

Chapter 1

Introduction

1.1 On 12 December 2013, the Senate referred the Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013 to the Economics Legislation Committee for inquiry and report by 26 March 2014.¹ The Senate subsequently extended the reporting date on four occasions: first to 25 June 2014, then to 28 August and 4 December 2014 and finally to 31 March 2015.

1.2 The bill is a private senators' bill co-sponsored by Senators John Madigan and Nick Xenophon. It proposes to amend the *Reserve Bank Act 1959* to establish an Australian Reconstruction and Development Board (ARDB) of the Reserve Bank of Australia (RBA). The ARDB would have the task of forming and implementing a rural reconstruction and development policy.

1.3 Bills containing similar proposals were introduced into the House of Representatives and the Senate during the 43rd Parliament. They lapsed, however, as a result of the prorogation of the Parliament that occurred prior to the 2013 federal election.² The bill before this committee contains some drafting changes that differentiate it from its precursor bills.

Conduct of the inquiry

1.4 The committee advertised the inquiry on its website and in *The Australian*. It also wrote to relevant stakeholders and interested parties inviting submissions. The committee received 145 submissions, which are listed at Appendix 1. On 18 March 2015, the committee held a public hearing in Canberra. A list of witnesses is at Appendix 3.

1.5 The committee thanks all the individuals and organisations that provided a submission to this inquiry and who gave oral evidence.

Consideration of the bill by legislative scrutiny committees

1.6 When examining a bill or draft bill, the committee takes into account any relevant comments published by the Senate Standing Committee for the Scrutiny of Bills. The committee has also considered the comments on the bill made by the

1 *Journals of the Senate*, 2013, no. 11 (12 December 2013), pp. 361–62.

2 The private member's bill was introduced by the Hon Bob Katter MP on 17 June 2013 and shares the same short title as this bill. The private senator's bill was introduced by Senator Xenophon on 27 June 2013 and has the short title: Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013 [No. 2]. Neither bill was referred to a committee for inquiry.

Parliamentary Joint Committee on Human Rights (PJCHR). The findings of the two legislative scrutiny committees are outlined briefly below.

Senate Scrutiny of Bills Committee

1.7 The Senate Standing Committee for the Scrutiny of Bills assesses legislative proposals against a set of accountability standards that focus on the effect of proposed legislation on individual rights, liberties and obligations, and on parliamentary propriety. The Scrutiny of Bills Committee considered the bill in its ninth *Alert Digest* of 2013. It made no comment on the bill.³

Parliamentary Joint Committee on Human Rights

1.8 One of the functions of the PJCHR is to examine bills for compatibility with human rights, and to report to both Houses of the Parliament on that issue.⁴ The PJCHR considered the bill in its first report of the 44th Parliament. The PJCHR sought further information from Senators Madigan and Xenophon regarding how the power to terminate the appointment of the RBA's representative on the proposed ARDB would be compatible with the right to work.⁵

1.9 The bill provides that the RBA representative must be a member of the Reserve Bank Board or a staff member of the Reserve Bank Service.⁶ Under the bill as currently drafted, the RBA Governor may terminate the appointment of the RBA's representative at any time. The removal of an individual which is the RBA representative on the proposed ARDB, however, would not appear to affect his or her service on the Reserve Bank Board or employment at the RBA, whichever is applicable.

Structure of this report

1.10 This report comprises five chapters including this introductory chapter and:

- Chapter 2—provides background information about the current role of the RBA and of the former Commonwealth Development Bank and an explanation of the proposed ARDB;
- Chapter 3—discusses the challenges facing regional Australia and how the proposed legislative changes are intended to meet these challenges;

3 Senate Standing Committee for the Scrutiny of Bills, *Alert Digest*, no. 9 of 2013, p. 33.

4 *Human Rights (Parliamentary Scrutiny) Act 2011*, s. 7(a).

5 Parliamentary Joint Committee on Human Rights, *Examination of legislation in accordance with the Human Rights (Parliamentary Scrutiny) Act 2011: Bills introduced 12 November – 5 December 2013; Legislative Instruments received 8 June – 22 November 2013*, First Report of 44th Parliament, December 2013, pp. 49–50.

6 Schedule 1, item 19, proposed new section 25NB.

- Chapter 4—identifies the main issues that arose when considering the proposed ARDB, including the approach to rural development adopted by various governments and how the proposed ARDB relates to the RBA's current role; and
- Chapter 5—presents the committee's findings and recommendations.

