbett AO
Chairman
Reserve Bank Board Remuneration Committee
GPO Box 3947
SYDNEY NSW 2001

27 JUN 2011

Dear Mr Corbett

I write to advise you that I have written to the Prime Minister to seek her agreement to have the offices of Governor and Deputy Governor of the Reserve Bank of Australia (RBA) declared as Principal Executive Offices (PEOs) under the *Remuneration Tribunal Act 1973*.

Under the PEO framework the Remuneration Tribunal has the power to set the remuneration (called the reference rate) of all PEOs. The employing body of a PEO is then able to set the remuneration within a band which is currently set at between 10 per cent below to 5 per cent above the reference rate.

I consider that this framework will bring the remuneration of these offices more in line with community expectations.

Mr Conde has assured me that this approach will not involve any reduction of the current Governor or Deputy Governor's remuneration. In the case of the current Governor and Deputy Governor, the reference rate would be supplemented by a personal loading that would ensure remuneration was unaffected. Future appointees would, however, be paid only the then current reference rate.

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I intend to have the new arrangements in place prior to the end of the current Deputy Governor's term to allow them to be implemented if a new appointment is made. Mr Conde has indicated that he would welcome your views on my proposal and will take them into consideration prior to settling the reference rate for the offices of the Governor and the Deputy Governor. I encourage you to contact Mr Conde.

Yours sincerely



WAYNE SWAN