

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 34

**Topic: Reserve Bank of Australia –
Register for Appointments**

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Senator BUSHBY asked:

Senator BUSHBY—I checked with the secretary of the committee this morning and he thought this was the appropriate place to ask these questions to do with the Reserve Bank. As I understand it, future appointments to the board of the Reserve Bank will be drawn from a register of eminent candidates of the highest integrity to be maintained by the Secretary to the Treasury and the RBA Governor. The Treasurer will make new appointments from persons on the register. Can you outline the criteria the Secretary to the Treasury and the bank governor will apply when considering which persons may be of the highest integrity?

Senator Sherry—I do not have those specifics in front of me. If we do not have them we can take it on notice or if someone is able to obtain them I outline them to you.

Senator BUSHBY—I am happy for you to take it on notice. Will there be any specific selection criteria that potential eminent candidates will need to meet to be considered for inclusion?

Dr Gruen—We are working on the details of this proposal at the moment. When we have given advice to the Treasurer about that, the government will make a decision about exactly what it wants to do.

Senator BUSHBY—I have a couple more questions that are not so specific to the mechanisms. Can you guarantee that neither the secretary of the Treasury nor the bank governor will discuss persons being considered as potential candidates to be included on the register with the Treasurer or the Prime Minister or any other member of the government prior to their being entered on the register?

Senator Sherry—As has been indicated, these criteria are under development. They have not been finalised.

Senator BUSHBY—In terms of the criteria for how the Treasurer and the Reserve Bank Governor go about this, I understand that needs to be developed, but this is more of a policy issue. Will the government undertake that it will not be discussing potential candidates?

Senator Sherry—As I said, this process is under development. Once that development is finalised and the Treasurer publishes the policy we will know what its contents are.

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Senator BUSHBY—At this stage you are not in a position to deny that there may be some contact between the government and the Department of Treasury or the Secretary to Treasury and the Reserve Bank Governor prior to persons being entered on the register?

Senator Sherry—Let us wait until we see the final guidelines/parameters and they are published by the Treasurer.

Senator BUSHBY—Do you know whether it will be possible for persons to nominate themselves or others for consideration by the secretary and the governor?

Senator Sherry—Again, let us wait until we see the final guidelines. I am happy to take your pre-emptive questions on notice and give them holding status until the Treasurer makes his announcement after the guidelines are finalised. I am happy to some extent be pre-emptive and if the issues are not dealt with in those guidelines—

Senator BUSHBY—I will place those on notice with the committee with a view to your answering that.

Senator Sherry—I am sure we can get a response.

Answer:

As announced in a joint media release with the Prime Minister on December 6, 2007 the Treasurer stated that the Secretary to the Treasury and the Governor of the Reserve Bank of Australia (RBA) will maintain a register of eminent candidates of the highest integrity from which the Treasurer will make appointments to the Reserve Bank Board. This is one of the reforms introduced to enhance the transparency and independence of the RBA.

In considering any potential candidate for inclusion on the register, the Secretary and the Governor will evaluate the individual in question against the following selection criteria:

- a high degree of personal integrity;
- political independence – current or former Members of Parliament (either at a State or Federal level), office bearers of major political parties or registered lobbyists will not be considered for placement on the register;
- extensive leadership and governance experience – this would typically include leadership experience in a large and influential organisation, or demonstrated intellectual leadership; and
- sufficient grasp of economic and financial matters to contribute meaningfully to the Board's monetary policy deliberations.