

Governance and Accountability

The Reserve Bank is an independent central bank, accountable to the Parliament of Australia. The Bank has two boards: the Reserve Bank Board, which has responsibility for monetary and banking policy; and the Payments System Board, which has responsibility for payments system policy.

Some aspects of the Reserve Bank's governance and accountability arrangements (including the Reserve Bank Board structure) are being examined as part of an independent review of Australia's monetary policy arrangements. The Review of the Reserve Bank will exclude the Bank's payments, financial infrastructure, banking and banknotes functions. The Treasurer has confirmed that all existing arrangements will remain in place until the Review is completed in March 2023.

Governance

The Reserve Bank is a body corporate distinct from the Commonwealth of Australia. This body corporate, established under the *Commonwealth Bank Act 1911* and continued in existence under the *Commonwealth Bank Act 1945*, was preserved and continued in existence with the name 'Reserve Bank of Australia' under the *Reserve Bank Act 1959*. The Reserve Bank is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

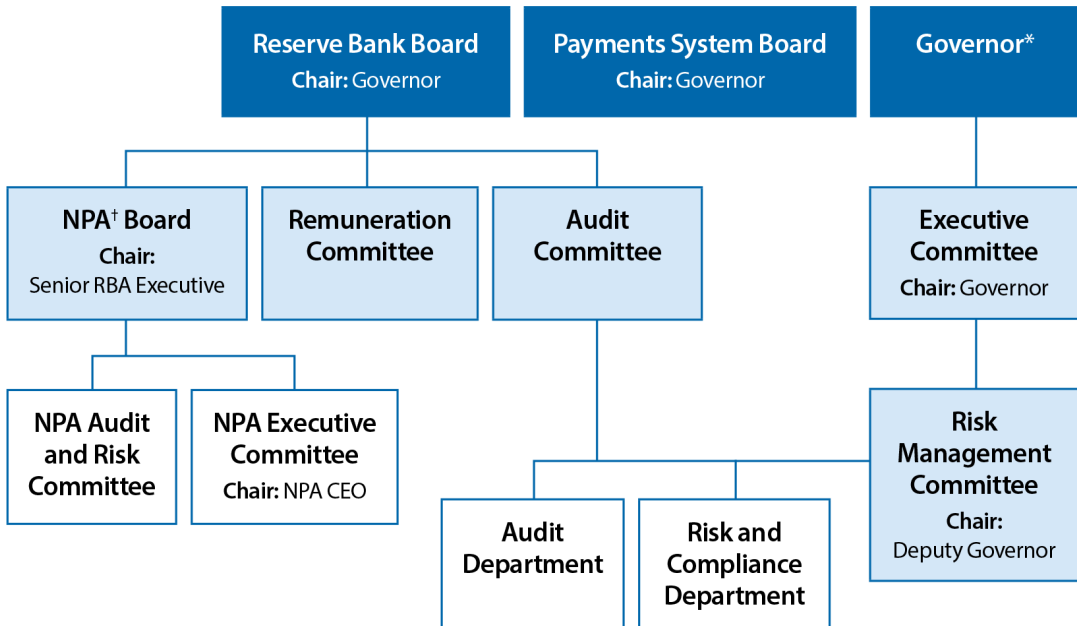
The Reserve Bank's two boards have operational independence under the Reserve Bank Act to determine the policies of the Bank so as to achieve the objectives set out in the Act. In terms of monetary policy, the *Statement on the Conduct of Monetary Policy*, as updated from time to time, has recorded the common understanding of the Governor, as Chair of the Reserve Bank Board, and the Australian Government on key aspects of Australia's monetary and central banking policy framework since 1996.

Under the Reserve Bank Act, the Bank is managed by the Governor, who is also the Chair of the Reserve Bank Board and the Payments System Board. The Governor is the 'accountable authority' under the PGPA Act. The Governor is assisted in fulfilling his responsibilities to manage the Bank by the Executive Committee and the Risk Management Committee (see chapter on 'Management of the Reserve Bank').

Note Printing Australia Limited (NPA) is a wholly owned subsidiary of the Reserve Bank. NPA operates under a charter reviewed and approved annually by the Reserve Bank Board.

Reserve Bank of Australia Governance Structure

August 2022



† Note Printing Australia Limited

* Under section 12 of the *Reserve Bank Act 1959*, the Governor is responsible for managing the Bank and under section 7A of the Reserve Bank Act, the Governor is the accountable authority of the Bank for the purposes of the *Public Governance, Performance and Accountability Act 2013*.

Reserve Bank Board

The responsibilities of the Reserve Bank Board are set out in the Reserve Bank Act, which states that the Board has power to determine the policy of the Bank in relation to any matter, other than its payments system policy. It is the duty of the Board to ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia.

The Reserve Bank Board comprises nine members: the Governor (Chair); the Deputy Governor (Deputy Chair); the Secretary to the Australian Treasury; and six other non-executive members appointed by the Treasurer. New appointments to the Board are made by the Treasurer from a register of candidates maintained by the Secretary to the Treasury and the Governor. Attendance by members at meetings of the Board during 2021/22 is shown in the table below, and members' qualifications and experience are provided in the chapter on the 'Reserve Bank Board'.

The Reserve Bank Board usually meets 11 times a year, on the first Tuesday of each month except in January. Five members form a quorum for a meeting of the Board. Consistent with the Reserve Bank Act, the Board makes decisions by a majority of the members present, with the Chair having a casting vote, if necessary.

Reserve Bank Board Meetings – 2021/22

Attendance by members

	No. of meetings attended	No. of meetings eligible to attend
Philip Lowe (Governor)	11	11
Guy Debelle (Deputy Governor) ^(a)	8	8
Michele Bullock (Deputy Governor) ^(b)	3	3
Steven Kennedy (Secretary to the Australian Treasury)	11	11
Mark Barnaba	11	11
Wendy Craik	11	11
Ian Harper	11	11
Carolyn Hewson	10	11
Carol Schwartz	11	11
Alison Watkins	11	11

(a) Guy Debelle's term on the Board ended on 16 March 2022.

(b) Michele Bullock's term on the Board commenced on 2 April 2022.

Reserve Bank Board meetings are usually held at the Reserve Bank's Head Office in Sydney. The Board also aims to meet in two other Australian cities each year. However, owing to the COVID-19 pandemic and domestic travel restrictions, in 2021/22 five meetings were held via videoconference, four meetings were held via hybrid arrangements with some members participating remotely, two meetings were held at the Bank's Head Office in Sydney, and no meetings were held interstate.

The Reserve Bank Board has an Audit Committee and a Remuneration Committee, whose activities are described below.

Audit Committee

The Audit Committee is constituted as a subcommittee of the Reserve Bank Board. The Audit Committee assists the Governor (as the Reserve Bank's accountable authority) and the Reserve Bank Board to fulfil certain obligations under the Reserve Bank Act and the PGPA Act, namely:

- it assists the Governor and the Reserve Bank Board by reviewing the appropriateness of the Reserve Bank's financial reporting, including the financial statements in the annual report
- it assists the Governor by reviewing the appropriateness of the Bank's:
 - performance reporting, including the annual performance statement in the annual report
 - systems of risk oversight and management
 - systems of internal control.

The charter of the Audit Committee is published on the Bank's website.^[1]

Membership of the Audit Committee comprises two non-executive members of the Reserve Bank Board, one of whom chairs the committee, and two external members, typically former senior audit partners of major accounting firms with extensive experience in auditing in the finance sector. Attendance by

[1] See RBA (2021), 'Reserve Bank Board Audit Committee Charter', September.



The Reserve Bank Board with members of staff; (clockwise from centre) Board members: Governor Philip Lowe, Deputy Governor Michele Bullock, Steven Kennedy PSM, Carol Schwartz AO, Mark Barnaba AM, Anthony Dickman (Reserve Bank Secretary), Ian Harper AO, Alison Watkins AM (Carolyn Hewson AO participated remotely via Zoom); staff members: Christopher Kent (Assistant Governor, Financial Markets) and Luci Ellis (Assistant Governor, Economic); (back row, from left) Penelope Smith (Deputy Secretary), Carl Schwartz (Acting Head, Domestic Markets Department), Matthew Boge (Acting Head, International Department), Marion Kohler (Head, Economic Analysis Department), August 2022

members at meetings of the Audit Committee during 2021/22 is shown in the table below, and members' qualifications and experience are provided in the chapter on the 'Reserve Bank Board'.

Audit Committee Meetings – 2021/22

Attendance by members

	No. of meetings attended	No. of meetings eligible to attend
Mark Barnaba ^(a)	4	4
Sandra Birkenleigh	4	4
Rahoul Chowdry	4	4
Alison Watkins ^(a)	4	4

(a) Member of the Reserve Bank Board.

Consistent with contemporary governance standards, none of the members of the Audit Committee is an employee or executive of the Reserve Bank. Representatives of the Bank's internal and external auditors participate in meetings as appropriate at the invitation of the Chair. The Deputy Governor attends meetings of the Committee on a regular basis as the chief representative of the Bank's management. Other regular attendees from the Bank's senior executive team are the Chief Financial Officer and the heads of the Audit and the Risk and Compliance departments; other Bank executives attend meetings of the Committee as required.

During 2021/22, the Audit Committee met on four occasions. At its August 2022 meeting, the Committee considered the draft consolidated financial statements for the Reserve Bank for the year ended 30 June 2022 and agreed that the statements be presented to the Governor and the Reserve Bank Board with its endorsement. The Committee meets at least annually with the external auditors without management present; for 2022/22, this occurred immediately prior to the August 2022 meeting.

Remuneration Committee

The Remuneration Committee of the Reserve Bank Board is established in terms of section 24A of the Reserve Bank Act to recommend to the Board 'terms and conditions relating to the remuneration and allowances' for the Governor and Deputy Governor. Membership of the Committee is drawn from the non-executive members of the Board and comprises Carol Schwartz (Chair), Wendy Craik and Ian Harper. During 2021/22, the Committee met on two occasions. Attendance by members at meetings of the Remuneration Committee during 2021/22 is shown in the table below.

Remuneration Committee Meetings – 2021/22

Attendance by members

	No. of meetings attended	No. of meetings eligible to attend
Carol Schwartz	2	2
Wendy Craik	2	2
Ian Harper	2	2

The offices of Governor and Deputy Governor are Principal Executive Offices in terms of the *Remuneration Tribunal Act 1973*, which provides for the Remuneration Tribunal to determine the applicable remuneration reference rate for these offices. The Remuneration Committee reviews the terms and conditions (including remuneration) applying to the Governor and Deputy Governor annually and recommends any adjustments to the Reserve Bank Board for approval, providing that such terms and conditions are consistent with the framework for Principal Executive Offices determined by the Remuneration Tribunal. In accordance with section 21A of the Reserve Bank Act, neither the Governor nor the Deputy Governor takes part in decisions of the Reserve Bank Board relating to the determination or application of any terms or conditions on which either of them holds office.

The Remuneration Committee is also kept informed of the general remuneration arrangements for Reserve Bank staff. The Committee communicates with the Remuneration Tribunal as required.

Payments System Board

The responsibilities of the Payments System Board are set out in the Reserve Bank Act. In particular, the Act requires the Payments System Board to ensure, within the limits of its powers, that the Reserve Bank's payments system policy is directed to the greatest advantage of the people of Australia and that its related powers are exercised in such a way that, in the Board's opinion, will best contribute to:

- a. controlling risk in the financial system
- b. promoting the efficiency of the payments system
- c. promoting competition in the market for payment services, consistent with the overall stability of the financial system.

The Payments System Board also has responsibility to ensure that the powers and functions of the Bank under Part 7.3 of the *Corporations Act 2001* (dealing with licensing of clearing and settlement facilities) are exercised in a way that will best contribute to the overall stability of the financial system.

The Payments System Board issues a separate annual report, which, as required under the Reserve Bank Act:

- informs the Australian Government of the Bank's role and activities in relation to payments system policy
- covers certain matters relating to the standards that the Bank determines under section 827D of the Corporations Act and developments in the clearing and settlement industry that are relevant to Australia's financial stability.

The Payments System Board comprises: the Governor, who is the Chair; one representative of the 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 2021/22 are shown below and details of the qualifications and experience of members are provided in the chapter on the 'Payments System Board'. Since its inception, the Board's practice has been to meet at least four times a year, with the option of meeting more often if needed. Six meetings were held in 2021/22: two at the Bank's Head Office in Sydney; and four via videoconference due to the COVID-19 pandemic and domestic travel restrictions. Five members form a quorum at a meeting of the Board or are required to pass a resolution without a meeting.

Payments System Board Meetings – 2021/22

Attendance by members

	No. of meetings attended	No. of meetings eligible to attend
Philip Lowe (Governor)	6	6
Michele Bullock (RBA)	6	6
Wayne Byres (APRA)	6	6
Gina Cass-Gottlieb	6	6
Scott Farrell ^(a)	1	1
Deborah Ralston	6	6
Greg Storey	6	6
Catherine Walter	6	6

(a) Scott Farrell's term on the Board commenced on 23 March 2022.

Conduct of Board members

On appointment to the Reserve Bank Board or 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 relevant board and the Reserve Bank.

Members must comply with the statutory obligations for officials of the Reserve Bank, including the general duties for officials set out in the PGPA Act. Members' obligations under the PGPA Act include, but are not limited to, obligations to exercise their powers and discharge their duties with care and diligence, honestly, in good faith and for a proper purpose. Members must not use their position, or 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.

In order for members of the Reserve Bank Board to discuss and decide monetary and financial stability policies, notwithstanding any material personal interest in the outcome, the Reserve Bank Act requires members to furnish a confidential disclosure of material personal interests to the Treasurer annually and, during the year, to notify any substantial change since their most recent annual disclosure.

Members of the Reserve Bank Board must declare to the other members of the Board any material personal interests they have in matters relating to the affairs of the Board other than monetary policy and financial stability. Members may give standing notice to other members outlining the nature and extent of a material personal interest in such matters.

Members of the Payments System Board must declare to the other members of the Board any material personal interest they have in a matter relating to the affairs of the Board. Members may give standing notice to other members outlining the nature and extent of a material personal interest.

Codes of conduct for members of the Reserve Bank Board and the Payments System Board supplement these statutory requirements and impose obligations on members that are designed to ensure the highest possible standards of ethical conduct. The codes of conduct, which are available on the Reserve Bank's website, provide general principles to guide the conduct of members in fulfilling their duties and responsibilities as Board members and address a range of matters, including conflicts of interest. In the case of the Reserve Bank Board, the Code of Conduct covers restrictions on undertaking, or being involved in, financial transactions of certain types at certain times.^[2]

Policy risk management framework and Board reviews

Risks associated with the formulation of monetary policy and payments system policy are the direct responsibility of the Reserve Bank Board and the Payments System Board, respectively. The Boards review these risks periodically as part of their decision-making processes. Operational risks are managed by executives in terms of the Reserve Bank's risk management framework, as discussed in the chapter on 'Risk Management'.

Towards the end of 2021, the Reserve Bank Board conducted its annual review of the key risks inherent in the formulation of monetary policy and the monetary policy risk register and control framework. The Board endorsed updates to the risk register to reflect a number of aspects relating to the exit from unconventional monetary policies and increased staff turnover and vacancies over the preceding year. At the same time, the Reserve Bank Board conducted its annual review of its own operation and processes, based on a survey of Board members. It concluded that Board processes were functioning effectively. Following the decision in November 2021 to discontinue the yield target, members agreed there would be merit in establishing general principles for responding in the event an unforeseen and urgent policy change might be necessary. Members also saw merit in reviewing the Board's governance arrangements relating to its role in policies other than monetary policy.

The performance of the Board's Audit and Remuneration committees is assessed as part of the annual review of the effectiveness of the Board itself. The most recent review concluded that the committees and their processes were functioning effectively. The review by the Audit Committee of its own processes

[2] See RBA (2021), 'Code of Conduct for Reserve Bank Board Members', July; RBA (2021), 'Code of Conduct for Payments System Board Members', August.

concluded that the Committee was operating effectively. Members supported the regular interaction between the Chair and senior management and saw merit in seeking opportunities for informal interactions among members and staff in relevant areas.

Towards the end of 2021, the Payments System Board also conducted its annual review of the key risks inherent in the consideration of payments policy and the payments policy risk register and control framework. No changes were made to the risk register, pending a broad review of the risk register planned for later in 2022, and the control framework was assessed to be operating effectively and managing risks adequately. At the same time, the Payments System Board conducted its annual review of its own operation and processes, based on a survey of Board members. It concluded that Board processes were functioning effectively. Members saw merit in discussions with industry participants – in particular, payments innovators and ‘disruptors’ – given the complexity and policy challenges from the continuing development of digital technologies. In addition, in response to the survey, the staff were requested to explore means to improve the accessibility of Board papers.

Review of the Reserve Bank

On 20 July 2022, the Treasurer announced the terms of reference of an independent Review of the Reserve Bank.^[3] The Review is designed to ensure that Australia’s monetary policy arrangements and the operations of the Bank continue to support strong macroeconomic outcomes for Australia in a complex and continuously evolving landscape. The Review will assess Australia’s monetary policy arrangements, including the objectives for monetary policy, the interaction of monetary policy with fiscal and macroprudential policies, the Bank’s performance in meeting its objectives, governance (including Board structure, experience and expertise, composition and the appointments process), and culture, management and recruitment processes. The Bank’s payments, financial infrastructure, banking and banknotes functions are not included in the Review.

A panel of three independent experts will conduct the Review and will be supported by a secretariat with Treasury and other staff. The Review panel will produce a final report with recommendations to the Australian Government by March 2023.

The Reserve Bank Board and staff welcome the Review and look forward to learning from it.

Other policy matters

The Governor reports annually to the Reserve Bank Board on the process of review and implementation of the key Reserve Bank policies that are determined and managed by the Governor. This report includes information on compliance arrangements. An annual report covering matters relating to work health and safety in the Bank is also presented to the Reserve Bank Board. These reports for 2021/22 will be provided to the Board at its October 2022 meeting.

Conflicts of interest and payments policy matters

The Reserve Bank has several distinct areas of responsibility in the Australian payments system: it owns, operates and participates in Australia’s real-time gross settlement (RTGS) system, the Reserve Bank Information and Transfer System (RITS); it is a provider of transactional banking services to the Australian

[3] See Australian Government, ‘Review of the Reserve Bank of Australia’.

Government and its agencies; and it is the principal regulator of the payments system through the Payments System Board.

While the various functions are distinct, their existence in the one institution may give rise to concerns about actual or perceived conflicts of interest. The Payments System Board and senior management of the Bank take 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 Reserve Bank has policies in place for avoiding conflicts and dealing with them when they do occur. The Payments System Board has adopted a policy on the management of conflicts of interest, which is published on the Bank's website.^[4] The most recent review of that policy by the Payments System Board occurred in May 2022. The policy focuses on interactions between the Bank's Payments Policy and Banking departments. Details of the steps taken to achieve compliance with the policy, including the minutes of informal meetings between departments, are audited regularly, with the results presented to the Payments System Board. In May 2022, the Board approved a change from biennial to triennial audits. The most recent audit was conducted in March 2022 and was reviewed by the Board in May 2022.

The conflicts of interest policy was also amended during the year to reflect changes to the Reserve Bank's involvement with NPP Australia Ltd (NPPA). The Bank was one of the 13 original shareholders of NPPA; consistent with the policy, the Bank had in place a formal Memorandum of Understanding with NPPA setting out a framework for engagement and information sharing. The Memorandum of Understanding was discontinued following the merger of NPPA with two other domestic payment schemes in February 2022; at that time, the Bank redeemed its shares in NPPA and is not a shareholder of the new entity.

In the case of the Reserve Bank's oversight of RITS, the Payments System Board has a governance role in managing conflicts of interest. In particular, while the internal Financial Market Infrastructure Review Committee has formal responsibility to review and approve assessments of other financial market infrastructures, the Board retains primary responsibility for approving the staff's periodic assessments of RITS.

Induction of Board members

An induction program assists newly appointed members of the Reserve Bank Board and the Payments System Board in understanding their role and responsibilities, and provides them with an overview of the Bank's role in the conduct of monetary policy or the payments system (as applicable) as well as details of relevant developments in preceding years. Separate briefing sessions are tailored to meet particular needs and interests.

Remuneration and allowances

Remuneration and travel allowances for the non-executive members of the Reserve Bank Board and the Payments System Board are set by the Remuneration Tribunal. Remuneration of Reserve Bank Board members for their membership of the Audit Committee is determined by the Remuneration Tribunal. The Bank's longstanding practice has been to provide the same level of remuneration to members of the Audit Committee who are not also members of the Reserve Bank Board. Membership of the Remuneration

[4] See RBA (2022), 'Managing Potential Conflicts of Interest Arising from the Bank's Commercial Activities', May.

Committee is not remunerated. The remuneration of each member of the Reserve Bank Board, the Payments System Board and the Audit Committee is provided in the chapter on 'Our People'.

Note Printing Australia Limited

Note Printing Australia Limited (NPA) is a wholly owned subsidiary of the Reserve Bank operating under a charter reviewed and approved annually by the Reserve Bank Board. NPA's prime function is the efficient and cost-effective production of high-quality and secure Australian banknotes, in accordance with specifications and requirements set by the Reserve Bank. NPA also produces banknotes for other issuing authorities, Australian passport booklets and other security products.

NPA is governed by a board of directors appointed by the Reserve Bank. As at the date of this report, the NPA Board comprised four Reserve Bank executives and an external director: Susan Woods (Assistant Governor, Corporate Services) as Chair; Greg Johnston (Head of Payments Settlements Department) as alternate Chair; Emma Costello (Chief Financial Officer); Keith Drayton (Head of Risk and Compliance Department); and Ross Pilling, who has held multiple senior management roles and directorships in the manufacturing sector. The NPA Board has an Audit and Risk Committee, whose membership comprises Keith Drayton (Chair), Emma Costello and an external member, Megan Haas, a former PricewaterhouseCoopers partner with a strong background in cybersecurity and risk assurance across a broad range of industries, including manufacturing.

More detail about the activities and operational structure of NPA is provided in the chapters on 'Banknotes' and 'Operational Structure'.

Indemnities for Board members and staff

Members of the Reserve Bank Board and the Payments System Board are indemnified to the extent permitted by law against liabilities incurred by reason of their appointment to the relevant Board or by virtue of holding and discharging such office. Members of the Audit Committee who are not members of the Reserve Bank Board are indemnified on substantially the same terms as the indemnities given to Reserve Bank Board members.

Certain other indemnities, all given prior to 1 July 2014, continue. These are:

- an indemnity to senior staff of the Bank in relation to liabilities they may have incurred in the conduct of their duties at the Bank (this indemnity covers liability in relation to events over a period ending on 31 March 2017)
- indemnities to current and former senior staff and former Reserve Bank Board members who, at the request of the Bank, formerly served on the board of NPA or the board of CCL Secure Pty Limited (formerly Innovia Security Pty Ltd and, prior to that, Securrency International Pty Ltd).

Indemnities given prior to 1 July 2014 were in accordance with section 27M of the *Commonwealth Authorities and Companies Act 1997* (CAC Act), which specified when indemnity for liability and legal costs was not allowed. Indemnities given after 1 July 2014, when the CAC Act was repealed, contain contractual restrictions reflecting the substance of the previous CAC Act restrictions. Section 22B in the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) imposes limits on the granting of indemnities by corporate Commonwealth entities in relation to liabilities incurred from 28 February 2020. Indemnities issued by the Reserve Bank to two new members of the Reserve Bank Board since that date

were consistent with the indemnity template approved by the Reserve Bank Board in March 2017 as amended by the Governor under the authority of the Reserve Bank Board to ensure that the template reflects the terms of section 22B of the PGPA Rule. The changes to the indemnity template do not materially change the approach to the Bank's indemnification of members of the Reserve Bank Board, the Payments System Board and the Audit Committee.

The Bank's policy on Assistance to Staff for Legal Proceedings applies in relation to events on or after 1 April 2017. This policy applies to all staff, not only senior staff, and is closely based on the rules that apply to the provision of assistance to staff for legal proceedings in non-corporate Commonwealth entities set out in Appendix E to the *Legal Services Directions 2017*. This policy states that assistance will not be provided when section 22B of the PGPA Rule forbids it. No assistance has been provided under this policy since its introduction in 2017.

As the Reserve Bank does not take out directors' and officers' insurance in relation to members of its Boards or other officers, no premiums were paid for any such insurance in 2021/22.

Accountability

The Reserve Bank Board has an obligation to inform the Australian Government of its monetary policy 'from time to time'. This obligation is discharged mainly by regular contact between the Governor and other senior executives and the Treasurer, who is the Bank's responsible Minister (in the reporting period, the Hon Jim Chalmers MP and the Hon Josh Frydenberg MP), usually by way of regular discussions. The Governor also meets regularly with the House of Representatives Standing Committee on Economics.

The House of Representatives Standing Committee on Economics has, in its Standing Orders, an obligation to review the annual report of the Reserve Bank and the annual report of the Payments System Board. The Committee typically holds twice-yearly public hearings, at which the Bank presents its views on the economy and financial markets and other matters pertaining to the Bank's operations, and responds to questions from Committee members. For this purpose, in 2021/22 the Governor and senior Bank officers attended hearings of the Committee on 6 August 2021 and 11 February 2022 via videoconference. The Committee's report on the three hearings in 2020/21 and the two hearings in 2021/22 was issued on 25 March 2022.

In 2020/21, the Reserve Bank was requested to attend hearings of the Senate Economics Legislation Committee (Senate Estimates) to answer questions about monetary policy and other aspects of its central banking activities. For this purpose, the Deputy Governor and Assistant Governor (Financial System) attended Supplementary Estimates hearings of the Committee on 28 October 2021 and 16 February 2022 by videoconference, and the Deputy Governor and Assistant Governor (Financial Markets) attended a Budget Estimates hearing of the Committee on 6 April 2022, also by videoconference. Following each of these hearings, the Bank responded to a series of questions on notice and questions in writing from senators.

During 2021/22, senior Reserve Bank officers gave evidence to inquiries held by the Joint Committee on Corporations and Financial Services (July 2021), the Joint Standing Committee on Trade and Investment Growth (August 2021), the Standing Committee on Tax and Revenue (September and November 2021) and the Senate Legal and Constitutional Affairs References Committee (November 2021).

The Reserve Bank seeks to ensure a high degree of transparency about its goals, activities and the basis of its policy decisions. Transparency facilitates the Bank's accountability and increases the effectiveness of

policy decisions by promoting a better understanding of those decisions in the community. The Bank communicates regularly through publications and speeches, and engages with the community through its regional and industry liaison program. For more details, see the chapter on ‘Communication and Community Engagement’.

Under section 46 of the PGPA Act, the Governor is responsible for preparing this annual report and providing it to the Treasurer for presentation to the Parliament, following approval by the Reserve Bank Board of the Bank’s annual financial statements. That approval was given by the Board at its meeting on 6 September 2022.

No report on the Reserve Bank was issued in 2021/22 by the Commonwealth Ombudsman, the Office of the Australian Information Commissioner or the Auditor-General, apart from those dealing with the audit of the Bank’s annual financial statements. The Australian National Audit Office published its ‘Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2021’ on 14 December 2021 and its ‘Interim Report on Key Financial Controls of Major Entities’ on 9 June 2022; the Reserve Bank was one of the entities covered in both of these reports.

Freedom of Information (FOI)

The Reserve Bank is an Australian Government agency subject to the *Freedom of Information Act 1982* (FOI Act). As required by Part II of the FOI Act, the Bank publishes information as part of the Information Publication Scheme (IPS). Details of the Bank’s obligations under the FOI Act and the IPS can be found on the Bank’s website.^[5]

The Reserve Bank received 23 requests for access to documents under the FOI Act in 2021/22. Access was granted in full in relation to five requests, in part in relation to four requests, and was denied in relation to nine requests. No relevant documents were found in response to two requests. Two requests were withdrawn. One request was outstanding at the end of the financial year and was answered in July 2022. Information released in response to FOI access requests was published on the Reserve Bank’s website, as required by the FOI Act; RSS feeds to these releases were also made available.

Two applications were received for the internal review of an FOI decision made by the Reserve Bank in 2021/22. Following consultation with each applicant, and clarification of the exemptions claimed in each case (section 45, material received in confidence), each application was subsequently withdrawn.

The estimated amount of time staff spent dealing with all aspects of FOI requests in 2021/22 was around 355 hours, compared with around 602 hours in 2020/21. The total cost to the Reserve Bank of administering the FOI Act in 2021/22 is estimated to have been around \$52,274. No processing charges were received in 2021/22.

Other reporting requirements under the PGPA Act

The statutory reporting obligations applying to the Reserve Bank, including those that are covered elsewhere in this report, are identified in the ‘Statutory Reporting Requirements Index’.

[5] See RBA, ‘Freedom of Information (FOI)’.

Ministerial directions

The Reserve Bank received no directions from its responsible Minister (the Treasurer) or from any other Minister during 2021/22.

Government policy orders

No government policy orders under section 22 of the PGPA Act applied in relation to the Reserve Bank during 2021/22.

Compliance with finance law

No issues relating to non-compliance by the Reserve Bank with finance law were reported to the Bank's responsible Minister (the Treasurer) under paragraph 19(1)(e) of the PGPA Act.

Transactions with related entities

In accordance with the PGPA Act, the Reserve Bank is required to disclose certain transactions with related entities. During 2021/22, the Reserve Bank donated \$50,000 to the Financial Markets Foundation for Children, which is managed by a Board of Directors chaired by the Governor of the Reserve Bank. The Bank has made an annual donation of \$50,000 to the Foundation since 2002/03; the decision to continue making this donation is subject to annual review by the Bank.

Significant activities or changes affecting the Reserve Bank

There were no significant activities or changes that affected the operations or structure of the Reserve Bank in 2021/22.

Judicial decisions or decisions of administrative tribunals

There were no judicial decisions or decisions of administrative tribunals made during 2021/22 that have had, or may have, a significant effect on the operations of the Reserve Bank. ✖

