

An aerial photograph of a landscape, likely a wetland or coastal area, with a white rectangular overlay on the left side. The overlay contains the text 'Part 3: Management' and 'Arrente Country Alice Springs Northern Territory'. The background shows a mix of brown, orange, and blue tones, suggesting a natural environment.

Part 3:

# Management

**Arrente Country**  
Alice Springs  
Northern Territory





## 3.1 Management of the RBA

**We are committed to discharging our policy and operational responsibilities in an efficient manner. To achieve this, we invest in our people, technology, data, facilities and the related capabilities essential for achieving our strategic objectives. In 2023/24 we also embarked on a multi-year transformation agenda that has been – and will remain – a prime focus of our leaders.**

### Management structure

Under the *Reserve Bank Act 1959*, the RBA is managed by the Governor, with the support of two key management committees: the Executive Committee and the Risk Management Committee.

#### Executive Committee

The Executive Committee supports the Governor in managing operational and strategic matters with enterprise-wide significance, including delivery of our strategic priorities (see Part 1.1: Our Role). The Committee meets weekly and is chaired by the Governor and comprises the Deputy Governor, the Chief Operating Officer and the Assistant Governors. Other senior executives attend meetings when required to provide specialist advice.

#### Risk Management Committee

The Risk Management Committee is responsible for ensuring that operational and financial risks are identified, assessed and properly managed in line with our Risk Management Policy. It is chaired by the Deputy Governor and comprises senior executives mainly from operational areas. The Committee meets six times a year and keeps the Executive Committee and the Reserve Bank Board Audit Committee informed of its activities. For details on the Risk and Compliance Management Framework, see Part 3.3: Risk Management.

#### Executive Accountability Framework

The Executive Accountability Framework supports our high standards of executive accountability.<sup>1</sup> It outlines where accountability lies for our functions and operations, and is currently being updated in line with the structural changes discussed in Part 1.2: Governance and Accountability. The framework complements our broader governance framework, which is set out in legislation, charters of board subcommittees and committees, and RBA policies.

### Financial management

We seek to ensure that our strategic, policy and operational objectives are met, while prudently managing spending and resourcing. Our annual planning cycle is a key component of this accountability, covering the resourcing and expenditure budget for the coming year. The Executive Committee supports the Governor in overseeing the budget.

The Investment Committee, chaired by the Chief Operating Officer, oversees the project portfolio. Its primary role is to support the Governor and the Executive Committee to prioritise investments to deliver outcomes consistent with our operational and strategic objectives. We use a project management framework covering the full lifecycle of a project to underpin project delivery from business case through to implementation. Senior executive accountability is established through their sponsorship of and participation in project steering committees.

Assistant governors and department heads are responsible for managing expenditure within approved budgets. Finance Department provides support for financial management as well as regular updates and forward estimates to the Executive Committee to enable it to make timely decisions to support efficient delivery of priorities. Our expenditure and payment approval policy and related processes provide appropriate oversight of expenditure and payments to suppliers of goods and services to the RBA. Material spending commitments are approved by executive leaders in line with the RBA's delegations of authority.

For large procurements, we are required to apply the Commonwealth Procurement Rules (CPRs) because we are a corporate Commonwealth entity 'prescribed' under section 30 of the *Public Governance, Performance and Accountability Rule 2014*. These rules apply when performing duties relating to certain procurements with an expected value exceeding \$400,000 for non-construction services and \$7.5 million for construction services. We are also required to report

certain activities on the Commonwealth's AusTender website. For all other procurements, we follow the CPR principles with the broad objective of procuring goods and services in an efficient manner and ensuring we obtain value for money, supported by effective processes for accountability and probity.

Where appropriate, we seek to recoup operating costs associated with our operational responsibilities through fees and charges. This includes from the use of our payment systems, such as the Reserve Bank Information and Transfer System (RITS) and the Fast Settlement Service, and from transactional banking services provided to clients. Operating costs associated with producing, issuing and managing Australia's banknotes are indirectly funded by net interest income; holders of 'banknotes on issue' are not paid interest, but we earn interest on our assets. These activities are discussed further in Part 2.2: Operations in Financial Markets, Part 2.3: Banking and Payment Services and Part 2.4: Banknotes.

## Operating costs

Our general operating costs were \$607.6 million in 2023/24 (Table 3.1.1). Underlying spending on core business-as-usual activities grew by 0.9 per cent, while we invested more in our project and transformation activities to support strategic priorities (including renovation of our Head Office at 65 Martin Place in Sydney, modernising our core technology infrastructure and uplifting technology resilience). The additional spending on technology resilience initiatives included ongoing strengthening of cyber defences, automation of technology services, and transitioning more services to the cloud (see 'Technology' and 'Data' sections below).

Our work to transform the RBA following the RBA and Deloitte reviews added \$11.4 million – or 2.3 per cent – to the cost base in 2023/24. We expect further investment to occur in 2024/25 as the transformation continues. (For more details on our transformation agenda, see Part 1.2: Governance and Accountability and the 2024/25 Corporate Plan.<sup>2</sup>)

**Table 3.1.1: General Operating Costs<sup>(a)</sup>**

\$ million

	2019/20	2020/21	2021/22	2022/23	2023/24
Staff costs	241.8	243.2	256.3	299.7	334.5
Technology costs	41.0	42.4	44.6	52.8	62.3
Premises costs	26.5	28.8	29.1	30.5	60.1
Other costs	32.0	35.9	35.5	56.5	97.8
General operating costs (excl. depreciation)	341.4	350.3	365.5	439.4	554.7
Depreciation	64.7	62.3	64.3	61.5	52.9
General operating costs	406.0	412.7	429.8	500.9	607.6
– of which: Cost of projects	20.1	30.3	37.1	65.5	157.0
General operating costs by function <sup>(b)</sup>					
– Policy	89.7	89.7	90.2	98.8	103.2
– Business services	100.9	90.8	87.6	93.4	97.8
– Executive and corporate support	215.4	232.2	252.0	308.7	406.6

(a) Excluding Note Printing Australia Limited and banknote management expenses, and costs directly linked with transaction-based revenue. Some prior period costs have been reclassified to align with the current basis of presentation. New text here.

(b) Costs by function shown are on a direct basis, with no allocating of executive and corporate support costs across functions.

Source: RBA.

Our capital expenditure reflects our program of investment to maintain the value of our property portfolio and technology assets, and supporting the delivery of new capabilities and services. In 2023/24, this investment was focused on the renovation of 65 Martin Place, modernising our core technology infrastructure and migrating one of our two in-house primary data centres to a co-location centre.

Despite this, capital expenditure was lower in 2023/24 (Table 3.1.2). This was due in part to delays with the 65 Martin Place renovation following the identification of extensive hazardous materials (see 'Facilities' section below). Capital expenditure is expected to increase in 2024/25 as the investments mentioned above progress.

We engage consultants if we need specialist expertise or independent research, review or assessment. In 2023/24, spending on consultants amounted to ¼ per cent of our general operating expenditure. This spending included support for analysing the short-term financial issues associated with distributing cash throughout Australia (Table 3.1.3)

## Technology

IT systems and infrastructure are important to our ongoing operations and account for a significant proportion of our strategic investments. Our technology environment comprises approximately 850 software applications, 3,500 servers, two data centres and resilient network infrastructure across multiple sites.

### Major projects

In 2023/24 we prepared for two major technology projects to ensure we can continue to provide highly resilient payment and banking services. The projects involve:

- modernising core technology infrastructure and migrating one of the RBA's two in-house primary data centres to a co-location centre
- uplifting technical controls relating to the RITS ecosystem, as discussed in Part 2.3: Banking and Payment Services.

**Table 3.1.2: Capital Expenditure<sup>(a)</sup>**

\$ million

	2019/20	2020/21	2021/22	2022/23	2023/24
Capital costs <sup>(b)</sup>	43.6	62.0	49.3	72.6	59.8
– of which: Cost of major projects	20.3	44.1	29.2	60.9	54.0

(a) Excluding Note Printing Australia Limited.

(b) Excludes write-offs.

Source: RBA.

**Table 3.1.3: Spending on Consultancies<sup>(a)</sup>**

	\$
2019/20	485,896
2020/21	613,823
2021/22	599,759
2022/23	2,059,205
2023/24	1,415,130

(a) Sum of individual consultancies that cost \$10,000 or more (excl. GST).

Source: RBA.

We completed some major technology-related projects in 2023/24. These included implementing a new service management system, designing and implementing required technology in our interim head office at 8 Chifley Square in Sydney, and upgrading infrastructure for critical systems. Significant progress was also made on projects to improve access management for key systems and to upgrade security monitoring tools.

## Cybersecurity

Cybersecurity remains a focus area, with continued investment in ensuring the security of our systems and information. Our vulnerability management standard is aligned to the Australian Cyber Security Centre's updated 'Essential Eight' framework. Our cybersecurity activities include:

- continually monitoring security vulnerabilities to inform continuous security improvements
- undertaking penetration testing of our systems and processes
- applying strong security governance over new technology solutions as they are introduced into our IT environment.

These activities are supported by programs aimed at building cybersecurity awareness among all staff. We also actively engage in intelligence sharing within the financial services, government and central banking communities.

## Technology stability and resilience

We continue to pursue strategies to drive the efficiency, stability and resilience of our IT assets. The strategies include automating patching and release management activities, and utilising cloud computing and managed services where appropriate. In 2023/24 we substantially increased investment in IT training and development to ensure we have access to the skills needed to support our services into the future.

## Data

Harnessing the power of data is key to helping achieve our objectives and strategic priorities. We recently completed a four-year program to uplift the maturity of technology, processes and people capabilities for working with data. Our focus is now on:

- better data collection and sharing
- leveraging large and non-traditional datasets and advanced analytics tools and techniques, including artificial intelligence (AI)

- wider application of cloud computing and automation.

This work is intended to enhance analytical insights, improve efficiencies and risk management, and defend against growing cyber threats.

Key activities in 2023/24 included completing the multi-year refresh of our strategic data platforms and tools, and delivering training to maintain staff proficiency with these new tools. The new platform, tools and training have, in turn, enabled many data acquisition, storage and analytics solutions to be developed, which are supporting better economic and financial analysis and operations management.

There has also been ongoing use of advanced data science techniques in policy and operational projects in support of our functions. Over the past year, staff have explored the opportunities and risks posed by the rapid emergence of AI more widely.

## Facilities

We own premises in locations where there is a business need to do so. Our facilities include:

- the Head Office building at 65 Martin Place, Sydney
- the H.C. Coombs Centre for Financial Studies in Kirribilli, Sydney
- a Business Resumption Site (BRS) in north-west Sydney
- an office building in Canberra, which includes a banking chamber
- facilities for the printing, processing, storage and distribution of banknotes at Craigieburn, northern Melbourne.

We also lease office space in Adelaide, Brisbane, Melbourne, Perth, Beijing, London and New York for staff based in these locations. In 2023/24 we entered into a long-term lease for an interim head office in Sydney to accommodate staff while the 65 Martin Place building is being upgraded.

Valuations of our domestic properties are undertaken every second year. The most recent portfolio valuation was estimated at \$387 million. This is lower than the prior estimate because of a temporary reduction in the value of the Martin Place building while the upgrade is in progress.

We also lease out space that is not required for our own business purposes to external tenants. In 2023/24, net income from such leases amounted to \$5.9 million.

## Head Office upgrade

The upgrade of the Head Office building is a substantial project. It involves upgrading base building infrastructure that is at its end of life, and ensuring the building is a safe, efficient and effective workplace that meets our long-term needs, while preserving heritage features and modernising the office space. The project has encountered material latent conditions, including extensive hazardous materials, which has affected both the time and cost of the project. It is expected to be completed by 2030.

## APS Net Zero 2030 emissions and other reporting

The Australian Public Service (APS) Net Zero 2030 strategy sets out the Australian Government's approach to reducing greenhouse gas emissions

in the APS to net zero by 2030, and reporting on emissions in a transparent way. As part of the strategy, all Commonwealth entities are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory in Table 3.1.4 shows our greenhouse gas emissions in 2023/24. Results are presented on the basis of Carbon Dioxide Equivalent (CO<sub>2</sub>-e) emissions. Greenhouse gas emissions have been calculated in line with the APS Net Zero Emissions Reporting Framework, consistent with the whole-of-government approach adopted under the APS Net Zero 2030 strategy. Not all data sources or reliable usage data were available at the time of finalising the report, and amendments may be required. The process for reporting amendments to the APS Net Zero emissions data are being reviewed for this and future reporting years.

**Table 3.1.4: Greenhouse Gas Emissions Inventory – Location-based Method<sup>(a)</sup>**

2023/24; t CO<sub>2</sub>-e<sup>(b)</sup>

Emission source	Scope 1	Scope 2	Scope 3	Total
Electricity (location-based approach) <sup>(c)</sup>	n/a	18,427.153	1,494.187	19,921.340
Natural gas <sup>(c),(d)</sup>	1,095.671	n/a	106.334	1,202.005
Solid waste <sup>(e)</sup>	n/a	n/a	453.021	453.021
Refrigerants <sup>(e),(f)</sup>	140.712	n/a	n/a	140.712
Fleet and other vehicles	8.428	n/a	2.360	10.788
Domestic commercial flights <sup>(g)</sup>	n/a	n/a	139.956	139.956
Domestic hire car <sup>(e),(h)</sup>	n/a	n/a	0.073	0.073
Domestic travel accommodation <sup>(e),(h)</sup>	n/a	n/a	46.274	46.274
Other energy <sup>(i)</sup>	18.155	n/a	4.474	22.629
<b>Total t CO<sub>2</sub>-e</b>	<b>1,262.966</b>	<b>18,427.153</b>	<b>2,246.679</b>	<b>21,936.798</b>

(a) This table presents emissions related to electricity usage using the location-based accounting method.

(b) CO<sub>2</sub>-e = carbon dioxide equivalent.

(c) Electricity and natural gas includes emissions output from RBA-owned buildings and leased office space where available. While care has been taken to report on RBA-specific emissions where possible, some of the reporting may include usage from tenants that also use the same office space (including Note Printing Australia Limited and other government agencies). Because billing cycles did not align with the end of the financial year, some natural gas data were not available during the initial collection process in July–August 2024 and adjustments to the data may be required in future reports.

(d) Gas emissions for Craigieburn Site 1 and Site 2 are based on estimated data from the supplier for all of the 2022/23 reporting year and part of the 2023/24 reporting year. This data will likely be amended at a future date once more reliable usage data is available. All other gas emissions are based on direct meter readings and reflect actual usage for the reporting year.

(e) Indicates emission sources collected for the first time in the 2023/24 reporting year and may be incomplete due to a lack of robust data from third-party sources. The quality of data is expected to improve over time as emissions reporting matures.

(f) Reporting on refrigerants is optional for the 2023/24 reporting year and will be phased in over time as emissions reporting matures.

(g) Emissions data have been provided by Corporate Travel Management (CTM; under the whole-of-Australian Government travel contract). As per the APS Net Zero Emissions Reporting Framework, only emissions from domestic flights have been captured (which includes the domestic leg of connecting international flights), but not international flights.

(h) Emissions data have been provided by CTM and other sources (including invoices from suppliers). As per the APS Net Zero Emissions Reporting Framework, certain data have been excluded if they did not contain adequate information for emissions reporting purposes.

(i) Other energy includes emissions from diesel fuel use.

Source: Australian Government Department of Finance calculations under the APS Net Zero Emissions Reporting Framework, based on data provided by RBA from multiple sources.

The electricity emissions reported in Table 3.1.4 are calculated using the location-based approach (where emissions are based on the local area in which the energy is consumed). When applying the market-based method – which accounts for electricity purchased through contractual instruments (net of offsets and site-generated renewables) and assigns the associated emissions to the purchasing entity – the total emissions for electricity are lower (Table 3.1.5).

**Table 3.1.5: Electricity Greenhouse Gas Emissions<sup>(a)</sup>**  
2023/24; t CO<sub>2</sub>-e<sup>(b)</sup>

	Scope 2	Scope 3	Total	Percentage of electricity use
Location-based electricity emissions <sup>(c)</sup>	18,427.153	1,494.187	19,921.340	100.0
Market-based electricity emissions <sup>(c)</sup>	12,147.203	1,499.655	13,646.858	60.0
Total renewable electricity	–	–	–	40.0
– of which: Mandatory renewables <sup>(d)</sup>	–	–	–	18.7
– of which: Voluntary renewables <sup>(e)</sup>	–	–	–	21.3

(a) This table presents emissions related to electricity usage using both the location-based and the market-based accounting methods.

(b) CO<sub>2</sub>-e = Carbon Dioxide Equivalent.

(c) Electricity includes emissions output from RBA-owned buildings and leased office space where available. While care has been taken to report on RBA-specific emissions where possible, some of the reporting may include usage from tenants that also use the same office space (including Note Printing Australia Limited and other government agencies).

(d) Mandatory renewables are the portion of electricity consumed from the grid that is generated by renewable sources. This includes the renewable power percentage.

(e) Voluntary renewables reflect the eligible carbon credit units surrendered by the entity. This may include purchased large-scale generation certificates, power purchasing agreements, GreenPower and the jurisdictional renewable power percentage (ACT only).

Source: Australian Government Department of Finance calculations under the APS Net Zero Emissions Reporting Framework, based on data provided by RBA from multiple sources.

## Climate-related disclosures

The Department of Finance is finalising the Commonwealth Climate Disclosure Policy, under which Commonwealth entities will be expected to report on their exposures to climate-related risks and opportunities in their annual reports. The RBA will likely be expected to provide climate-related disclosures under the policy from the 2024/25 financial year.

## Environment, sustainability and climate change

We are committed to improving the environmental performance of our operations and minimising the impact of our activities on the environment. To do this, and in line with the APS Net Zero 2030 strategy, we have set a target of achieving net zero for Scope 1 and 2 emissions by 2030. We have also developed policies and practices that are consistent with the

principles of ecologically sustainable development set out in the *Environment Protection and Biodiversity Conservation Act 1999*. These principles are captured in our Environmental Statement.<sup>3</sup>

## Energy and waste management initiatives

We have an ongoing program of works to reduce carbon emissions from our operations. Energy management initiatives to improve the performance of our building infrastructure and reduce carbon emissions in 2023/24 included:

- reprogramming the operating hours of HVAC systems in Craigieburn's main production building, based on revised occupancy schedule
- continuing to install LED lighting across all RBA sites, replacing non-LED lighting to improve environmental performance and reduce electricity consumption
- replacement of end-of-life heating boilers in Canberra



- optimising the performance of Canberra heating and air-conditioning controls to improve energy efficiency
- designing a solar panel installation at Craigieburn with a capacity of 1.3 megawatts, with options to introduce a battery storage system to maximise future opportunities.

Initiatives focused on improving the operation and emissions reduction of our buildings included:

- starting the design and scope definition of a whole-of-building electrification project for our Canberra site
- aligning with the Australian Government's net zero pathway for sustainable leases, as part of our Head Office relocation to 8 Chifley Square (a building with a 5-star National Australian Built Environment Rating System (NABERS) energy rating)
- developing a pathway to net zero Scope 1 and 2 emissions by 2030 at the Craigieburn banknote production and storage sites, through initiatives including removal of reliance on gas heating and improved plant controls.

Other initiatives focused on improving waste management during the year included:

- repurposing some furniture and equipment to other RBA sites – including 8 Chifley Square – and diverting others from landfill by working with partners to rehome and reuse furniture in the community as part of the head office relocation
- introducing waste weighing systems and better waste management practices at Craigieburn, the Business Resumption Site and in Canberra.

## Energy and water consumption

Our use of energy fell in 2023/24, because of considerable gains in energy efficiency (including from the initiatives discussed above). We have achieved this despite expanding the number of sites we occupy and maintaining higher occupancy rates at the BRS and H.C. Coombs Centre. The data underpinning this assessment also now cover a broader span of properties than in 2022/23, including sites that we lease for office space in Adelaide, Brisbane, Melbourne and Perth and for third-party data processing and storage.

Our use of purchased electricity declined by 1 per cent in 2023/24. This was partly because of increased on-site generation of electricity at the BRS and the H.C. Coombs Centre. In addition, our electricity consumption declined by 3½ per cent. This was primarily because of moving our Head Office to more efficient buildings at 400 George Street and now 8 Chifley Square. Higher occupancy and data centre utilisation at the BRS site caused electricity consumption there to rise by 2 per cent.

Gas usage declined by 7½ per cent in 2023/24. This was achieved by decommissioning boilers at 65 Martin Place and using more efficient boilers at our Canberra site. Increased utilisation at the H.C. Coombs Centre saw gas consumption at that site rise, but this accounts for a small portion of our total usage.

Measured water consumption declined as a result of moving our Head Office from 65 Martin Place and into 8 Chifley Square. However, accurately comparing water consumption from last year is complicated by our new tenancy at 8 Chifley Square not having water meters installed and because we identified a faulty water meter at our site in Craigieburn. These two locations represent the majority of our water consumption.

## Banknote sustainability

We continue to review opportunities to improve the sustainability of Australian banknotes throughout the banknote lifecycle. Sustainability is considered through banknote design, supplier engagement, production (working with Note Printing Australia Limited), distribution and recycling. We also continue to recycle all unfit polymer banknotes at their end of life. In 2023/24, a total of 78 million unfit banknotes were returned to us for disposal. All polymer from unfit banknotes was recycled by our recycling partner into new products. A total of 70 tonnes of polymer waste was recycled during 2023/24. Our recycling program has been expanded to other products used in the banknote lifecycle, such as the containers used to store and transport banknotes (these are reusable and are recycled once they eventually reach end of life).

## Climate research and policy agenda

Climate change and the actions taken in response will have wide-ranging implications for the economy, the financial system and society more broadly. Climate change affects our responsibilities for price stability, employment and the stability of the financial system, as discussed by then Deputy Governor Bullock in August 2023.<sup>4</sup>

We are building our capacity to understand the implications of climate change for the Australian economy and financial system, through internal analysis and external engagement. In 2023/24, internal analysis focused on:

- understanding how climate change might affect the economy and the implications for monetary policy – including by considering the impact of domestic and foreign climate policies, monitoring developments in energy markets and developing modelling capacity
- analysing the risks climate change poses to the financial system and our own operations – including by assessing physical climate risk embodied in Australian residential mortgage-backed securities<sup>5</sup>
- monitoring climate-related trends in financial markets and developments in international sustainable finance frameworks and policies, while also considering the implications for the domestic financial system – including by exploring the development of domestic sustainable finance markets.<sup>6</sup>

Through the Council of Financial Regulators (CFR), we contribute more generally to promoting awareness and understanding of the financial risks and opportunities associated with climate change. In addition, Australian financial system regulators are coordinating on a set of priorities to enhance the ability of financial market participants to manage the financial risks and identify the opportunities associated with climate change and the energy transition.

In 2023/2024, the CFR Climate Working Group priorities included:

- exploring the impact of climate change on the Australian economic system, including through a climate vulnerability assessment of the impacts of climate change on home insurance affordability
- improving the transparency and consistency of sustainability related information, through the implementation of mandatory climate disclosure reforms, as well as anti-greenwashing and ESG labelling initiatives
- overseeing the development of an Australian Sustainable Finance Taxonomy.

We are also actively involved in external forums to learn from peers and contribute to the development of best practice in assessing the impact of climate change (see Part 2.5: International Financial Cooperation).

## Endnotes

- 1 RBA (2023), 'Executive Accountability Framework', August.
- 2 See RBA (2024), 'Corporate Plan 2024/25'.
- 3 See RBA (2019), 'Environmental Statement', December.
- 4 Bullock M (2023), 'Climate Change and Central Banks', Sir Leslie Melville Lecture, Canberra, 29 August.
- 5 McCarthy R and G Reid (2024), 'Assessing Physical Climate Risk in Repo-eligible Residential Mortgage-backed Securities', *RBA Bulletin*, April.
- 6 Armour C, D Hunt and J Lwin (2023), 'Green and Sustainable Finance in Australia', *RBA Bulletin*, September; Schwartz C (2023), 'Australian Financial Markets and Climate Change', Speech at Risk Conference, Sydney, 8 August.

## 3.2 Our People

**Our staff are specialists in their field who contribute to the prosperity and welfare of the Australian people. We promote openness and inclusivity. We seek people who embody our values and culture, and leaders who can inspire and empower them.**

### Our 'Open & Dynamic' culture

In May 2024 we launched our aspiration for a more 'Open & Dynamic' workplace culture. This marked the culmination of extensive work and engagement, building on the findings and recommendations in the RBA Review.

- Being Open involves considering and incorporating different perspectives, internally and externally, working across teams, and being transparent with one another.
- Being Dynamic involves delivering quality efficiently and effectively, by focusing on outcomes and prioritisation, and testing, learning and refining as we go.

Together, being Open & Dynamic means doing more of the things that contribute positively to our culture to help us achieve our mission and strategic priorities, and less of the things that no longer serve us well.

One key element that remains unchanged is our values, which are set out in our Code of Conduct. These are:

1. promotion of the public interest
2. excellence
3. intelligent inquiry
4. integrity
5. respect.

As part of our Open & Dynamic ambition, we have introduced three key behaviours – inspire trust, open minds and work dynamically. These behaviours represent how our values come together to help us become a more open and dynamic central bank. Our Open & Dynamic ambition and behaviours are underpinned by our strong and ongoing commitment to nurturing an environment that is inclusive, diverse and fosters belonging.

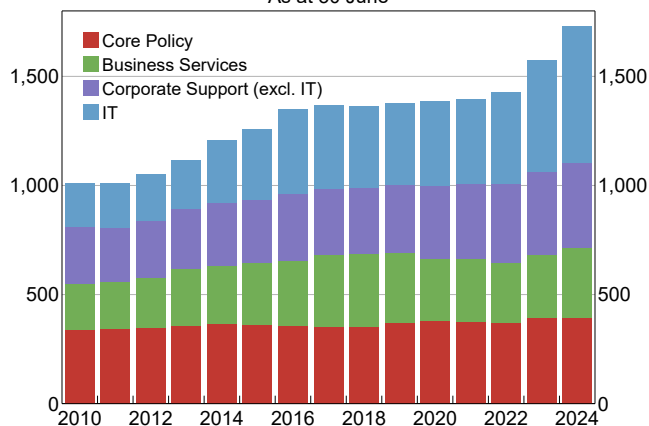
We have started a multi-year program of work to help achieve this ambition, as outlined in the 2024/25 Corporate Plan.<sup>1</sup> In 2023/24, we commenced initiatives such as: workshops to help our people understand what an Open & Dynamic culture looks like; revised enterprise-wide people leader goals for

2024/25 (with leaders being evaluated based on how they drive and model cultural change and encourage the expression of different perspectives); standardised and more transparent processes for internal job opportunities; and advertising management vacancies externally by default. For executives, we also ran a tailored change leadership training program and commenced an externally facilitated 360-degree feedback and coaching process. All people leaders also participated in training aimed to foster a positive and respectful workplace environment that contributes to realising our Open & Dynamic ambition.

### Workforce profile

In June 2024, the RBA (excluding Note Printing Australia Limited) had 1,774 employees (Graph 3.2.1; Table 3.2.1). With almost 7 per cent of employees working part time, our workforce comprised 1,735 full-time equivalent (FTE) employees. We hired 409 employees during the year. Two-thirds of these were recruited on fixed-term contracts, mostly to provide a near-term impetus to projects in pursuit of our strategic priorities and to accelerate our transformation agenda. In 2024/25, we will continue to invest in our transformation by recruiting people with advanced skills in economic modelling, research and analytics.

**Graph 3.2.1**  
**RBA Employee Numbers\***  
As at 30 June



\* Excludes NPA and contingent workers.

Source: RBA.



**Table 3.2.1: RBA Staff Profile**<sup>(a)</sup>

Location	30 June 23										30 June 24									
	Man			Woman			Non-binary			Total	Man			Woman			Non-binary			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total		Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Head Office, Sydney	803	15	818	535	85	620	0	1	1	1,439	903	21	924	616	86	702	2	1	3	1,629
H.C. Coombs Centre for Financial Studies, Sydney	1	0	1	0	0	0	0	0	0	1	1	0	1	0	0	0	0	0	0	1
Business Resumption Site, Sydney	19	0	19	8	1	9	0	0	0	28	28	0	28	10	2	12	0	0	0	40
Note-printing facility and National Banknote Site, Craigieburn	23	0	23	26	6	32	0	0	0	55	23	0	23	25	6	31	0	0	0	54
Canberra Branch, Canberra	5	0	5	9	1	10	0	0	0	15	6	0	6	8	1	9	0	0	0	15
Victorian Office, Melbourne	3	0	3	0	2	2	0	0	0	5	2	0	2	0	2	2	0	0	0	4
Queensland Office, Brisbane	1	0	1	1	2	3	0	0	0	4	0	0	0	1	2	3	0	0	0	3
South Australian Office, Adelaide	2	0	2	1	0	1	0	0	0	3	2	0	2	1	0	1	0	0	0	3
Western Australian Office, Perth	0	0	0	2	0	2	0	0	0	2	0	0	0	2	0	2	0	0	0	2
New York Representative Office, New York	8	0	8	3	0	3	0	0	0	11	6	0	6	4	1	5	0	0	0	11
European Representative Office, London	5	1	6	2	2	4	0	0	0	10	5	0	5	4	1	5	0	0	0	10
China Representative Office, Beijing	2	0	2	0	0	0	0	0	0	2	2	0	2	0	0	0	0	0	0	2
<b>Total</b>	<b>872</b>	<b>16</b>	<b>888</b>	<b>587</b>	<b>99</b>	<b>686</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1,575</b>	<b>978</b>	<b>21</b>	<b>999</b>	<b>671</b>	<b>101</b>	<b>772</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>1,774</b>

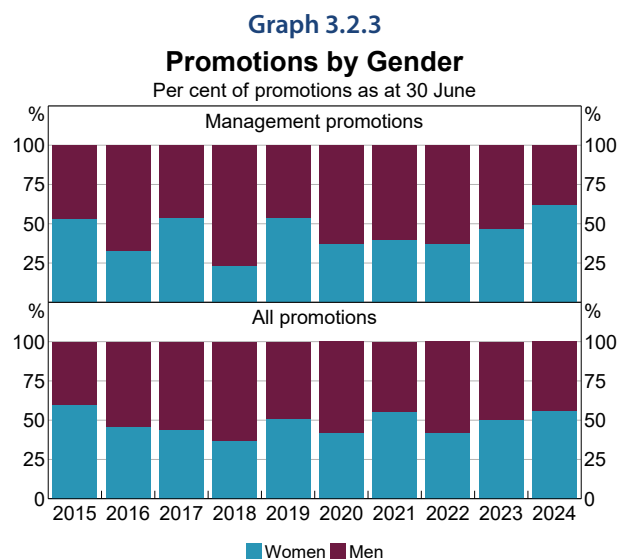
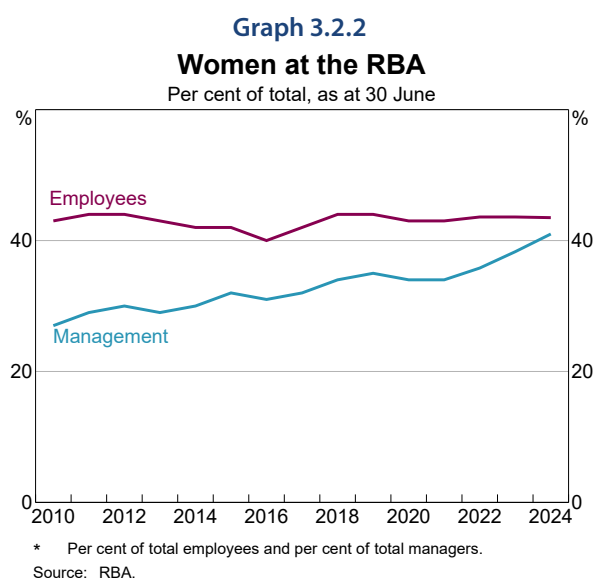
(a) Excludes Note Printing Australia Limited.

Source: RBA.

We are committed to achieving gender equity at all levels in the RBA. In June 2024 we reached our interim goal of achieving a 40 per cent share of women in management roles. Over the longer term, our goal is to achieve equal representation of men and women in management positions. To achieve and maintain these levels of representation, we are focusing on equity in recruitment and selection, succession planning and development opportunities.

As at 30 June 2024, women accounted for 44 per cent of RBA employees (Graph 3.2.2). (By comparison, women make up 49 per cent of all employees in Australia.) Four of the seven positions on the RBA's Executive Committee, and 41 per cent of management positions, were held by women.

During 2023/24, 56 per cent of all promoted employees were women (Graph 3.2.3). Of the 48 employees promoted to management positions, 63 per cent were women.



## Recruitment and development

We have maintained our ability to attract and retain high-quality staff by establishing recruitment practices and processes based on the principles of transparency, non-discrimination and merit.

### Formal training and mentoring

We offer a core curriculum of learning aligned to our Leadership and Capability Framework and support this curriculum with additional experiential learning. We place particular importance on leadership development, particularly high-quality offerings that develop an effective, inclusive and supportive leadership style. We also seek to build specific leadership skills such as coaching and having performance conversations.

Our core leadership offering 'iLead' is a key initiative both of our leadership development and our ID&B Strategy. The iLead program provides participants with an opportunity to deepen self-awareness as an inclusive leader and apply practical tools and strategies to develop and empower others. In 2023/24, 61 staff members participated in the program.

An enterprise-wide mentoring program was piloted between April and October 2023. The program matched mid-career level staff, with senior mentors from across the RBA. This program has been established as an ongoing development initiative.

We place significant value on investing in our staff to help them reach their full potential through further education. We provide financial support to some staff to study full time or part time in disciplines related to their work and development, and which are of interest and relevance to the RBA both now and in the future. During 2023/24, we provided support to 37 employees to undertake part-time study and 21 employees to undertake full-time postgraduate study at universities in Australia and overseas.

We offer two flagship early career programs open to students and graduates from a wide range of educational backgrounds – an Intern Program and a Graduate Development Program. These programs offer an opportunity for interns and graduates to gain practical experience and develop their skills in a real-world business environment.

The Intern Program provides high-performing university students with work experience and training through an applied research project and exposure to working in a business environment. In our 2023/24 intake, 42 per cent of interns were female and 58 per cent were male.

The Graduate Development Program provides structured development opportunities through a balance of on-the-job training, rotations between key departments, and complementary development activities. For our 2024 intake, 50 per cent of graduates were female and 50 per cent were male.

### Rotations and secondments

We also offer lateral career rotation opportunities with a goal of supporting new skill development, staff retention and growing our talent pipeline.

In partnership with other Australian and international institutions, secondment opportunities are offered to staff to share subject matter expertise and best practice, broaden their experience and assist with the development of their capabilities. During 2023/24, we continued to support short-term secondments to other Australian government agencies, including the Australian Prudential Regulation Authority, the Australian Competition and Consumer Commission and the Australian Treasury. Secondments to international institutions included the Bank of England, the Bank of Canada, the Bank for International Settlements, the International Monetary Fund and the Federal Reserve Bank of New York.

## Inclusion, diversity and belonging (ID&B)

The RBA's ID&B Executive Council meets quarterly and is chaired by the Governor. The Council comprises the Chief People Officer, the sponsors of Employee Resource Groups (ERGs) and other People Department team members responsible for ID&B. The chairs of each of the ERGs form the Diversity and Inclusion Advisory Panel. The panel meets every second month to discuss activities relevant to their respective ERGs as well as opportunities for intersectional initiatives and/or celebrations.

Our current ID&B Strategy is founded on a commitment to continue to build a more diverse and inclusive culture, where all staff are treated with respect throughout their careers. The ID&B Strategy is overseen by the Executive Committee, in consultation with the ID&B Executive Council – the latter being responsible for monitoring the development and implementation of ID&B initiatives, policies and practices. The key focus areas of the strategy for the 2024 calendar year are:

- reinforcing leadership commitment to inclusion, where all leaders show visible, authentic commitment to inclusion and consistently model inclusive behaviours
- building an inclusive culture, where our people are empowered to contribute to and deliver on the RBA's mission and drive results through effective collaboration, open communication and challenging the status quo
- reviewing and updating employee lifecycle processes, so that diversity and inclusion is considered and built into key processes from recruitment to talent development and promotion.

Highlights of the current strategy include the development of an ID&B Learning Curriculum and the setting of a culturally and linguistically diverse (CALD) target in leadership. In addition:

- the ID&B Learning Curriculum incorporates four key areas: Inclusion@Work; disability confidence and inclusion; race, culture and inclusion; and inclusive hiring
- we have agreed in principle to a long-term target of 20 per cent of senior managers and above being from CALD backgrounds, to better reflect the composition of the Australian population.



In 2023/24 we made considerable progress in our First Nations initiatives, including finalising the First Nations employment plan by the end of 2023 and starting design of our cultural capability framework.

The three pillars of the First Nations employment plan include:

- recruiting and retaining First Nations people
- continuously improving our internal people processes around attraction and retention
- aligning to the Australia Public Service requirements.

The First Nations cultural capability framework will complement the First Nations employment plan. The first initiative aligned to this framework is to provide access to 'Core Cultural Learning' online interactive modules through the Australian Institute of Aboriginal and Torres Strait Islander Studies. During 2023/24 over 100 staff completed this learning.

The RBA's First Nations Advisory Panel met quarterly in 2023/24. Membership of the panel comprises:

- Leah Armstrong (Chair) – Chair and Founding Director, First Australians Capital
- Mark Motlop – Chair of the Larrakia Development Corporation
- Professor Cindy Shannon – Deputy Vice-Chancellor (Indigenous), Griffith University.

In 2023/24 the panel provided advice to a range of departments and teams across the RBA, including Procurement, Information Department, Economic Group, the \$5 Redesign team, the First Nations ERG and our First Nations' team.

The RBA assumed chairing duties of the working group for the Central Bank Network for Indigenous Inclusion in 2023. In September 2023, several RBA staff attended the network's bi-annual symposium in Auckland, New Zealand, hosted by the Reserve Bank of New Zealand. The symposium focused on a range of issues for First Nations and Indigenous peoples around access to capital and associated sub-themes.

## Work health and safety, compensation and rehabilitation

We are committed to maintaining and improving the safety, health, and wellbeing of our staff.

The Reserve Bank Board and our executives receive regular reports on work health and safety (WHS) matters to assist them in exercising their duty of care and meeting due diligence obligations.

### WHS activities

With an ongoing emphasis on safety and wellbeing in our approach to hybrid working, and additional safety issues arising from the Head Office upgrade, areas of strategic focus in 2023/24 included:

- ensuring the physical safety of our diverse workforce across all our workplace environments
- implementing initiatives to further enhance and embed mental health awareness and the capability of people leaders to support their teams.

We continued to support the physical and psychological health of our staff by promoting positive health outcomes and the prevention of potential health risks.

During 2023/24 this work included:

- encouraging employees to be mindful of the benefits of good physical health by implementing a skin check program, a general health check for all non-executives and extending the range of subsidised fitness centre options
- offering mental health initiatives, such as leadership training, targeted support training for groups at higher risk and seminars on topics related to mental health and wellbeing.

### WHS incidents, claims and investigations

There were 78 WHS incidents reported in 2023/24, a 36 per cent increase on the previous year. The most common causes of incidents were:

- workplace hazards – such as people experiencing cuts, sprains, strains, burns and striking objects (31 per cent)
- mental stress (28 per cent)
- workplace factors – such as property damage and electrical or environmental hazards (26 per cent).

The increase in reporting followed a campaign throughout the year promoting our early intervention program.

There were four accepted workers' compensation claims in 2023/24, compared with two in the previous year. Our Lost Time Injury Frequency Rate (the number of lost time injuries per million hours worked) was 10.7 in 2023/24, up from 2.1 in 2022/23, reflecting the rise in workers compensation claims and consequent days lost from work.

We conducted 29 internal WHS investigations in 2023/24, relating to incidents that either caused moderate harm or had the potential to cause harm to a staff member (Table 3.2.2). The investigations did not identify systemic issues that would point to deficiencies in the way we manage health and safety.

In 2023/24 no investigations were required by Comcare into our businesses or undertakings, and no improvement, prohibition or non-disturbance notices were issued by Comcare under Part 10 of the *Work Health and Safety Act 2011* (WHS Act).

**Table 3.2.2: Summary of Notifiable Incidents, Investigations and Notices under the WHS Act**

Action	2022/23	2023/24
Death of a person that required notice to Comcare under section 35	0	0
Serious injury or illness of a person that required notice to Comcare under section 35	0	0
Dangerous incident that required notice to Comcare under section 35	0	1
Internal investigations conducted	7	29
Investigations conducted under Part 10 of the WHS Act	0	0
Notices given to RBA under section 90 (provisional improvement notices)	0	0
Notices given to RBA under section 191 (improvement notices)	0	0
Notices given to RBA under section 195 (prohibition notices)	0	0
Directions given to RBA under section 198 (non-disturbance notices)	0	0

Source: RBA.

## Legal responsibilities and compliance

The RBA is a Licensed Authority under the *Safety, Rehabilitation and Compensation Act 1988*. This licence requires the RBA to provide an annual report to the Safety, Rehabilitation and Compensation Commission on WHS, workers' compensation and rehabilitation matters as they affect the RBA. Compliance with the relevant legislation – and the conditions of the RBA's licence as a Licensed Authority – was validated during 2023/24 by external audits of our safety, compensation and rehabilitation arrangements. The Commission subsequently confirmed that the RBA retained the highest rating for its prevention, claims management and rehabilitation practices in each area for 2023/24.

In 2023/24 the Australian Postal Corporation provided claims management and rehabilitation services to the RBA, along with reconsideration services and representation in the Administrative Appeals Tribunal or Federal Court, when necessary. From 2024/25 the management of these services will be transferred to Comcare's Claims Management Group.

## Employment arrangements and remuneration

The positions of Governor and Deputy Governor are designated as principal executive offices in terms of the *Remuneration Tribunal Act 1973* and their remuneration is determined by the Remuneration Committee. For further details, see Part 1.2: Governance and Accountability.

Employment arrangements that apply to our employees vary according to their occupation and level of seniority. Executive and managerial employees are engaged under Individual Employment Agreements. Non-managerial employees are covered by an Enterprise Agreement.

Executive, managerial and non-managerial employees are considered for an annual salary increase and a Reward Increase Scheme. The annual salary increase is dependent on the employment arrangements. The Reward Increase Scheme is open to most employees and is used to recognise increased work experience and enhanced technical and core capabilities, with consideration given to how much an employee is paid relative to market data for their role. Reward increases help aid retention and ensure salaries remain competitive and in line with market benchmarks.

We use surveys – such as the Financial Institutions Remuneration Group, Aon Hewitt and Mercer – for remuneration and benefit benchmarking.

A new Enterprise Agreement with non-management employees was negotiated during the year and commenced operation on 28 December 2023. The Agreement resulted in an 11.2 per cent general salary increase across three years, inclusive of a 4 per cent increase paid in 2023. Most executive and management employees also received a 4 per cent general salary increase in 2023. Around 36 per cent of employees across executive, management and non-management received a reward increase, at an average value of 4.1 per cent.

The distribution of remuneration paid to our executives and other senior employees on an accrual basis is set out in Tables 3.2.3, 3.2.4 and 3.2.5. The provision of this information is consistent with similar information provided by other Commonwealth entities. As these figures are prepared on an accruals basis they can be influenced from year-to-year by factors such as the amount of leave taken and any revaluation of accrued entitlements.<sup>2</sup> Note 12 in Part 4: Financial Statements provides more information on remuneration for key management personnel.



**Table 3.2.3: Remuneration of Key Management Personnel**Received in 2023/24(\$)<sup>(a)</sup>

Name	Position title	Short-term benefits			Post-employment benefits Superannuation contributions <sup>3</sup>	Other long-term benefits		Termination benefits	Total remuneration <sup>5,6</sup>
		Base salary <sup>1</sup>	Bonuses	Other benefits and allowances <sup>2</sup>		Long service leave <sup>4</sup>	Other long-term benefits		
<b>RBA executives</b>									
Michele Bullock <sup>(b)</sup>	Governor	811,108	–	14,142	100,518	131,067	–	–	1,056,835
	Deputy Governor	179,098	–	2,042	20,226	4,014	–	–	205,380
Philip Lowe <sup>(c)</sup>	Governor	227,444	–	2,042	26,968	5,485	–	–	261,940
Andrew Hauser <sup>(d)</sup>	Deputy Governor	336,204	–	3,646	13,797	2,519	–	–	356,166
Susan Woods <sup>(e)</sup>	Chief Operating Officer	237,291	–	8,242	25,456	6,040	–	–	277,029
	Assistant Governor, Corporate Services	386,562	–	27,388	45,504	31,570	–	–	491,024
Michelle McPhee	Assistant Governor, Business Services	523,977	–	40,745	99,331	19,963	–	–	684,017
Sarah Hunter <sup>(f)</sup>	Assistant Governor, Economic	241,110	–	17,286	36,729	1,917	–	–	297,043
Luci Ellis <sup>(f)</sup>	Assistant Governor, Economic	148,140	–	10,888	25,205	13,519	–	–	197,752
Marion Kohler <sup>(f)</sup>	Assistant Governor, Economic (acting)	240,571	–	60,205	46,553	6,325	–	–	353,655
Christopher Kent	Assistant Governor, Financial Markets	598,331	–	40,413	106,444	17,434	–	–	762,622
Bradley Jones	Assistant Governor, Financial System	523,536	–	40,745	61,148	21,077	–	–	646,506
<b>Non-executive members of the Reserve Bank Board</b>									
Alison Watkins <sup>(g)</sup>	Member – Reserve Bank Board	83,187	–	–	9,151	–	–	–	92,338
	Chair – Reserve Bank Board Audit Committee	22,044	–	–	2,425	–	–	–	24,468
Ian Harper	Member – Reserve Bank Board	83,187	–	–	9,151	–	–	–	92,338
Carolyn Hewson <sup>(h)</sup>	Member – Reserve Bank Board	83,187	–	–	9,151	–	–	–	92,338
	Member – Reserve Bank Board Audit Committee	10,027	–	–	1,103	–	–	–	11,130
Steven Kennedy <sup>(i)</sup>	Member – Reserve Bank Board	–	–	–	–	–	–	–	–

**Table 3.2.3: Remuneration of Key Management Personnel** *(continued)*Received in 2023/24(\$)<sup>(a)</sup>

Name	Position title	Short-term benefits			Post-employment benefits Superannuation contributions <sup>3</sup>	Other long-term benefits		Termination benefits	Total remuneration <sup>5,6</sup>
		Base salary <sup>1</sup>	Bonuses	Other benefits and allowances <sup>2</sup>		Long service leave <sup>4</sup>	Other long-term benefits		
Iain Ross	Member – Reserve Bank Board	83,187	–	–	9,151	–	–	–	92,338
Elana Rubin <sup>(i)</sup>	Member – Reserve Bank Board	76,173	–	–	775	–	–	–	76,948
Carol Schwartz	Member – Reserve Bank Board	83,187	–	–	9,151	–	–	–	92,338
Mark Barnaba <sup>(k)</sup>	Member – Reserve Bank Board	15,390	–	–	–	–	–	–	15,390
	Member – Reserve Bank Board Audit Committee	4,448	–	–	–	–	–	–	4,448
<b>Non-executive members of the Payments System Board</b>									
Ross Buckley <sup>(l)</sup>	Member – Payments System Board	59,814	–	–	6,579	–	–	–	66,393
Gina Cass-Gottlieb <sup>(m)</sup>	Member – Payments System Board	–	–	–	–	–	–	–	–
Michelle Deaker <sup>(i)</sup>	Member – Payments System Board	59,814	–	–	6,579	–	–	–	66,393
Scott Farrell	Member – Payments System Board	65,349	–	–	7,188	–	–	–	72,537
John Lonsdale <sup>(i)</sup>	Member – Payments System Board	–	–	–	–	–	–	–	–
Deborah Ralston	Member – Payments System Board	65,349	–	–	7,188	–	–	–	72,537
Greg Storey <sup>(n)</sup>	Member – Payments System Board	5,535	–	–	609	–	–	–	6,144

(a) Remuneration of Key Management Personnel are in relation to the Reserve Bank of Australia entity only.

(b) Appointed Governor on 18 September 2023.

(c) Retired on 17 September 2023.

(d) Appointed on 12 February 2024.

(e) Appointed Chief Operating Officer on 4 March 2024.

(f) Luci Ellis resigned as Assistant Governor (Economic) on 6 October 2023, Marion Kohler acted in that role from 10 July 2023 to 29 January 2024, and Sarah Hunter was appointed as Assistant Governor (Economic) on 29 January 2024.

(g) Appointed Chair of the Reserve Bank Board Audit Committee on 31 August 2023.

(h) Appointed to the Reserve Bank Board Audit Committee on 31 August 2023.

(i) The Secretary to the Treasury, as a member of the Reserve Bank Board, and the Chair of APRA, as a member of the Payments System Board, are not remunerated.

(j) Appointed to the Reserve Bank Board on 31 August 2023.

(k) Resigned from the Reserve Bank Board and Reserve Bank Board Audit Committee on 30 August 2023.

**Table 3.2.3: Remuneration of Key Management Personnel** *(continued)*Received in 2023/24(\$)<sup>(a)</sup>

(l) Appointed to the Payments System Board on 1 August 2023.

(m) Ms Gina Cass-Gottlieb is not remunerated as a member of the Payments System Board following her appointment as Chair of the ACCC.

(n) Retired from the Payments System Board on 31 July 2023.

**Notes**

1. The 'Base salary' column is prepared on an accrual basis and includes gross fees or salary earned while working plus annual leave accrued and the cost of revaluing accrued leave entitlements in the case of Reserve Bank executives.
2. The 'Other benefits and allowances' column includes benefits that form part of an individual's remuneration package. This includes, for eligible members of staff, motor vehicle benefits, car parking and health benefits plus the related fringe benefits tax on these benefits.
3. The 'Superannuation contributions' column is calculated as: contribution amounts for individuals who are eligible for a defined contribution arrangement in a defined contribution scheme; and for individuals who are in a defined benefit arrangement, an amount equal to 15.4 per cent of superannuable salary plus any employer productivity contributions.
4. The 'Long service leave' column is calculated as long service leave accrued plus the cost of revaluing accrued leave entitlements.
5. Total remuneration does not include non-superannuation post-employment benefits, which are included in the reported total remuneration of Key Management Personnel in the notes to the financial statements.
6. Reported total remuneration for the positions of Governor and Deputy Governor differs from the remuneration determined by the Remuneration Tribunal by the net accrual of leave and the revaluation amount of accrued leave entitlements.

**Table 3.2.4: Remuneration of Senior Executives**

Received in 2023/24(\$)<sup>(a)</sup>

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary <sup>1</sup>	Average bonuses	Average other benefits and allowances <sup>2</sup>	Average superannuation contributions <sup>3</sup>	Average long service leave <sup>4</sup>	Average other long-term benefits	Average termination benefits	Average total remuneration
\$0 to \$220,000	10	65,691	–	11,702	15,060	7,853	–	2,813	103,119
\$220,001 to \$245,000	2	161,186	–	25,358	28,973	8,735	–	–	224,253
\$245,001 to \$270,000	1	201,526	–	21,801	22,992	1,692	–	–	248,011
\$270,001 to \$295,000	6	210,841	–	24,338	37,048	9,436	–	–	281,663
\$295,001 to \$320,000	2	215,858	–	25,243	38,661	20,704	–	–	300,466
\$345,001 to \$370,000	1	243,850	–	38,988	43,609	18,688	–	–	345,135
\$370,001 to \$395,000	4	283,047	–	38,304	52,164	17,080	–	–	390,596
\$395,001 to \$420,000	7	306,480	–	38,247	50,645	11,149	–	–	406,521
\$420,001 to \$445,000	6	279,414	–	93,500	46,402	12,180	–	–	431,496
\$445,001 to \$470,000	7	333,763	–	38,935	59,629	19,188	–	–	451,515
\$470,001 to \$495,000	5	344,078	–	49,849	61,067	30,537	–	–	485,532
\$495,001 to \$520,000	1	383,968	–	38,988	67,402	12,455	–	–	502,813
\$520,001 to \$545,000	2	412,398	–	38,988	56,699	21,498	–	–	529,583
\$545,001 to \$570,000	3	441,925	–	38,877	60,245	19,534	–	–	560,581
\$570,001 to \$595,000	1	441,475	–	38,988	68,186	24,368	–	–	573,017
\$595,001 to \$620,000	1	460,229	–	38,988	67,142	35,533	–	–	601,892
\$795,001 to \$820,000	1	383,039	–	341,992	61,307	20,023	–	–	806,360
\$895,001 to \$920,000	1	288,053	–	556,186	51,568	8,697	–	–	904,504

(a) Each row shows an average figure based on the number of individuals within each remuneration band based on total remuneration earned; a senior executive for the purpose of this table is a member of staff holding a position of Head of Department or Deputy Head of Department (or equivalent).

**Notes**

1. The 'Base salary' column is prepared on an accrual basis and includes gross salary earned while working plus annual leave accrued and the cost of revaluing accrued leave entitlements.
2. The 'Other benefits and allowances' column includes benefits that form part of an individual's remuneration package. This includes, for eligible members of staff, motor vehicle benefits, car parking and health benefits plus the related fringe benefits tax on these benefits. For staff located interstate or overseas, this may also include allowances and accommodation benefits plus the related fringe benefits tax on these benefits.
3. The 'Superannuation contributions' column is calculated as: contribution amounts for individuals who are eligible for a defined contribution arrangement in a defined contribution scheme; and for individuals who are in a defined benefit arrangement, an amount equal to 15.4 per cent of superannuable salary plus any employer productivity contributions.
4. The 'Long service leave' column is calculated as long service leave accrued plus the cost of revaluing accrued leave entitlements.



**Table 3.2.5: Remuneration of Other Highly Paid Staff**Received in 2023/24(\$)<sup>(a)</sup>

Total remuneration bands	Number of other highly paid staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary <sup>1</sup>	Average bonuses	Average other benefits and allowances <sup>2</sup>	Average superannuation contributions <sup>3</sup>	Average long service leave <sup>4</sup>	Average other long-term benefits	Average termination benefits	Average total remuneration
\$250,000 to \$270,000	59	191,748	–	28,682	31,264	8,524	–	–	259,542
\$270,001 to \$295,000	45	204,871	23	29,228	35,202	10,132	–	–	279,456
\$295,001 to \$320,000	25	228,378	–	23,272	39,900	11,862	–	3,449	306,861
\$320,001 to \$345,000	15	216,794	74	50,163	37,380	11,905	–	12,660	328,977
\$345,001 to \$370,000	2	264,917	–	22,425	47,897	19,149	–	–	354,388
\$370,001 to \$395,000	2	229,296	–	97,057	41,940	13,119	–	–	381,413
\$395,001 to \$420,000	3	289,197	–	51,715	42,705	18,869	–	–	402,485
\$420,001 to \$445,000	1	119,551	–	277,430	21,693	4,955	–	–	423,629
\$445,001 to \$470,000	3	206,612	–	149,424	36,244	13,606	–	50,293	456,179
\$495,001 to \$520,000	2	194,638	–	192,086	33,096	7,547	–	71,539	498,906
\$720,001 to \$745,000	1	165,165	–	531,583	30,272	6,072	–	–	733,093
\$1,220,001 to \$1,245,000	1	192,686	–	1,004,620	34,764	9,364	–	–	1,241,435

(a) Each row shows an average figure based on the number of individuals within each remuneration band based on total remuneration earned.

**Notes**

1. The 'Base salary' column is prepared on an accrual basis and includes gross salary earned while working plus annual leave accrued and the cost of revaluing accrued leave entitlements.
2. The 'Other benefits and allowances' column includes benefits that form part of an individual's remuneration package. This includes, for eligible members of staff, motor vehicle benefits and health benefits plus the related fringe benefits tax on these benefits. For staff located interstate or overseas, this may also include allowances and accommodation benefits plus the related fringe benefits tax on these benefits.
3. The 'Superannuation contributions' column is calculated as: contribution amounts for individuals who are eligible for a defined contribution arrangement in a defined contribution scheme; and for individuals who are in a defined benefit arrangement, an amount equal to 15.4 per cent of superannuable salary plus any employer productivity contributions.
4. The 'Long service leave' column is calculated as long service leave accrued plus the cost of revaluing accrued leave entitlements.

**Endnotes**

- 1 See RBA (2024), 'Corporate Plan 2024/25'.
- 2 For example, total remuneration received by Michele Bullock in 2023/24 was inflated by her accrued long service leave being revalued following her appointment as Governor and by her not taking her full annual leave entitlement.

## 3.3 Risk Management

**To achieve our objectives and strategic priorities we use a Risk and Compliance Management Framework to identify and manage current and emerging risks in line with our risk appetite. This framework is overseen by the Risk Management Committee. The key risks we face at present relate to our large transformation agenda, psychosocial health, operational resilience, information security, management of suppliers and preserving public trust and confidence in our policymaking.**

### Risk and Compliance Management Framework

The Risk and Compliance Management Framework sets out the principles for how we manage risks to help us achieve our objectives. The framework is underpinned by a Risk Management Policy and Risk Appetite Statement, which outline how we identify, assess and manage risks within acceptable levels. We embed internal controls in our systems and processes to manage and/or mitigate risks.

We manage risks at both an enterprise (top-down) and departmental (bottom-up) level, commensurate with our risk appetite. We set risk appetite levels across our risk categories and monitor against quantifiable metrics, wherever possible. Processes, data and systems help us appropriately to oversee mitigating action plans when we deem risk levels outside target.

We continuously support and promote a proactive risk management culture that balances risk and reward. The Risk Management Policy provides staff with clarity on their responsibilities, as well as guidance for managing and taking appropriate risks.

As part of a multi-year program, we are currently transforming and strengthening our Risk and Compliance Management Framework, together with our risk management practices, risk accountabilities and risk culture more broadly.<sup>1</sup> This follows recommendations in the independent Review of the RBA and the Deloitte Review of the Reserve Bank Information and Transfer System (RITS). Key aspects of this transformation include:

- enhancing our 'Three Lines of Accountability' model across the RBA to align to global standards
- uplifting our risk culture model, in alignment with the organisation's 'Open & Dynamic' culture transformation
- reinforcing the critical role of the Chief Risk Officer and the 'voice of risk' within the RBA

- strengthening governance processes to prepare and support the operation of the proposal new Governance Board
- refreshing our risk management policies and standards to drive robust risk and control identification and assessment, align with industry best practices and meet the objectives set out in our Corporate Plan – this includes an assessment of current and target risk capability to deliver the transformation
- reviewing the Risk Management Committee charter, agenda and information processes to ensure it is an effective decision-making body, prior to the establishment of the proposed Governance Board.

### Three Lines of Accountability

As part of the risk transformation, we are enhancing the 'Three Lines of Accountability' model to align with global standards and help staff understand their roles in actively managing risks. Under the model:

- *The 'first line' are departments*, which own and manage their risks. As 'risk owners', departments are responsible for evaluating their risk environment, putting in place appropriate controls and ensuring these are implemented effectively to keep risks within appetite.
- *The 'second line' is Risk and Compliance Department*, led by the Chief Risk Officer. It supports consistent application of the Risk and Compliance Management Framework, provides independent review and challenge to first line management of risks and controls, and monitors the RBA's overall risk and control environment.
- *The 'third line' is Audit Department*, which provides independent assurance on the effectiveness of governance, risk management and internal controls.

Implementing this enhanced 'Three Lines' model will require a material change in our capacity, capabilities and organisational structure.

## Risk governance oversight

The Risk Management Committee has oversight of arrangements for risk management. It is chaired by the Deputy Governor, meets at least six times each year, and informs the Executive Committee and the Reserve Bank Board Audit Committee of its activities.

The Risk Management Committee is responsible for ensuring the assessment and effective management of all the risks we face, with the exception of those taken as part of decisions on monetary or financial stability policies and the payments policy functions. Responsibility for the latter risks lie with the Governor, the Reserve Bank Board and the Payments System Board, as discussed in Part 1.2: Governance and Accountability. The Reserve Bank Board oversees risks associated with the RBA's ownership of Note Printing Australia Limited (NPA), while the NPA Board and management oversee the NPA's operational risks.

The Risk Management Committee is assisted in its responsibilities by Risk and Compliance Department. The department also helps individual business areas to manage their risk and compliance environment effectively within a framework that is consistent across the RBA. It monitors risk and performance associated with the RBA's activities in financial markets and supports all business areas by ensuring consistent application of enterprise-wide control frameworks. These controls cover fraud, bribery and corruption, business continuity and compliance-related risks. The Chief Risk Officer reports directly to the Deputy Governor and the Reserve Bank Board Audit Committee.

Audit Department undertakes a risk-based audit program to provide independent assurance that risks are identified and that key controls to mitigate these risks are well designed, implemented and working effectively. The Head of Audit Department reports to the Deputy Governor and the Reserve Bank Board Audit Committee. The department's work is governed by the Audit Department Charter, which is approved by the Audit Committee.

## Risk appetite and risk profile

Our risk appetite is defined as the amount of risk that we are prepared to accept when pursuing our objectives and strategic priorities. It can be expressed on a scale that ranges from 'high appetite' to 'no appetite'.

The Risk Management Policy, which captures our risk appetite, was updated in August 2023 to capture learnings from a service outage in 2022 (see below).<sup>2</sup> The policy aims to ensure that we manage risks in a manner that best facilitates the achievement of our objectives. Our risk appetite levels have been set across six categories of risk, namely: operational; strategic; financial markets; compliance; people and culture; and policy. Policy risk is managed by the Governor, the Reserve Bank Board and the Payments System Board, as noted above. It is therefore outside the RBA's Risk and Compliance Management Framework.

### Operational risk

The RBA manages a broad range of operational risks in its day-to-day work:

- *Technology Resilience*: Our activities are highly dependent on IT systems. IT Department collaborates with relevant business areas to facilitate the monitoring, assessment and management of IT-related risks and to ensure IT-related initiatives are consistent with the Corporate Plan. This work is supported by ongoing evaluation of industry developments, to ensure our systems and procedures remain robust and conform to current IT standards.
- *Cyber Resilience*: Protecting digital assets from cybersecurity threats is a priority, alongside providing a high-quality IT service. We continue to strengthen both our preventative and detective controls and the response and recovery capabilities for our critical national infrastructure services and internal systems. We invest in significant security controls, receive regular independent assurance of compliance with security strategies endorsed by the Australian Signals Directorate, and maintain independent certification for the ISO 27001 global standard for Information Security Management.
- *Business Process Resilience*: The resilience of the payment and banking services we provide is critical for the Australian economy. We manage our operational resilience to minimise the likelihood and impact of disruptions to critical operations,

to communicate well with key stakeholders and to ensure staff safety and wellbeing. We undertake ongoing testing of our business resilience arrangements to ensure they remain responsive to potential disruptions. Our 2023/24–2026/27 strategic priority of ensuring highly resilient payment and banking services focuses on uplifting governance, testing, training, technology, and risk monitoring.

- *Information Management:* We manage a range of confidential, personal and sensitive information, along with a large archival collection. Loss, damage or unauthorised disclosure of this information could impair our ability to function effectively, and to meet our compliance obligations and possibly our legal responsibilities. Management of information assets is supported by an Information Management Framework, which includes policies, procedures, tools and a comprehensive training program and controls.
- *Third-party Risk Management:* We have a growing dependency on third parties to support critical and non-critical operations. We are strengthening supplier management frameworks and guidance to support the management of third parties. This will enhance our ability to achieve value for money over the vendor's lifecycle, and to mitigate relevant risks.

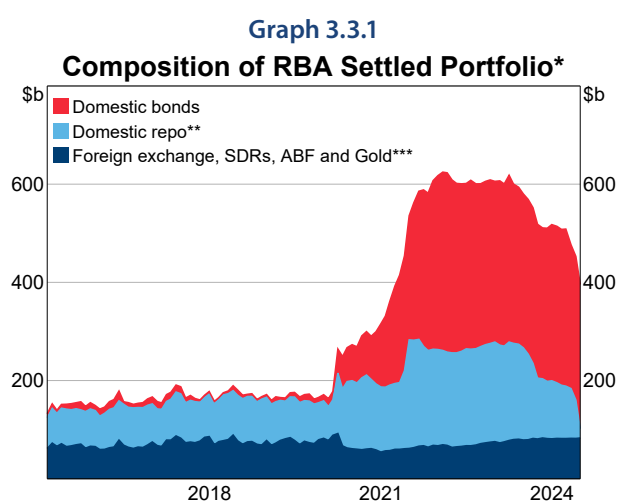
In addition, we continue to focus on the delivery of several large and complex multi-year projects. These include the renovation of the Head Office at 65 Martin Place in Sydney, and modernising core IT infrastructure. Successful delivery of these projects will help maintain high-quality services for the Australian public. Project steering committees play an important role in overseeing the management of project-related risks.

## Strategic risk

The main ways we control strategic risk are by focusing on a defined set of strategic priorities that will best equip us to mitigate the risk, and by using innovative approaches to achieving these priorities. We oversee related initiatives and investment decisions through our enterprise project portfolio and ensure each is supported by an achievable work plan and appropriate resourcing. We also continue to focus on the use of innovation, data and analytics to achieve our objectives and strategic priorities, most notably when conducting monetary policy and working to shape the future of payments.

## Financial markets risks

The RBA holds domestic and foreign currency denominated financial instruments to support operations in financial markets, in pursuit of policy objectives (see Part 2.2: Operations in Financial Markets). These instruments account for most of our assets and expose our balance sheet to financial risks (Graph 3.3.1). The primary responsibility for managing these risks rests with Financial Markets Group. Risk and Compliance Department monitors these risks, assesses compliance with the approved Financial Risk Management Governance Policy and reports to the Risk Management Committee.



\* As of 30 June 2024.

\*\* Domestic repurchase agreements (repos) are valued based on the amount of cash lent. Other assets are valued at market value.

\*\*\* SDRs refer to Special Drawing Rights, and ABF refers to investments in the Asian Bond Fund.

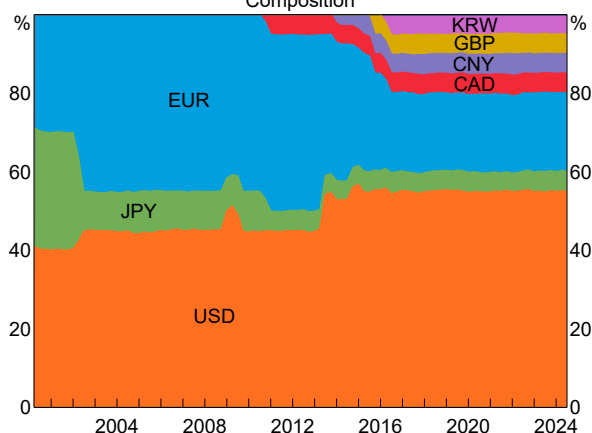
Source: RBA.

## Exchange rate risk

The RBA is exposed to exchange rate risk, as some of our assets are denominated in foreign currency while most of our liabilities are denominated in Australian dollars. Outright foreign exchange assets are held for policy purposes, so we do not hedge the foreign exchange risk exposure; however, we mitigate some risk by diversifying across currencies (Graph 3.3.2). The foreign portfolio's target shares are determined by the benchmark portfolio's currency allocation and reflects our risk appetite and desired liquidity (see Part 2.2: Operations in Financial Markets).



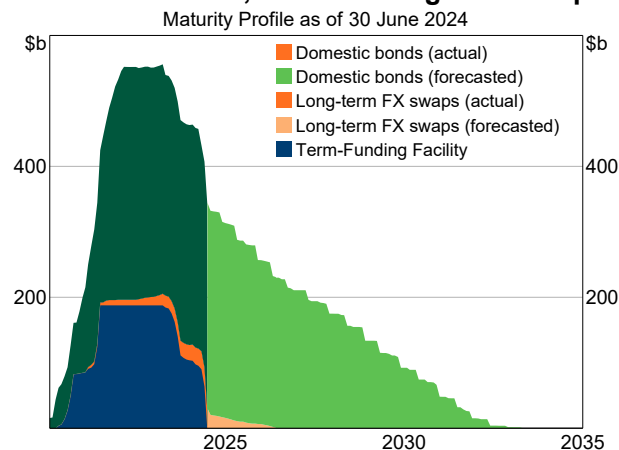
**Graph 3.3.2**  
**Foreign Portfolio**  
Composition



\* Excludes assets funded by foreign exchange swaps.  
Source: RBA.

**Graph 3.3.3**

**Domestic Bonds, TFF and Long-term Swaps**



Source: RBA.

The Australian dollar value of our outright foreign exchange holdings increased modestly over 2023/24. Based on the size of the outright foreign exchange portfolio as at 30 June 2024, a 10 per cent appreciation of the Australian dollar would result in a mark-to-market loss of \$4.4 billion, which is a small increase from the previous year.<sup>3</sup>

### Interest rate risk

The value of the RBA’s financial assets is also exposed to movements in market interest rates. Interest rate risk on our portfolio remains historically high because of policy decisions to increase domestic assets on the balance sheet between 2020 and 2022 in response to the COVID-19 pandemic. Many of the assets acquired had long tenors and low fixed interest rates, and were funded with liabilities that paid a variable interest rate.

Interest rate risk has declined from its peak, mainly reflecting a drop in the remaining maturity of securities purchased outright and the unwinding of the Term Funding Facility (TFF) (see Part 2.2: Operations in Financial Markets). For example, the interest rate sensitivity of the RBA’s domestic portfolio outright holdings, measured as the loss in value for each basis point increase in interest rates, decreased to \$106 million as of 30 June 2024, down from a peak of \$194 million in early 2022 (see Part 4: Financial Statements, Note 15). Interest rate risk is expected to decline only gradually over the next five to seven years as the remaining long-term fixed-rate assets acquired between 2020 and 2022 mature (Graph 3.3.3).

Our foreign portfolio assets are managed relative to a benchmark portfolio in each currency that reflects our long-term appetite for interest rate risk and return. The weighted-average benchmark duration target for our total foreign portfolio has remained at a low level of 6.75 months.

Banknotes on issue have increased as share of liabilities over the year, to be 24 per cent, reflecting declines in Exchange Settlement account balances and the size of the balance sheet. Banknotes carry no interest cost.

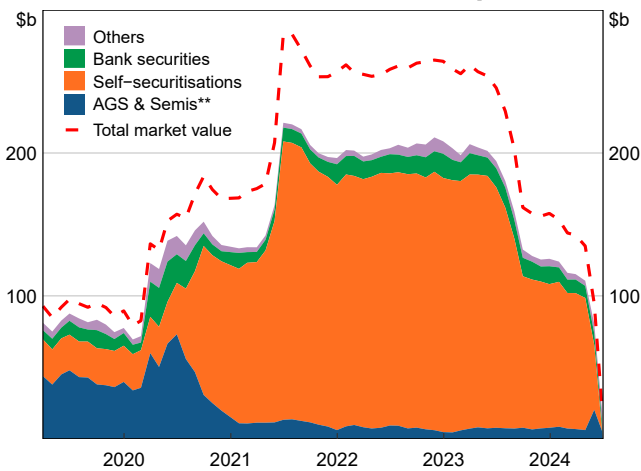
### Credit risk

Credit risk is the potential for financial loss arising from the default of a debtor or issuer, or from a decline in asset values following a deterioration in credit quality. We manage our credit exposure by applying a strict set of eligibility criteria to our holdings of financial assets and to the counterparties we transact with. See Part 4: Financial Statements, Note 15, which reports the scale of our exposure to this risk.

We are exposed to minimal issuer credit risk on our outright holdings of domestic securities because we invest only in securities issued by the Australian Government and state and territory government borrowing authorities.

We are exposed to a small amount of counterparty credit risk on domestic repos. To protect against this, we transact repos only under a Global Master Repurchase Agreement with counterparties that meet our eligibility criteria; we also only purchase securities under repo that meet our eligibility criteria and apply an appropriate margin that is maintained through daily margining. With the maturing of all TFF repos by 1 July 2024, the size of our collateral holdings under repo has declined significantly (Graph 3.3.4).

**Graph 3.3.4**  
**Collateral Held under Repo\***

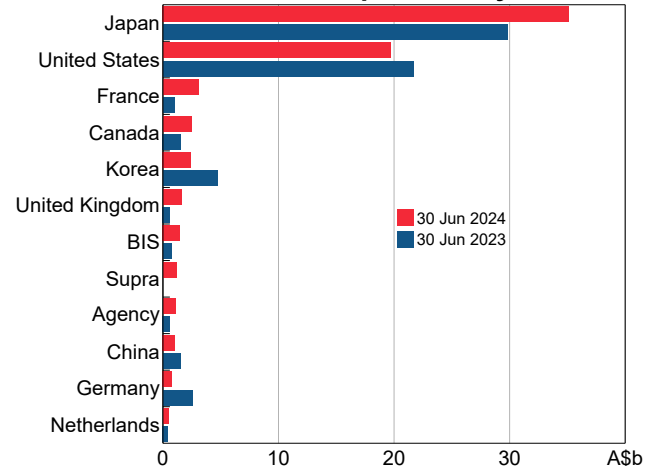


\* As of 30 June 2024. Shaded areas represent haircut adjusted collateral values, by type of collateral. Dashed line represents the total market value of all collateral types.  
\*\* AGS are Australian Government Securities. Semis are semi-government securities.  
Source: RBA.

Investments in the foreign currency portfolio are typically confined to highly rated issues by national governments, supranational institutions and government-owned agencies, as well as deposits with foreign central banks. Gross holdings of Japanese yen (JPY) denominated assets remained the largest share of the foreign currency issuer exposures, with these exposures funded largely under short-term foreign exchange swaps between JPY and other currencies in our portfolio or long-term foreign exchange swaps against the Australian dollar (Graph 3.3.5). A limit on the size of exposures to individual currencies mitigates concentration risk.

**Graph 3.3.5**

**Portfolio Composition by Issuer\***



\* Includes assets held outright, funded by foreign exchange swaps, and held under repurchase agreements.

Source: RBA.

A portion of the foreign currency portfolio is held in short-term repos. As with the domestic portfolio, the small amount of residual credit risk on these positions is managed by requiring over-collateralisation with high-quality securities, imposing limits on individual counterparty exposures, and maintaining a Global Master Repurchase Agreement (or Master Repurchase Agreement where appropriate) with each counterparty.

Credit risk on foreign exchange and gold swaps is managed by transacting only with counterparties that meet strict eligibility criteria under an International Swaps and Derivatives Association (ISDA) agreement with a credit support annex. Daily two-way margining of market value changes takes place for foreign currency repos in their local currency and foreign exchange and gold swaps in Australian dollars (see Part 4: Financial Statements, Note 15).

### Liquidity risk

As Australia's central bank, we do not fundamentally have liquidity risk on our domestic portfolio because we can create Australian dollar liquidity on demand. Nevertheless, we minimise the liquidity risk that could be incurred if we were to sell domestic securities in two ways. First, our outright holdings only include very liquid securities issued by the Australian Government or by state and territory government borrowing authorities, and the Reserve Bank Board's current strategy is to hold these to maturity. Second, liquidity risk from potential sales of securities held under domestic repos – which we could own in the event of a counterparty default – are managed through our collateral eligibility criteria, setting conservative margins and daily margin maintenance.

In our foreign portfolio, we require a high level of liquidity to ensure that we achieve our policy objectives – including through foreign currency intervention – at all times. The foreign portfolio liquidity framework incorporates internal assessments on the liquidity characteristics of various assets in the portfolio to ensure that a minimum level of investment is maintained in highly liquid assets. We also maintain foreign currency liquidity levels by entering into long-term foreign exchange swaps of up to five years. We have been transacting in long-term foreign exchange swaps in JPY and US dollars (USD) since February 2021 to maintain our capacity to implement policy decisions, including to meet IMF commitments (see Part 2.2: Operations in Financial Markets).

### Compliance risk

The effective management of compliance risk is central to our activities. To do this, staff complete annual training in areas such as workplace behaviour, fraud awareness, privacy, and workplace health and safety. Risk and Compliance Department collaborates with all business areas to ensure compliance risks are managed effectively. The department also keeps the Risk Management Committee informed about compliance levels in key areas.

We manage risks related to the handling of confidential and sensitive information to ensure there are no unintended disclosures. While the primary focus is on ensuring sufficient controls exist to prevent a breach occurring, the risk and control framework also seeks to ensure that we can respond appropriately should a breach occur.

We do not tolerate dishonest or fraudulent behaviour and are committed to deterring and preventing such behaviour. We take cases, or suspected cases, of fraud and corruption very seriously. All staff involved in financial dealing have well-defined limits to their authority to take risks or otherwise commit the RBA. These arrangements are further enhanced by the separation of front-, back- and middle-office functions, where staff involved in trading, settlement and reconciliation activity remain physically apart and have separate reporting lines. For non-trading activities, several layers of fraud control are in place. We have established a clear decision-making hierarchy, and separation of duties and physical controls over systems and information. These are regularly reviewed. We also have arrangements for staff and members of the public to report any concerns anonymously, including an option, if preferred, to report concerns directly to the National Anti-Corruption Commission. All concerns are fully investigated. During 2023/24, there was one reported instance of fraud by an employee.

### People and culture risk

We are exposed to risks relating to people and culture, such as resourcing, safety and wellbeing (see Part 3.2: Our People). We remain committed to maintaining and strengthening a workplace culture in which staff uphold the highest standards of behaviour. Our Code of Conduct sets out requirements for employees and others involved in our activities. We provide avenues for staff to report concerns about breaches of the Code of Conduct, including anonymously.

## Key risks

We face a broad range of risks in our day-to-day operations, which are amplified by the scale, complexity and interdependency of the work involved in our transformation agenda. A summary of the key risks that are actively being managed at present, and the approach taken to mitigate them, is provided in Table 3.3.1.

**Table 3.3.1: Key Risks**

Risk	Approach to managing
<p><b>Strategic risk – Change delivery</b> Delivery of our core objectives and strategic priorities, given the high volume of concurrent change being imposed on the organisation in response to independent reviews, major renovations to our Head Office and the need to replace our core IT infrastructure.</p>	Strategically prioritise work, continue to enhance our delivery capability, and suitably resource our programs of work to effectively manage change.
<p><b>People and culture risk – Psychosocial hazards</b> The management of our people, including the psychosocial health and wellbeing of our staff and contractors.</p>	Maintain and improve the safety, health and wellbeing of our employees through the promotion of positive health outcomes and prevention of potential health risks.
<p><b>Operational risk – Critical technology services resilience</b> The availability and resilience of our critical technology services and operational systems.</p>	Strengthening our systems and operating processes to ensure high standards of service availability required for operating our critically important national payments infrastructure.
<p><b>Operational risk – Information Security Management</b> Management of security threats to our information systems and technologies.</p>	Building and strengthening our cyber defences and controls to ensure the confidentiality, integrity and availability of information.
<p><b>Operational Risk – Management of suppliers</b> The management of our third-party and fourth-party contractual obligations to support critical and non-critical operations.</p>	Strengthen our supplier management frameworks and guidance to support the management of third-party and fourth-party engagements.
<p><b>Strategic risk – Trust and confidence</b> The management of our internal and external communications to build and preserve trust and confidence in our policymaking.</p>	Strengthen our expertise in communications and continue to communicate regularly to the public and media.

## Endnotes

- 1 For more information, see RBA (2024), 'Corporate Plan 2024/25'.
- 2 See RBA (2023), 'Risk Management Policy', August.
- 3 Based on our total foreign exchange reserves exposure (including outright holdings of foreign exchange, Special Drawing Rights, gold and the Asian Bond Fund) as at 30 June 2024, a 10 per cent appreciation of the Australian dollar would result in a mark-to-market loss of \$6.2 billion, up slightly from the previous year.





## 3.4 Earnings, Distribution and Capital

In 2023/24, we recorded an accounting loss of \$4.2 billion. This was due to negative underlying earnings, partially offset by valuation gains on domestic bond and foreign exchange holdings. In accordance with the *Reserve Bank Act 1959*, unrealised gains totalling \$3.0 billion were transferred to the unrealised profits reserve, with the balance of the accounting loss added to accumulated losses.

### Earnings and distribution

Our earnings come from two sources: underlying earnings, which include net interest and fee income less operating costs; and valuation gains or losses on our holdings of government bonds and foreign exchange.

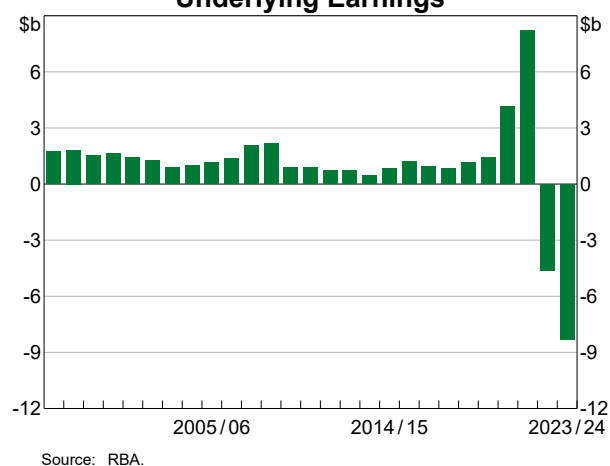
Underlying earnings arise because we earn interest on most of our assets but have historically paid no interest on a large proportion of our liabilities, namely banknotes on issue. With the substantial increase in Exchange Settlement (ES) balances in recent years, our net interest earnings were again negative in 2023/24. Most of our domestic assets earn fixed rates of return (and at the much lower interest rates that prevailed when those assets were acquired), but our interest-bearing liabilities (mainly ES balances) are paid a floating interest rate linked to the official cash rate. This is expected to remain the case for a few more years, but to improve gradually as the assets acquired during the pandemic mature (see Part 2.2: Operations in Financial Markets).

Valuation gains and losses result from movements in exchange rates or changes in the market yields on securities held outright. A depreciation of the Australian dollar or a decline in market yields results in valuation gains, while an appreciation of the Australian dollar or a rise in market yields leads to valuation losses. These gains and losses are realised only when the underlying asset is sold or matures.

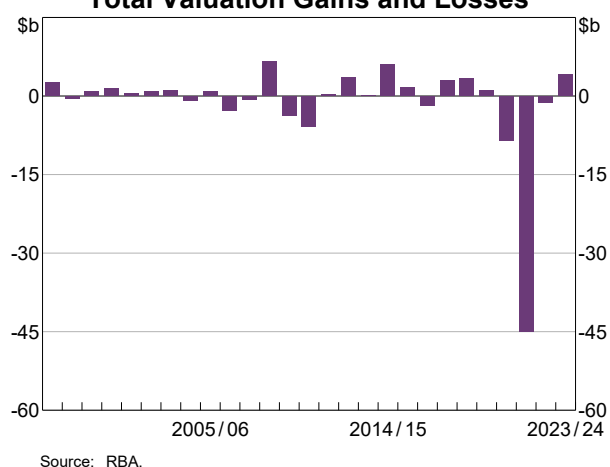
In 2023/24, our accounting loss of \$4.2 billion comprised the following:

- underlying earnings of  $-\$8.3$  billion (Graph 3.4.1)
  - as noted above, this net expense reflects payment of a higher interest rate on ES balances than we earn on our portfolio of assets
- net valuation gains of  $\$4.2$  billion, largely owing to unrealised gains on domestic government bonds and foreign exchange gains realised from foreign exchange swaps (Graph 3.4.2).

Graph 3.4.1  
Underlying Earnings



Graph 3.4.2  
Total Valuation Gains and Losses



## Capital and reserves

The Reserve Bank Board has a framework for capital that aims to hold a sufficient balance in the Reserve Bank Reserve Fund (RBRF), essentially the RBA's capital, to absorb losses that might reasonably be anticipated. The target balance is set with reference to market risk arising from our portfolio of foreign and domestic securities. A small amount is also assigned to credit risk arising from the very small exposures to commercial banks that are not collateralised. Given the policy reasons that underpin our holdings of domestic and foreign assets, we have limited discretion to manage market risk on these assets. Accordingly, we accept that capital could, at times, be below target or possibly negative, owing to movements in interest and exchange rates.

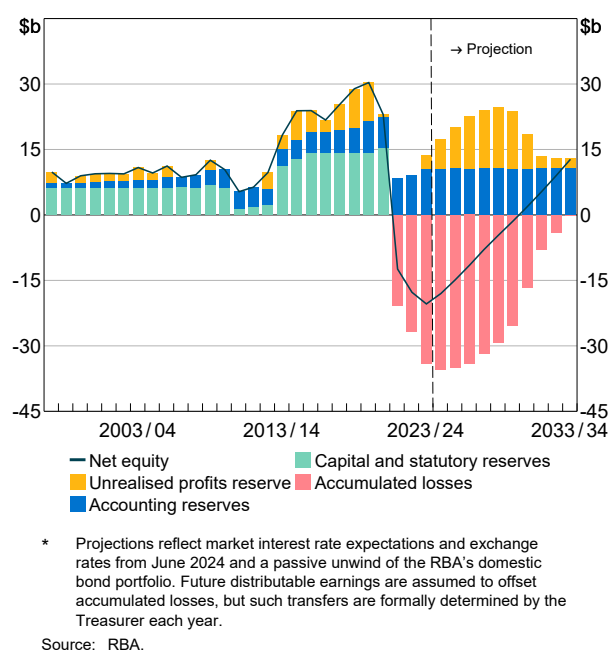
The targeted amount for the RBRF is not a minimum level of capital that needs to be maintained at all times. Rather, it is a benchmark for the Board to consider when providing advice to the Treasurer regarding the RBA's capital and dividends. As at 30 June 2024, the RBRF target was \$20.1 billion, compared with an actual balance of nil (and accumulated losses recorded elsewhere on the balance sheet of \$34 billion).

We also maintain several other financial reserves:

- the balance in the unrealised profits reserve represents accumulated unrealised valuation gains on holdings of securities and foreign exchange
- asset revaluation reserves comprise accumulated valuation gains on our non-traded assets, such as gold holdings and property.

As at 30 June 2024, we were in a negative equity position of \$20.4 billion, as accumulated losses on our balance sheet exceeded the combined balance of other reserves (Graph 3.4.3). The Reserve Bank Board's judgement remains that negative equity does not affect the RBA's ability to operate effectively or perform its functions, but that it is important that the equity position is restored over time.

Graph 3.4.3  
Equity\*



Restoring the RBA's equity can be achieved by retaining profits over the years ahead. Now that funds lent under the Term Funding Facility have been repaid and most of our domestic bonds are carried at a discount to their face value (such that realised capital gains are expected as these bonds mature), our earnings outlook is more favourable.

Nevertheless, future earnings remain highly uncertain, owing to the continued mismatch between fixed returns on most of our assets and the variable rate paid on a large portion of our liabilities, notably ES balances. If market expectations (as at June 2024) for the cash rate are realised, negative equity is likely to persist for several years (though will gradually diminish from 2024/25). A return to the target for the RBRF is not expected for a further decade or so.

The Board has communicated its strong expectation to the Australian Government that future distributable earnings would be applied, in full, to offsetting the accumulated losses and then restoring the balance of the RBRF to the Board's target. In response, the Treasurer has endorsed the Board's approach to restoring the equity position over time, while noting any retention of earnings remains at the discretion of the Treasurer in terms of the *Reserve Bank Act 1959*. The Treasurer has also expressed agreement with the Board's judgement that the negative equity position is not affecting the RBA's ability to operate effectively or perform its functions.