

Governance

Payments System Board

The Payments System Board has responsibility for the Reserve Bank's payments system policy. The Board comprises the Governor, who is the Chair, one representative of the Reserve Bank appointed by the Governor, who is the Deputy Chair, 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. Members of the Board during 2013/14 are shown below and details of the qualifications and experience of members are provided on pages 11–15.

Meetings of the Payments System Board

The *Reserve Bank Act 1959* 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. Four meetings were held in 2013/14, all at the Reserve Bank's Head Office in Sydney, and a resolution was passed without a meeting in March 2014. Five members form a quorum at a meeting of the Board or are required to pass a written resolution.

Conduct of Payments System Board Members

On appointment to the Payments System 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 Reserve Bank. Further, members must comply with the general obligations of directors of Commonwealth authorities, including, until 30 June 2014, those set out in the *Commonwealth Authorities and Companies Act 1997* (CAC Act). Under the CAC Act members were required to:

- discharge their duties with care and diligence
- act in good faith in the best interests of the Reserve Bank, and for a proper purpose
- not use their position to benefit themselves or any other person, or to cause detriment to the Reserve Bank or any other person

Board Meetings in 2013/14 Attendance by Members Number of meetings

	Attended	Eligible to attend
Glenn Stevens (Governor)	4	4
Malcolm Edey (RBA)	4	4
Gina Cass-Gottlieb	4	4
Paul Costello	4	4
John Laker (APRA) ^(a)	4	4
Robert McLean	4	4
Catherine Walter	4	4
Brian Wilson	4	4

(a) John Laker's term on the Board ended on 30 June 2014. He was succeeded by Wayne Byres, who was appointed as the APRA representative on 9 July 2014 in terms of section 25B(2) of the Reserve Bank Act.

- 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 other person
- declare any material personal interest in a matter that relates to the affairs of the Reserve Bank.

From 1 July 2014, members must comply with very similar obligations under the *Public Governance, Performance and Accountability Act 2013*.

Over and above these statutory requirements, members recognise 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 therefore 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; a copy of the Code is on the Bank's website.

Remuneration and Allowances

Remuneration and travel allowances for the non-executive members of the Payments System Board are set by the Remuneration Tribunal.

Induction of Board Members

The induction program assists newly appointed Board members in understanding their role and responsibilities, and provides them with an overview of the Bank's role in the payments system and details of relevant developments in preceding years. Separate briefing sessions are tailored to meet particular needs or interests.

Indemnities

During 2013/14, members of the Payments System Board continued to be indemnified in accordance with section 27M of the CAC Act against liabilities incurred by reason of their appointment to the Board or by virtue of holding and discharging such office.

Conflict of Interest Audit

The Reserve Bank has three distinct areas of responsibility in the Australian payments system: it owns, operates and participates in Australia's real-time gross settlement system, the Reserve Bank Information and Transfer System; it is a provider of transactional banking services to the Australian Government and its agencies; and it is the principal regulator of the payments system through the Payments System Board. This combination of functions is not uncommon internationally. The operation of the high-value payment system is a core central banking function in most major economies. In addition, central banks in advanced economies typically have regulatory responsibilities for the payments system (though the breadth of mandates varies) and most also provide banking services to government.

While the various functions are conceptually distinct, their existence may give rise to concerns about actual or perceived conflicts of interest. The Payments System Board and the senior management of the Bank take very seriously the possibility of any perception that the Bank's policy and operational roles may be conflicted, especially since this could undermine public confidence in the regulatory and policy process. Accordingly, the Bank has policies in place for avoiding conflicts and dealing with them when they do occur. The Payments

System Board has formally adopted a policy on the management of conflicts of interests, which is published on the Bank's website.¹ Details of the steps taken to achieve compliance with these arrangements, including the minutes of meetings between departments, are audited annually with the results presented to the Payments System Board. The most recent audit was conducted in July 2014 and reviewed by the Board in August 2014.

¹ Available at <<http://www.rba.gov.au/payments-system/policy-framework/conflict-of-interest.html>>.

