

EXPLANATORY STATEMENT

Issued by authority of the Treasurer

Reserve Bank Act 1959

Reserve Bank Amendment (Reserve Bank Reforms) Regulations 2025

Section 89 of the *Reserve Bank Act 1959* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The Reserve Bank of Australia (RBA) previously had two Boards – the Reserve Bank Board and the Payments System Board. An independent review of the RBA (the Review) was handed down in March 2023. It recommended that the Government constitute a Monetary Policy Board and a Governance Board, in place of the Reserve Bank Board.

The Monetary Policy Board will have responsibility for the monetary policy of the RBA and the RBA's policy for contributing to the stability of the Australian financial system. The Governance Board will oversee the management and organisational affairs of the RBA and be the RBA's accountable authority. The Review recommended that the Payments System Board remain and continue to be responsible for payments system policy.

The Government responded to the Review by enacting the *Treasury Laws Amendment (Reserve Bank Reforms) Act 2024* (the Reforms Act), which establishes the two new Boards.

The Act, as amended by the Reforms Act, contains the obligation that each member of the Governance Board (paragraph 25NJ(1)(b)), Payments System Board (paragraph 25E(1)(b)) and Monetary Policy Board (paragraph 25AJ(1)(b)) make a declaration of secrecy. Paragraphs 25NJ(3)(a), 25E(3)(a) and 25AJ(3)(a) respectively confer power for regulations to prescribe the form of the declarations.

The purpose of the *Reserve Bank Amendment (Reserve Bank Reforms) Regulations 2025* (the Amending Regulations) is to update the existing secrecy declarations in the *Reserve Bank Regulation 2016* to apply across all three Boards (Governance Board, Payments System Board and Monetary Policy Board). Accordingly, Schedule 1 to the Amending Regulations contains a prescribed form for declaration of secrecy for all Board members.

The Amending Regulations are made in reliance on section 4 of the *Acts Interpretation Act 1901*, in anticipation of the Reforms Act's commencement.

The Act does not specify any conditions that need to be met before the power to make the Amending Regulations may be exercised.

The RBA was consulted on the Amending Regulations. It was not considered necessary to conduct public consultation because the Amending Regulations make only technical changes, primarily to reflect the Reforms Act.

The Amending Regulations are a legislative instrument for the purposes of the *Legislation Act 2003* and are subject to disallowance in accordance with that Act.

The Amending Regulations' sunset status is not relevant as they will be automatically repealed by the operation of the *Legislation Act 2003* after achieving their amending effect (but only after the disallowance period ends).

The Amending Regulations commence on the later of the day after registration on the Federal Register of Legislation and the commencement of the Reforms Act.

Details of the Amending Regulations are set out in Attachment A.

A Statement of Compatibility with Human Rights is at Attachment B.

The Office of Impact Analysis (OIA) has been consulted (OIA ref: 24-07238) and agreed that the preparation of an Impact Analysis was not required. This measure is primarily a consequential, technical update to reflect the Reforms Act and does not have any impact on compliance costs.

Details of the Reserve Bank Amendment (Reserve Bank Reforms) Regulations 2025

Section 1 – Name

This section provides that the name of the regulations is the *Reserve Bank Amendment (Reserve Bank Reforms) Regulations 2025* (the Amending Regulations).

Section 2 – Commencement

The Amending Regulations commence on the later of the day after registration on the Federal Register of Legislation and the commencement of the *Treasury Laws Amendment (Reserve Bank Reforms) Act 2024*.

Section 3 – Authority

The Amending Regulations are made under the *Reserve Bank Act 1959* (the Act).

Section 4 – Schedule

This section provides that each instrument that is specified in the Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule, and any other item in the Schedule to this instrument has effect according to its terms.

Schedule 1 – Amendments

Item 3 of Schedule 1 to the Amending Regulations repeals Schedules 1 and 2 to the *Reserve Bank Regulation 2016* (the Regulations), which were the prescribed forms for declaration of secrecy for the Reserve Bank Board members and Payments System Board members.

The item replaces that with a new Schedule 1 to the Regulations, which is the new form for declaration of secrecy for each member of a Board (the Monetary Policy Board, Payments System Board and/or Governance Board) to sign.

In addition to updating the declaration to reflect the Monetary Policy Board and Governance Board coming into existence, this new single form also addresses a limitation of the existing prescribed declarations. The Act provides that Board members who make a prescribed declaration of secrecy do not have to make a fresh declaration in the event that they also become a member of another Board. However, the effect of the existing prescribed declarations in the Regulations is that a member in this situation need only have declared that they will maintain secrecy in relation to the affairs of the first-mentioned Board. Item 3 of Schedule 1 to the Amending Regulations corrects this to ensure the secrecy declaration provisions operate as intended, by prescribing one declaration that covers all Boards.

Item 1 of Schedule 1 to the Amending Regulations correspondingly updates the signposts in the body of the Regulations to point to the new prescribed form in Schedule 1 to the Regulations.

Item 2 makes a minor amendment to section 7 in the Regulations to accord with modern drafting practice.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Reserve Bank Amendment (Reserve Bank Reforms) Regulations 2025

This Legislative Instrument does not raise any human rights issues and is therefore compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The purpose of the *Reserve Bank Amendment (Reserve Bank Reforms) Regulations 2025* (the Amending Regulations) is to update the existing secrecy declarations in the *Reserve Bank Regulation 2016* to apply across all three Boards of the Reserve Bank of Australia (RBA) – the Governance Board, Monetary Policy Board and Payments System Board.

The RBA previously had two Boards – the Reserve Bank Board and the Payments System Board. An independent review of the RBA (the Review) was handed down in March 2023. It recommended that the Government constitute a Monetary Policy Board and a Governance Board, in place of the Reserve Bank Board.

The Monetary Policy Board will have responsibility for the monetary policy of the RBA and the RBA's policy for contributing to the stability of the Australian financial system. The Governance Board will oversee the management and organisational affairs of the RBA and be the RBA's accountable authority. It was recommended that the Payments System Board remain and continue to be responsible for payments system policy.

The Government responded to the Review by enacting the *Treasury Laws Amendment (Reserve Bank Reforms) Act 2024*, which established the two new Boards.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.