

# Governance

## Composition of the Payments System Board

The Payments System Board comprises the Governor, who is Chairman, one representative of the Bank appointed by the Governor, one representative of the Australian Prudential Regulation Authority (APRA) appointed by APRA and up to five other members appointed by the Treasurer for terms of up to five years. Details of the current members are set out on pages 5 and 6. Five members form a quorum at a meeting of the Board.

## Meetings of the Payments System Board

The Reserve Bank Act does not stipulate the frequency of Board meetings. Since its inception, the Board's practice has been to meet at least four times a year, and more often as needed; there were four meetings in 2009/10.

## Conduct of Payments System Board Members

On appointment to the Board, each member is required under the Reserve Bank Act to sign a declaration to maintain confidentiality in relation to the affairs of the Board and the Bank. Further, members must by law meet the general obligations of directors of statutory authorities, as set out in the *Commonwealth Authorities and Companies Act 1997* (CAC Act). The CAC Act sets standards of conduct for directors and officers of Commonwealth authorities, with many of these requirements being modelled on comparable areas of the Corporations law. As such, members of the Payments System Board must:

- discharge their duties with care and diligence;
- act in good faith, and in the best interests of the Bank;
- not use their position to benefit themselves or any other person, or to cause detriment to the 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 Bank or any person; and
- declare any material personal interest where a conflict arises with the interests of the Bank.

**Table 1: Number of Meetings Attended by Each Member in 2009/10<sup>(a)</sup>**

Glenn Stevens	4	(4)
Malcolm Edey	4	(4)
John Laker	4	(4)
Joe Gersh	4	(4)
Robert McLean	4	(4)
John Poynton	3	(4)
Catherine Walter	4	(4)

(a) Figures in brackets show the number of meetings each member was eligible to attend

Members must also adhere to a Code of Conduct that sets out specific requirements relating to confidentiality, conflicts of interest and public commentary on payments policy issues.

The confidentiality of information – including the Payments System Board materials and the discussion at the meetings – must be strictly maintained, including after members have left the Payments System Board. Members are also required to avoid any situation where they might be perceived as having acted with the benefit of knowledge not available to the general marketplace.

The Code requires conflicts of interest, whether of an actual or potential nature, and whether involving a member's personal or business affairs, to be promptly and fully disclosed. In the event that a member becomes aware of a conflict of interest associated with a particular issue facing the Payments System Board, the member is required to immediately disclose it to the Payments System Board, as required in the CAC Act, which also sets out how such conflicts are to be handled. Members considering taking on a material interest that might present, or might be perceived as presenting, some risk of conflict with their role as a Payments System Board member are required to consult the Governor before committing themselves.

In order to avoid any possibility of perceived conflicts that could damage the Bank's reputation, members are required to exercise due care in accepting from third parties entertainment, travel or accommodation, or any other benefit that is offered solely or mainly on the basis of membership of the Payments System Board.

Finally, the Code requires that members generally shall refrain from public commentary about current payments system policy issues, respecting the confidentiality of Payments System Board discussions. Members who, in the ordinary course of their activities outside the Reserve Bank, have occasion to discuss payments system policy matters generally, may do so on the basis that the views so presented are personal or affiliated with another institution, not the Bank. The Governor, as Chair, and the Deputy Chair will on occasion need to speak on payments system policy issues as part of their official duties, but in doing so will still respect the confidentiality of the Payments System Board discussions.

The Governor and the Deputy Chair are required to adhere not only to this code but also to the Reserve Bank staff code of conduct.

Where questions of interpretation of this Code arise, members shall consult with the Governor. Where issues arise that cannot be specifically foreseen in this Code, members will be expected to exercise sound judgement and behaviour consistent with the general principles outlined in the Code. Members will, where appropriate, consult with the Governor and, if necessary, the Treasurer.

## Remuneration

Fees of the non-executive members of the Payments System Board are determined by the Australian Government Remuneration Tribunal.

## Indemnities

Under the provisions of Section 27 of the CAC Act and pursuant to a resolution by the Reserve Bank Board on 3 November 1998, members of the Payments System Board have been indemnified against liabilities incurred arising out of the proper discharge of their responsibilities, provided that any such liability does not arise from conduct involving a lack of good faith. This indemnity does not extend to claims by the Bank itself or any subsidiary of the Bank.