

RESERVE BANK ACT 1959

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Part I. Preliminary

Section 1

Short title This Act may be cited as the "Reserve Bank Act 1959".

Section 2

Commencement This Act shall come into operation on a date to be fixed by Proclamation.

Section 4

Repeal and saving

(1)

The following Acts are repealed:

- "Commonwealth Bank Act 1945";
- "Commonwealth Bank Act 1948";
- "Commonwealth Bank Act 1951";
- "Commonwealth Bank Act 1953".

(2)

Subsection (1) does not affect the operation of any amendment of an Act made by an Act referred to in that subsection or any provision for the citation of an Act as so amended.

Section 5

Interpretation

(1)

In this Act, unless the contrary intention appears:

"ADI" (authorised deposit-taking institution) means a body corporate that is an ADI for the purposes of the "Banking Act 1959".

"APRA" means the Australian Prudential Regulation Authority.

"APRA Board member" means a member of APRA's Board of management, including its Chair and its Chief Executive Officer.

"APRA staff member" has the same meaning as in the "Australian Prudential Regulation Authority Act 1998".

"Australia" includes the Territories.

"Deputy Governor" means the Deputy Governor of the Bank.

"monetary and banking policy" means monetary and banking policy for the purposes of the Bank's functions or powers under this Act or any other Act, but does not include payments system policy.

"officer of the Reserve Bank Service" means an officer appointed under Part VII.

"officer" or "officer of the Bank" means an officer of the Reserve Bank Service.

"payment system" has the same meaning as in the "Payment Systems

(Regulation)

Act 1998".

"payments system policy" means policy for the purposes of the Bank's functions or powers under the "Payment Systems (Regulation) Act 1998" and the "Payment Systems and Netting Act 1998".

"repealed Act" means an Act repealed by this Act or by the "Commonwealth Bank Act 1945".

"statutory office" means the office of Governor or Deputy Governor.

"the Bank" or "the Reserve Bank" means the Reserve Bank of Australia.

"the former Commonwealth Bank of Australia" means the Commonwealth Bank of Australia established under the "Commonwealth Bank Act 1911" and continued in existence under the "Commonwealth Bank Act 1945".

"the Governor" means the Governor of the Bank.

(2)

Unless the contrary intention appears, a reference in this Act to an Act includes a reference to regulations made under that Act.

Section 6

Application to Territories Subject to section 6A, this Act extends to all the Territories.

Section 6A

Cessation of application to Territory

(1)

The Treasurer may, by notice published in the "Gazette", declare that, on a date specified in the notice, this Act shall cease to extend to an external Territory specified in the notice, and, on and after the date specified in such a notice, this Act, other than subsection (2) of this section, does not extend to the Territory so specified and a reference in this Act, other than this section, to a Territory does not include a reference to the Territory so specified.

(2)

Section 8 of the "Acts Interpretation Act 1901" applies in relation to a notice published under this section as if the notice were an Act repealing this Act to the extent that, immediately before the date specified in the notice, this Act extended to the Territory specified in the notice.

Section 6B

Application of Criminal Code The "Criminal Code" applies to all offences against this Act.

Part II--Constitution, policy and management of the Reserve Bank

Division 1--Constitution of the Reserve Bank

Section 7

The Reserve Bank of Australia

(1)

Notwithstanding the repeal effected by subsection 4(1), the body corporate established under the "Commonwealth Bank Act 1911" and continued in existence under the "Commonwealth Bank Act 1945", under the name Commonwealth Bank of Australia:

(a)

is preserved and continues in existence as a body corporate under and subject to the provisions of this Act, under the name Reserve Bank of Australia, but so that the corporate identity of the body corporate shall not be affected;

(b)

shall have a seal; and

(c)

is capable of acquiring, holding and disposing of real and personal property and of suing and being sued.

Note: Subject to section 7A, the "Commonwealth Authorities and Companies Act 1997" applies to the Bank. That Act deals with matters relating to Commonwealth authorities, including reporting and accountability and conduct of officers.

Section 7A

Special provisions relating to how the Commonwealth Authorities and Companies Act 1997 applies to the Bank

(1)

Sections 14 and 18 of the "Commonwealth Authorities and Companies Act 1997" do not apply in relation to the Bank.

(2)

For the purposes of the "Commonwealth Authorities and Companies Act 1997", the members of the Reserve Bank Board (rather than the members of the Payments System Board) are the directors of the Bank.

(3)

However, sections 21 to 27 of the "Commonwealth Authorities and Companies Act 1997", and Schedule 2 to that Act, apply to the members of the Payments System Board as though they were directors of the Bank.

Section 8

General powers The Bank has such powers as are necessary for the purposes of this Act and any other Act conferring functions on the Bank and, in particular, and in addition to any other powers conferred on it by this Act and such other Acts, has power:

(a)

to receive money on deposit;

(b)

to borrow money;

(c)

to lend money;

(d)

to buy, sell, discount and re-discount bills of exchange, promissory notes and treasury bills;

(e)

to buy and sell securities issued by the Commonwealth and other securities;

(f)

to buy, sell and otherwise deal in foreign currency, specie, gold and other precious metals;

(g)

to establish credits and give guarantees;

(h)

to issue bills and drafts and effect transfers of money;

(i)

to underwrite loans; and

(j)

to do anything incidental to any of its powers.

Division 2--Policy and management of the Reserve Bank

Section 8A

The Boards of the Bank

(1)

The Bank has 2 Boards:

(a)

the Reserve Bank Board; and

(b)

the Payments System Board.

(2)

The Reserve Bank Board is responsible for the Bank's monetary and banking policy, and the Bank's policy on all other matters, except for its payments system policy (see section 10).

(3)

The Payments System Board is responsible for the Bank's payments system policy (see section 10B).

(4)

Disagreements between the Boards are to be resolved in accordance with section 10C.

(5)

For how the "Commonwealth Authorities and Companies Act 1997 "applies in relation to the 2 Boards, see subsections 7A(2) and (3).

Section 9

Establishment of Reserve Bank Board There shall be a Reserve Bank Board, which shall be constituted as provided by Part III.

Section 10

Functions of Reserve Bank Board

(1)

Subject to this Part, the Reserve Bank Board has power to determine the policy of the Bank in relation to any matter, other than its payments system policy, and to take such action as is necessary to ensure that effect is given by the Bank to the policy so determined.

(2)

It is the duty of the Reserve Bank Board, within the limits of its powers, to ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia and that the powers of the Bank under this Act and any other Act, other than the "Payment Systems

(Regulation)

Act 1998" and the "Payment Systems and Netting Act 1998", are exercised in such a manner as, in the opinion of the Reserve Bank Board, will best contribute to:

(a)

the stability of the currency of Australia;

(b)

the maintenance of full employment in Australia; and

(c)

the economic prosperity and welfare of the people of Australia.

Section 10A

Establishment of Payments System Board There is to be a Payments System Board of the Reserve Bank which is to be constituted as provided in Part IIIA

Section 10B

Functions of Payments System Board

(1)

The Payments System Board has power to determine the Bank's payments system policy.

(2)

The Payments System Board has power to take whatever action is necessary to ensure that the Bank gives effect to the policy it determines.

(3)

It is the duty of the Payments System Board to ensure, within the limits of its powers, that:

(a)

the Bank's payments system policy is directed to the greatest advantage of the people of Australia; and

(b)

the powers of the Bank under the "Payment Systems (Regulation) Act 1998" and the "Payment Systems and Netting Act 1998" are exercised in a way that, in the Board's opinion, will best contribute to:

(i)

controlling risk in the financial system; and

(ii)

promoting the efficiency of payments system; and

(iii)

promoting competition in the market for payment services, consistent with the overall stability of the financial system.

Section 10C

Resolving differences between the Boards

(1)

If a policy determined by the Reserve Bank Board and a policy determined by the Payments System Board are inconsistent:

(a)

the Reserve Bank Board's policy prevails; and

(b)

the Payments System Board's policy has effect as if it were modified to remove the inconsistency.

(2)

If there is a disagreement between the Reserve Bank Board and the Payments System Board as to:

(a)

whether there is an inconsistency of policy to which subsection (1) applies, or the extent of such an inconsistency; or

(b)

the effect of paragraph (1)(b) on a policy of the Payments System Board;
the disagreement is to be resolved as determined by the Governor.

(3)

If there is a disagreement between the Reserve Bank Board and the Payments System Board as to which of the Boards is responsible for determining the Bank's policy on a matter, the disagreement is to be resolved as determined by the Governor.

Section 11

Differences of opinion with Government on questions of policy

(1)

The Government is to be informed of the Bank's policy as follows:

(a)

the Reserve Bank Board is to inform the Government, from time to time, of the Bank's monetary and banking policy;

(b)

the Payments System Board is to inform the Government, from time to time, of the Bank's payments system policy.

(2)

In the event of a difference of opinion between the Government and one of the Boards (the "relevant Board") about whether a policy determined by the relevant Board is directed to the greatest advantage of the people of Australia, the Treasurer and the relevant Board shall endeavour to reach agreement.

(3)

If the Treasurer and the relevant Board are unable to reach agreement, the relevant Board shall forthwith furnish to the Treasurer a statement in relation to the matter in respect of which the difference of opinion has arisen.

(4)

The Treasurer may then submit a recommendation to the Governor-General, and the Governor-General, acting with the advice of the Federal Executive Council, may, by order, determine the policy to be adopted by the Bank.

(5)

The Treasurer shall inform the relevant Board of the policy so determined and shall, at the same time, inform the relevant Board that the Government accepts responsibility for the adoption by the Bank of that policy and will take such action (if any) within its powers as the Government considers to be necessary by reason of the adoption of that policy.

(6)

The relevant Board shall thereupon ensure that effect is given to the policy determined by the order and shall, if the order so requires, continue to ensure that effect is given to that policy while the order remains in operation.

(7)

The Treasurer shall cause to be laid before each House of the Parliament, within 15 sitting days of that House after the Treasurer has informed the relevant Board of the policy determined under subsection (4):

(a)

a copy of the order determining the policy;

(b)

a statement by the Government in relation to the matter in respect of which the difference of opinion arose; and

(c)

a copy of the statement furnished to the Treasurer by the relevant Board under subsection (3).

Section 12

Management of the Bank

(1)

There shall be a Governor of the Bank and a Deputy Governor of the Bank, who shall be appointed and hold office as provided by Part III.

(2)

Subject to sections 10 and 10B, the Bank shall be managed by the Governor.

(3)

The Deputy Governor shall perform such duties as the Governor directs and, in the event of a vacancy in the office of Governor, the Deputy Governor shall perform the duties of the Governor and shall have and may exercise the powers and functions of the Governor.

Section 13

Governor and Secretary to Treasury to establish liaison The Governor and the Secretary to the Department of the Treasury shall establish a close liaison with each other and shall keep each other fully informed on all matters which jointly concern the Bank and the Department of the Treasury.

Part III--The Reserve Bank Board and the Governor and Deputy Governor of the Bank

Section 14

Membership of Reserve Bank Board

(1)

The Reserve Bank Board shall consist of:

(a)

the Governor;

(b)

the Deputy Governor;

(c)

the Secretary to the Department of the Treasury; and

(d)

6 other members, who shall be appointed in writing by the Governor-General in accordance with this section.

(2)

Of the 6 members appointed under paragraph (1)(d), at least 5 shall be persons who are not officers of the Bank or of the Australian Public Service.

(3)

A member appointed under paragraph (1)(d) who is an officer of the Bank or of the Australian Public Service at the time of his or her appointment holds office during the pleasure of the Governor-General.

(4)

A member appointed under paragraph (1)(d) who is not an officer of the Bank or of the Australian Public Service:

(a)

is to be appointed for a period, not exceeding 5 years, specified in the instrument of appointment; and

(b)

holds office subject to good behaviour.

Section 15

Remuneration of members

(1)

A member of the Reserve Bank Board shall be paid such remuneration (if any) as is determined by the Remuneration Tribunal.

(2)

A member of the Reserve Bank Board shall be paid such allowances as are prescribed.

(3)

This section has effect subject to the " Remuneration Tribunal Act 1973".

(4)

A reference in this section to a member of the Reserve Bank Board does not include a reference to the Governor or the Deputy Governor.

Section 16

Declaration by members

(1)

A member of the Reserve Bank Board shall, before entering upon his or her duties or exercising any power under this Act, make, before a Justice of the Peace or a Commissioner for taking Affidavits, an oath or affirmation of allegiance in accordance with the form in the Schedule to the Constitution and a declaration of secrecy in accordance with the prescribed form.

(2)

However, the member does not have to do so if he or she is also a member of the Payments System Board and has made an oath or affirmation, and a declaration of secrecy, under section 25E.

Section 17

Disqualifications from membership

(1)

Subject to subsection (2), a person who is a director, officer or employee of a corporation (other than the Reserve Bank) the business of which is wholly or mainly that of banking is not capable of appointment, or of continuing to act, as a member of the Reserve Bank Board.

Section 18

Termination of appointment

(1)

If a member of the Reserve Bank Board appointed under paragraph 14(1)(d):

(a)

becomes permanently incapable of performing his or her duties;

(b)

becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration for their benefit;

(c)

resigns his or her office by writing under his or her hand addressed to the Governor-General;

(d)

is absent, except on leave granted by the Reserve Bank Board in accordance with section 18A, from all meetings of the Reserve Bank Board held during 2 consecutive months or during any 3 months in any period of 12 months; or

(e)

fails to comply with his or her obligations under subsection 18A(3) or section 21 of the "Commonwealth Authorities and Companies Act 1997";

the Governor-General shall terminate his appointment.

(2)

In this section, "month" means any of the 12 months of the year.

Section 18A

Leave of absence

(1)

This section applies to a member appointed under paragraph 14(1)(d).

(2)

The Reserve Bank Board may grant to a member leave of absence from a meeting of the Reserve Bank Board.

(3)

A member must not take part in a decision of the Reserve Bank Board granting, or refusing to grant, leave to the member.

Section 20

Chairperson and Deputy Chairperson

(1)

The Governor shall be the Chairperson of the Reserve Bank Board and the Deputy Governor shall be the Deputy Chairperson of the Reserve Bank Board.

Note: For the manner in which the Chairperson and Deputy Chairperson may be referred to, see section 18B of the "Acts Interpretation Act 1901".

Section 21

Meetings of Reserve Bank Board

(1)

The Reserve Bank Board shall meet at such times and places as the Reserve Bank Board determines or as the Chairperson or the Deputy Chairperson directs.

(2)

Subject to section 21A, the Chairperson shall preside at all meetings of the Reserve Bank Board at which he or she is present and, in the absence of the Chairperson, the Deputy Chairperson shall preside.

(3)

5 members form a quorum at a meeting of the Reserve Bank Board.

(4)

Questions arising at a meeting of the Reserve Bank Board shall be decided by a majority of the votes of the members present and voting.

(5)

The member presiding at a meeting of the Reserve Bank Board shall have a deliberative vote and, in the event of an equality of votes, shall also have a casting vote.

Section 21A

Exclusion of Governor and Deputy Governor from certain deliberations

(1)

The Governor and the Deputy Governor shall not be present during any deliberation of the Reserve Bank Board, or take part in any decision of the Reserve Bank Board, in relation to the determination or application of any terms or conditions on which the Governor or the Deputy Governor holds office.

(2)

Where the Governor and the Deputy Governor are required by subsection (1) not to be present during deliberations of the Reserve Bank Board, the members present shall appoint one of their number to preside.

Section 22

Deputy Secretary may attend meetings of Reserve Bank Board A Deputy Secretary in the Department nominated in writing for the purpose by the Secretary to the Department may attend a meeting of the Reserve Bank Board at which the Secretary is not present and, where the Deputy Secretary attends a meeting pursuant to this section, the Deputy Secretary shall, for the purposes of this Part, be deemed to be a member of the Reserve Bank Board.

Section 22A

Conduct of meetings The Reserve Bank Board may regulate proceedings at its meetings as it considers appropriate. However, proceedings at a meeting must not be inconsistent with this Part.

Note: Section 33B of the "Acts Interpretation Act 1901" contains further information about the ways in which members may participate in meetings.

Section 22B

Resolutions without meetings A resolution is taken to have been passed at a meeting of the Reserve Bank Board if:

(a)

the Reserve Bank Board has determined:

(i)

that resolutions may be passed in accordance with this section; and

(ii)

the method of indicating agreement with a resolution passed in accordance with this section; and

(b)

without meeting, a majority of the members indicate agreement with the resolution in accordance with the method determined by the Reserve Bank Board; and

(c)

the majority would have constituted a quorum at a meeting of the Reserve Bank Board; and

(d)

all members were informed of the proposed resolution, or reasonable efforts were made to inform all members of the proposed resolution.

Section 24

Governor and Deputy Governor

(1)

The Governor and the Deputy Governor:

(a)

shall be appointed by the Governor-General;

(b)

shall be appointed for such period, not exceeding 7 years, as the Governor-General determines but are eligible for re-appointment; and

(c)

hold office subject to good behaviour.

Section 24A

Terms and conditions of employment not provided for by Act The Governor and the Deputy Governor hold office on such terms and conditions (including terms and conditions relating to remuneration and allowances) in relation to matters not provided for by this Act as are determined by the Reserve Bank Board.

Section 25

Vacation of Office If the Governor or the Deputy Governor:

(a)

becomes permanently incapable of performing his or her duties;

(b)

engages in any paid employment outside the duties of his or her office;

(c)

becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her salary for their benefit; or

(d)

resigns his office by writing under his hand addressed to the Governor-General;
the Governor-General shall terminate his appointment.

Part IIIA--The Payments System Board

Division 1--The members of the Payments System Board Membership of Payments System Board

Section 25A

The Payments System Board consists of the following members:

- (a)
the Governor;
- (b)
one representative of the Bank;
- (c)
one representative of APRA;
- (d)
up to 5 other members.

Section 25B

Appointment of members

(1)

The member who is the representative of the Bank referred to in paragraph 25A (b) is to be appointed by the Governor. The person appointed must be a member of the Reserve Bank Board or an officer of the Reserve Bank Service.

(2)

The member who is the representative of APRA referred to in paragraph 25A (c) is to be appointed by APRA's Chief Executive Officer. The person appointed must be an APRA Board member or an APRA staff member.

Note: The CEO may appoint himself or herself.

(3)

Each other member referred to in paragraph 25A(d) is to be appointed by the Governor-General for a period specified in the instrument of appointment. The period specified must not exceed 5 years.

(4)

All appointments under this section are to be in writing.

(5)

All appointments under this section are to be on a part-time basis.

Note 1: Members appointed under subsection (1) or (2) are not appointed for a specified period, however, their appointments can be terminated at any time (see section 25K).

Note 2: The Governor is an ex officio member of the Payments System Board (and so is not separately appointed to the Board).

Section 25C

Chair of the Payments System Board The Governor is the Chair of the Payments System Board.

Section 25D

Deputy Chair of the Payments System Board

(1)

The member of the Payments System Board referred to in paragraph 25A(b) is the Deputy Chair of the Board.

(2)

The Deputy Chair is to act as the Chair during any period when:

(a)

the office of Governor is vacant; or

(b)

the Governor is absent from Australia or is, for any reason, unable to perform the duties of Chair of the Payments System Board.

(3)

The Deputy Chair has, when acting as the Chair, all the powers, duties, rights and entitlements of the Chair of the Payments System Board.

Section 25E

Declaration by members

(1)

Each member of the Payments System Board must, before first starting to act as a member of the Board:

(a)
make an oath or affirmation of allegiance; and

(b)
make a declaration of secrecy.

However, the member does not have to do so if he or she is also a member of the Reserve Bank Board and has made an oath or affirmation, and a declaration of secrecy, under section 16.

(2)
The oath or affirmation of allegiance:

(a)
is to be in accordance with the form set out in the Schedule to the Constitution; and

(b)
is to be made before a Justice of the Peace or a Commissioner for taking Affidavits.

(3)
The declaration of secrecy:

(a)
is to be in the prescribed form; and

(b)
is to be made before a Justice of the Peace or a Commissioner for taking Affidavits.

Section 25F

Division 2--Meetings Meetings

(1)
The Payments System Board is to meet at times and places as determined by the Payments System Board or as directed by the Chair.

(2)
The Chair is to preside at all meetings of the Payments System Board at which he or she is present. In the Chair's absence, the Deputy Chair is to preside.

(3)
Five Members of the Payments System Board form a quorum at a meeting of the Payments System Board.

(4)

Questions arising at a meeting of the Payments System Board are to be decided by a majority of the votes of the members present and voting.

(5)

The member presiding at a meeting of the Payments System Board:

(a)

has a deliberative vote; and

(b)

if necessary, also has a casting vote.

Section 25G

Conduct of meetings The Payments System Board may regulate proceedings at its meetings as it considers appropriate. However, proceedings at a meeting must not be inconsistent with this Part.

Note: Section 33B of the "Acts Interpretation Act 1901" contains further information about the ways in which members may participate in meetings.

Section 25H

Resolutions without meetings A resolution is taken to have been passed at a meeting of the Payments System Board if:

(a)

the Payments System Board has determined:

(i)

that resolutions may be passed in accordance with this section; and

(ii)

the method of indicating agreement with a resolution passed in accordance with this section; and

(b)

without meeting, a majority of the members indicate agreement with the resolution in accordance with the method determined by the Payments System Board; and

(c)

the majority would have constituted a quorum at a meeting of the Payments System Board; and

(d)

all members were informed of the proposed resolution, or reasonable efforts were made to inform all members of the proposed resolution.

Division 3--Other administrative provisions

Section 25I

Remuneration

(1)

A member of the Payments System Board is to be paid the remuneration that is determined by the Remuneration Tribunal. If no determination of that remuneration by the Tribunal is in operation, the member is to be paid the remuneration that is prescribed.

(2)

A member of the Payments System Board is to be paid the allowances that are prescribed.

(3)

This section has effect subject to the "Remuneration Tribunal Act 1973".

Section 25J

Leave of absence The Payments System Board may grant leave of absence to another member of the Payments System Board on the terms and conditions that it determines.

Section 25K

Resignation A member of the Payments System Board (other than the Governor) may resign his or her appointment by giving a written resignation to:

(a)

if he or she is the member referred to in paragraph 25A(b)—the Governor; or

(b)

if he or she is the member referred to in paragraph 25A(c)—APRA's Chief Executive Officer; or

(c)

if he or she is a member referred to in paragraph 25A(d)—the Governor-General.

Section 25L

Termination of appointment

(1)

The following provisions apply to the member of the Payments System Board referred to in paragraph 25A(b):

(a)

the Governor may, at any time, terminate the member's appointment;

(b)

the member's appointment is terminated automatically if he or she ceases to be a member of the Reserve Bank Board or an officer of the Reserve Bank Service.

(2)

The following provisions apply to the member of the Payments System Board referred to in paragraph 25A(c):

(a)

APRA's Chief Executive Officer may, at any time, terminate the member's appointment;

(b)

the member's appointment is terminated automatically if he or she ceases to be an APRA Board member or an APRA staff member.

(3)

The Governor-General may terminate the appointment of a member of the Payments System Board referred to in paragraph 25A(d) for misbehaviour or physical or mental incapacity.

(4)

The Governor-General must terminate the appointment of a member of the Payments System Board referred to in paragraph 25A(d) if:

(a)

the member becomes permanently incapable of performing his or her duties; or

(b)

the member:

(i)

becomes bankrupt; or

(ii)

applies to take the benefit of any law for the relief of bankrupt or insolvent debtors; or

(iii)

compounds with his or her creditors; or

(iv)

makes an assignment of his or her remuneration for the benefit of his or her creditors;
or

(c)

is absent, except on leave of absence granted by the Payments System Board, from:

(i)

2 or more consecutive meetings of the Payments System Board; or

(ii)

3 or more meetings of the Payments System Board in any period of 12 months; or

(d)

fails to comply with his or her obligations under section 21 of the "Commonwealth Authorities and Companies Act 1997".

Part IV--Central banking

Section 26

Reserve Bank to act as a central bank The Reserve Bank:

(a)

is the central bank of Australia;

(b)

shall carry on business as a central bank; and

(c)

subject to this Act and to the "Banking Act 1959 "shall not carry on business otherwise than as a central bank.

Section 27

Bank to be banker for Commonwealth The Bank shall, in so far as the Commonwealth requires it to do so, act as banker and financial agent of the Commonwealth.

Section 28

Capital The capital of the Bank for the purposes of this Part shall be the aggregate of:

(a)

the capital of the former Commonwealth Bank of Australia for the purposes of Part V of the "Commonwealth Bank Act 1945 "immediately before the commencement of this Act; and

(b)

such other sums as are transferred from the Reserve Bank Reserve Fund in pursuance of section 29.

Section 29

Reserve Fund

(1)

The Bank shall have a reserve fund (to be called the Reserve Bank Reserve Fund), which shall consist of:

(a)

the amount standing to the credit of the Commonwealth Bank Reserve Fund existing under the " Commonwealth Bank Act 1945 "immediately before the commencement of this Act; and

(b)

such other sums as are placed to its credit in pursuance of section 30.

(2)

The Reserve Bank Board may, from time to time, transfer from the Reserve Bank Reserve Fund to the capital of the Bank for the purposes of this Part such sums as the Reserve Bank Board determines.

Section 30

Profits

(1)

Subject to subsection (2), the net profits of the Bank in each year shall be dealt with as follows:

(aa)

such amount as the Treasurer, after consultation with the Reserve Bank Board, determines is to be set aside for contingencies; and

(a)

such amount as the Treasurer, after consultation with the Reserve Bank Board, determines shall be placed to the credit of the Reserve Bank Reserve Fund; and

(b)

the remainder shall be paid to the Commonwealth.

(2)

If the net profit of the Bank for a year is calculated on a basis that requires the inclusion of unrealised gains on assets during the year, the amount to which subsection (1) applies is to be worked out as follows:

(a)

deduct from the net profit an amount equal to the total of all amounts of unrealised gains included in the net profit; and

(b)

if an asset in respect of which unrealised gains were included in the net profit for a previous year or years is realised during the year—add to the amount remaining after applying paragraph (a) the total amount of those unrealised gains.

Part V--The note issue

Section 32

Interpretation In this Part, unless the contrary intention appears:

"Australian note" means a note issued under the "Australian Notes Act 1910", under Part VII of the "Commonwealth Bank Act 1911", under Part VI of the "Commonwealth Bank Act 1945" or under this Part as in force at any time.

Section 34

Issue, re-issue and cancellation of notes

(1)

Subject to this Act, the Bank may:

(a)

issue Australian notes;

(b)

re-issue Australian notes; and

(c)

cancel Australian notes.

(2)

Australian notes shall be printed by, or under the authority of, the Bank.

Section 35

Denominations of notes Australian notes may be issued in any of the following denominations, namely, One dollar, Two dollars, Five dollars, Ten dollars, Twenty dollars, Fifty dollars or One hundred dollars or in any other denomination that the Treasurer, by instrument in writing published in the "Gazette", determines.

Section 36

Notes to be legal tender

(1)

Australian notes are a legal tender throughout Australia.

(2)

For the purposes of subsection (1), an Australian note of a denomination specified in the first column of the following table has the value in the currency provided for by the "Currency Act 1965 "that is set out in the second column of that table opposite to the denomination of that note:

Table	
--------------	--

First Column	Second Column
Ten shillings	One dollar
One pound	Two dollars
Five pounds	Ten dollars
Ten pounds	Twenty dollars
Twenty pounds	Forty dollars
Fifty pounds	One hundred dollars
One hundred pounds	Two hundred dollars
One thousand pounds	Two thousand dollars

Section 37

Signature on notes

(1)

The Australian notes issued in pursuance of this Part shall bear the signature of the Secretary to the Department of the Treasury or of such other officer of the Department of the Treasury as the Treasurer directs, and the signature of the

Governor or, if the Governor so directs, of the Deputy Governor, or an officer of the Bank, specified by the Governor.

(2)

The signatures may be made in the handwriting of those persons or may be made by engraving or by any other process determined by the Bank.

Section 43

Bank not to issue notes other than Australian notes The Bank shall not issue bills or notes (other than Australian notes) intended for circulation as money.

Section 44

Other persons not to issue notes

(1)

A person shall not issue a bill or note for the payment of money payable to bearer on demand and intended for circulation.

Penalty: 50 penalty units.

Note: Chapter 2 of the "Criminal Code" sets out the general principles of criminal responsibility.

(2)

A State shall not issue a bill or note for the payment of money payable to bearer on demand and intended for circulation.

Part VII--The Reserve Bank Service

Section 66

Appointment of officers

(1)

The Bank may appoint such officers as are necessary for the purposes of this Act.

(2)

The officers appointed under this Part shall constitute the Reserve Bank Service.

(3)

Subject to this Part and to the regulations, officers hold office on such terms and conditions as the Bank determines.

Section 67

Temporary and casual employees

(1)

The Bank may appoint such temporary and casual employees as are necessary for the purposes of this Act.

(2)

Employees so appointed shall be employed on such terms and conditions as the Bank determines.

Section 68

Requirements for appointment

(1)

A person shall not be appointed under this Act to the Reserve Bank Service unless:

(a)

he or she is an Australian citizen;

(b)

he or she makes and subscribes, before a Justice of the Peace or a Commissioner for taking Affidavits, an oath or affirmation of allegiance in accordance with the form in the Schedule to the Constitution; and

(c)

the Bank is satisfied as to his or her health and physical fitness.

(2)

Where, in the opinion of the Bank, it is desirable to do so for the more efficient operation of the Reserve Bank Service or it is otherwise in the public interest to do so, the Bank may, in writing, waive, for a specified period or otherwise, the requirements for appointment referred to in paragraphs (1)(a) and (b) in relation to:

(a)

the appointment of a specified person to any position in the Service; or

(b)

the appointment of any person to a specified position, or a position included in a specified class of positions, in the Service.

Section 69

Regulations for Reserve Bank Service The regulations may make provision in relation to the Reserve Bank Service and, in particular, may prescribe the terms and conditions of employment of officers.

Section 70

Superannuation fund

(1)

There shall be a superannuation fund of the Bank.

(2)

The Bank may, with the approval of the Minister for Finance, make rules, not inconsistent with this Act or the regulations, for or in relation to the superannuation fund.

Section 71

Borrowing by officers

(1)

Subject to this section, the Bank shall not lend money to an officer.

(2)

The Bank may lend money to an officer:

(a)

for the purchase, erection, alteration, renovation or enlargement of a home in which he or she resides or intends to reside; or

(b)

to discharge a mortgage, charge or encumbrance on such a home.

(3)

The Bank may, where the Governor is satisfied that special circumstances exist, lend to an officer, upon such terms and conditions as the Governor thinks fit, money not exceeding at any one time \$1,000.

Section 73

List of officers

(1)

The Bank shall, from time to time and whenever the Treasurer so directs, prepare a list of all officers, together with such particulars as the Treasurer requires, and shall circulate copies of the list among the officers.

(2)

The Bank shall forward a copy of the list to the Treasurer for presentation to the Parliament.

Part VIII--Miscellaneous

Section 74

Head office

(1)

The head office of the Bank shall be at Sydney in the State of New South Wales.

(2)

After the expiration of a reasonable time after the commencement of this Act, the head office of the Bank shall not be in the same building as the head office of any ADI.

Section 75

Agents etc. In the exercise of its powers and the performance of its functions, the Bank may:

(a)

establish branches and agencies at such places, whether within or beyond Australia, as the Bank thinks fit;

(b)

arrange with a person to act as agent of the Bank in any place, whether within or beyond Australia; and

(c)

act as the agent of an ADI carrying on business within or beyond Australia.

Section 76

Attorney of Bank The Bank may, by instrument under its seal, appoint a person (whether in Australia or in a place beyond Australia) to be its attorney and a person so appointed may, subject to the instrument, do any act or execute any power or function which he or she is authorized by the instrument to do or execute.

Section 77

Guarantee by Commonwealth The Commonwealth is responsible for the payment of all moneys due by the Bank but nothing in this section authorizes a creditor or other person claiming against the Bank to sue the Commonwealth in respect of his or her claim.

Section 79

Taxation The Bank is not liable to taxation under any law of a State or of a Territory to which the Commonwealth is not subject and the income of the Bank is not liable to income tax under a law of the Commonwealth

Section 79A

Secrecy

(1)

In this section:

"court" includes a tribunal, authority or person having the power to require the production of documents or the answering of questions.

"financial institution" means a body (other than the Reserve Bank) that has at any time carried on, is carrying on, or proposes to carry on, a business that consists of, or includes, the provision of financial products or financial services (including a body that has previously carried on such a business but has ceased to exist).

"financial sector supervisory agency" means a person or body having the function, in Australia or in a foreign country, of supervising or regulating financial institutions.

"officer" means:

(a)

the Governor, the Deputy Governor, the Secretary to the Department or any other member of the Reserve Bank Board; or

(aa)

a member of the Payments System Board; or

(b)

an officer, or a temporary or casual employee, of the Reserve Bank; or

(c)

a person engaged by the Reserve Bank to perform services for the Bank; or

(d)

the Statistician or a member of the staff of the Australian Bureau of Statistics; or

(e)

any other person who, because of his or her employment, or in the course of that employment:

(i)

has acquired protected information; or

(ii)

has had access to protected documents.

"produce" includes permit access to.

"protected document" means a document given or produced (whether before or after the commencement of this section) under, or for the purposes of, this Act, the "Banking Act 1959", the "Payment Systems (Regulation) Act 1998", the "Payment Systems and Netting Act 1998", the repealed "Banks (Shareholdings) Act 1972" or the "Financial Corporations Act 1974" and containing information relating to the affairs of:

(a)

a financial institution; or

(b)

a body corporate (including a body corporate that has ceased to exist) that has at any time been, or is, related (within the meaning of the Corporations Law) to a financial institution that is a body corporate; or

(c)

a person who has been, is, or proposes to be, a customer of a financial institution; other than information that has already been lawfully made available to the public from other sources.

"protected information" means information disclosed or obtained (whether before or after the commencement of this section) under, or for the purposes of, this Act, the "Banking Act 1959", the "Payment Systems

(Regulation)

Act 1998", the "Payment Systems and Netting Act 1998", the repealed "Banks (Shareholdings) Act 1972" or the "Financial Corporations Act 1974" and relating to the affairs of:

(a)

a financial institution; or

(b)

a body corporate (including a body corporate that has ceased to exist) that has at any time been, or is, related (within the meaning of the Corporations Law) to a financial institution that is a body corporate; or

(c)

a person who has been, is, or proposes to be, a customer of a financial institution; other than information that has already been lawfully made available to the public from other sources.

"Statistician" means the Australian Statistician referred to in subsection 5(2) of the "Australian Bureau of Statistics Act 1975".

(2)

Subject to this section, a person who is or has been an officer must not, except for the purposes of this Act, the "Banking Act 1959", the "Payment Systems (Regulation) Act 1998", the "Payment Systems and Netting Act 1998", the repealed " Banks (Shareholdings) Act 1972 "or the "Financial Corporations Act 1974", directly or indirectly:

(a)

disclose to any person, or to a court, any protected information acquired by the first-mentioned person in the course of his or her duties as an officer; or

(b)

produce to any person, or to a court, a protected document.

Penalty: Imprisonment for 2 years.

Note 1: Subsection 4B(2) of the "Crimes Act 1914" allows a court to impose an appropriate fine instead of, or in addition to, a form of imprisonment.

Note 2: Chapter 2 of the "Criminal Code" sets out the general principles of criminal responsibility.

(3)

Subsection (2) does not prohibit a person from disclosing prohibited information, or producing a protected document, if the person to whose affairs the information or document relates:

(a)

is the employer of the first-mentioned person; or

(b)

agrees in writing to the disclosure of the information or the production of the document, as the case may be.

(4)

Subsection (2) does not prohibit a person from disclosing protected information or producing a protected document:

(a)

if the person is satisfied that the disclosure of the information, or the production of the document, will assist a financial sector supervisory agency to perform its functions or exercise its powers—to that agency; or

(b)

if the Governor approves—to another person.

(5)

The Governor may, by signed writing:

(a)

give approvals for the purposes of paragraph (4)(b); or

(b)

delegate to the Deputy Governor or an officer of the Reserve Bank the power to give approvals for the purposes of that paragraph.

(6)

Subsection (2) does not prohibit a person from disclosing protected information, or producing a protected document, to:

(a)

the Governor, the Deputy Governor or any other member of the Reserve Bank Board;
or

(aa)

a member of the Payments System Board; or

(b)

an officer, or a temporary or casual employee, of the Reserve Bank; or

(c)

a person engaged by the Reserve Bank to perform services for the Bank;

for the purposes of the performance of the functions, or the exercise of the powers, of the Bank under a law of the Commonwealth, of a State or of a Territory.

(7)

Subsection (2) does not prohibit a person from disclosing information, or producing a document, if the information, or the information contained in the document, as the case may be, is in the form of a summary or collection of information that is prepared so that information relating to any particular person cannot be found out from it.

(8)

A person who is or has been an officer cannot be required to disclose to a court any protected information, or to produce in a court a protected document, except when it is necessary to do so for the purposes of this Act, the "Banking Act 1959", the "Payment Systems (Regulation) Act 1998", the "Payment Systems and Netting Act 1998", the repealed "Banks

(Shareholdings)

Act 1972" or the "Financial Corporations Act 1974".

(9)

A document that:

(a)

is a protected document; or

(b)

contains protected information;

is an exempt document for the purposes of section 38 of the "Freedom of Information Act 1982".

(10)

At the end of 5 years after the commencement of this section, the definition of "financial sector supervisory agency" in subsection (1), and subsections (4) and (5), are taken to be repealed.

Section 79B

Secrecy: documents or information to which section 79A does not apply

(1)

Subject to this section, an officer, agent or other person carrying on any business of the Reserve Bank must not:

(a)

permit a person to have access to, or give to a person copies of or extracts from, a document belonging to, or in the possession of, the Reserve Bank; or

(b)

give to a person information relating to the business of the Reserve Bank;

except by the direction or authority of the Reserve Bank or under compulsion or obligation of law.

Penalty: 1 penalty unit.

Note: Chapter 2 of the "Criminal Code" sets out the general principles of criminal responsibility.

(2)

Paragraph (1)(b) does not apply to the giving to a person of information with respect to matters of a customer of the Reserve Bank if the person is the customer or the information is given at the direction or request of the customer.

(3)

Subsection (1) does not apply to:

(a)

a document that is a protected document for the purposes of section 79A; or

(b)

information that is protected information for the purposes of that section.

Section 82

Returns The Bank shall furnish to the Treasurer such periodical statements as are prescribed.

Section 83

Power to improve property and carry on business Where the Bank holds any property (whether real or personal) or business as security for a loan or advance, and the property or business falls into the hands of the Bank, the Bank may maintain, repair or improve the property, or carry on the business, until the Bank can, in its discretion, dispose of the property or business in the best interests of the Bank.

Section 84

Execution of contracts

(1)

Contracts on behalf of the Bank may be made, varied or discharged in accordance with the succeeding provisions of this section, and all contracts so made are effectual in law, and are binding upon the Bank and on all other parties to the contract, their heirs, assigns, executors or administrators, as the case may be.

(2)

A contract which, if made between private persons, would be by law required to be in writing under seal may be made, varied or discharged in the name and on behalf of the Bank in writing under the seal of the Bank.

(3)

A contract which, if made between private persons, would be by law required to be in writing and signed by the parties to be charged therewith may be made, varied or discharged in the name and on behalf of the Bank in writing signed by any person acting with the express or implied authority of the Bank.

(4)

A contract which, if made between private persons, would by law be valid although made by parol only and not reduced into writing, may be made, varied or discharged by parol in the name and on behalf of the Bank by a person acting with the express or implied authority of the Bank.

(5)

Nothing in this section invalidates a contract executed on behalf of the Bank by a duly appointed attorney of the Bank if the contract would be valid if executed by the attorney on his own behalf.

Section 85

The Reserve Bank's seal

(1)

All courts, judges and persons acting judicially shall take judicial notice of the seal of the Bank affixed to a document and shall presume that it was duly affixed.

(2)

The Bank's seal is to be kept in such custody as the Reserve Bank Board directs, and is not to be used except as authorised by the Reserve Bank Board.

Section 85A

Judicial notice of statistical information published by Bank

(1)

All courts, judges and persons acting judicially are to take judicial notice of statistical information contained in a publication issued in the name of, by, or under the authority of, the Bank.

(2)

A publication purporting to be issued in the name of, by, or under the authority of, the Bank is to be taken, in any judicial or other proceeding, to have been so issued unless the contrary is proved.

Section 86

Priority of debts due by other ADIs Notwithstanding anything contained in any law relating to the winding-up of companies, but subject to subsection 13A(3) of the "Banking Act 1959", debts due to the Bank by an ADI shall, in the winding-up, have priority over all other debts other than debts due to the Commonwealth.

Section 87

Validity of acts and transactions of Bank The validity of an act or transaction of the Bank shall not be called in question in any legal proceedings on the ground that any provision of this Act has not been complied with.

Section 89

Regulations The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed, or which are necessary or convenient to be prescribed for carrying out or giving effect to this Act or for the conduct of business by the Bank and, in particular, prescribing penalties not exceeding 10 penalty units for offences against the regulations.