# [All 51 recommendations from the RBA review](https://www.afr.com/politics/federal/all-51-recommendations-from-the-rba-review-20230420-p5d1vl)

**[Campbell Kwan](https://www.afr.com/politics/federal/all-51-recommendations-from-the-rba-review-20230420-p5d1vl) AFR - Apr 20, 2023**

The Reserve Bank will get more experts for a separate board to set interest rates and will hold fewer board meetings with mandatory press conferences, as part of the first external review of the central bank and the operation of monetary policy in 40 years.

The [review](https://www.afr.com/policy/economy/rba-to-get-second-board-in-governance-shake-up-20230419-p5d1jh), announced by Treasurer Jim Chalmers last year, was established with the objective of identifying how to make it “the world’s best and most effective central bank into the future”.

Canadian central banker Carolyn Wilkins, ANU economics professor Renee Fry-McKibbin and former senior Treasury official Gordon de Brouwer. **Fairfax**

The independent review has come back with 51 recommendations. Here is what it found:

1. The RBA should continue to have operational independence for monetary policy, meaning the government should remove the power for the Treasurer to overrule RBA decisions.
2. The federal government should legislate that the RBA has dual monetary policy objectives of price stability and full employment, with an overarching purpose of providing economic prosperity and welfare for Australians.
3. The federal government should remove the RBA’s power to direct commercial banks’ lending as it is not necessary for the RBA to achieve its core mandate.
4. The RBA’s monetary policy should have a flexible inflation target of 2-3 per cent, but the board should set out how it aims to achieve the target while prioritising price stability and full employment.
5. The RBA should explain its expectations about how long inflation is expected to remain above target, or how long labour market conditions are expected to deviate from full employment when these situations arise.
6. Promote a better understanding of the relative roles of fiscal and monetary policy. This should entail RBA and Treasury regularly providing information about the economic outlook and policy constraints while working together to analyse the impacts of monetary policy decisions on fiscal policy, and vice versa.
7. The RBA and Treasury should develop an Australian Macroeconomic Policy Research Program.
8. The RBA should build a framework for the use of additional monetary policy tools in the future.
9. The federal government and a newly established monetary policy board should instigate a formal review of the monetary policy framework and tools every five years.
10. Legislate that the RBA has a responsibility to contribute to financial system stability.
11. The Council of Financial Regulators (CFR) should renew memorandums of understanding between its members so there is clarity on what roles members have in identifying and addressing regulatory gaps.
12. The RBA board should inform the CFR when monetary policy is likely to affect, or be affected by, risks to financial stability. This includes providing formal advice to the CFR and APRA every five years.
13. Update cooperation arrangements between the RBA and APRA to promote financial stability.
14. The RBA should take account of climate risks but not use monetary policy to address them.
15. The federal government should not make a transition to a low carbon economy an explicit objective of RBA’s monetary policy. Instead, it is the government’s responsibility to set the mix of policies to pursue and manage the transition.
16. The federal government should constitute a new monetary policy board that is responsible for monetary policy decisions and overseeing the RBA’s contribution to financial system stability (except payments system policy), but not broader corporate governance.
17. The monetary policy board should comprise the RBA governor, deputy governor, Treasury secretary and six external members, with the governor as chair.
18. The federal government should clarify in legislation that the Treasury secretary acts on the monetary policy board in their individual capacity not at the direction of the treasurer.
19. The monetary policy board’s external members should be able to make a significant contribution to monetary policy setting through their areas of expertise.
20. External monetary policy board members should be appointed through a transparent process where the Treasury secretary, RBA governor and a third party recommends options for suitable candidates to the Treasurer.
21. Monetary policy board external members should be appointed for a term of five years, with the possibility of reappointment for up to one year.
22. The monetary policy board should only meet eight times a year – instead of 11 times like the current iteration of the RBA board – to allow for more time to make better monetary policy decisions.
23. The six external monetary policy board members should have direct access to RBA staff for support on technical matters and additional analysis when requested.
24. The RBA should increase its forecasting and macroeconometric modelling capabilities.
25. The monetary policy board should convene and engage with an expert advisory group on monetary policy.
26. The monetary policy board should receive, and request as necessary, briefings that more fully consider monetary policy strategy, alternate policy options, costs, benefits and risks.
27. The RBA governor should hold a press conference after each decision meeting to explain the board’s views.
28. External monetary policy board members should give at least one public speech a year.
29. The public statement after each RBA board meeting should be released and approved by members as a fair reflection of the decision and discussion. The statement should report unattributed votes.
30. The RBA should publish more of the information underlying the board’s decisions, including detailed forecast data and assumptions and insights from business and community liaison. Board papers should also be published every five years.
31. The RBA should strengthen its professional capability in strategic communications, which includes appointing a chief operating officer
32. Conflict of interest policies for RBA board members should be strengthened. This should entail boards members being prohibited from active trading in financial instruments and from transacting in certain types of financial products, such as interest rate derivatives and foreign exchange.
33. The RBA should appoint a chief operating officer reporting to the governor.
34. The RBA should strengthen and extend its leadership capability through more training, assessments and transparent processes for internal opportunities.
35. The RBA should further encourage diverse viewpoints and constructive challenge, including by advertising management role vacancies externally as a default.
36. The RBA should strengthen the role of research in policy formulation, including by establishing a monetary policy strategy team and increasing collaboration between policy groups.
37. The federal government should establish a governance board – that is separate to the monetary policy board – that is responsible for overseeing the management of the RBA.
38. The governance board should be the accountable authority in respect of the PGPA Act and expand the audit committee to be an audit and risk committee. **Public Governance, Performance and Accountability** Act
39. The governance board’s membership should comprise the RBA governor, chief operating officer and five external members. An external member should be chair.
40. External governance board members should be appointed through a transparent process that is managed by the Treasury secretary, governor and a third party.
41. External members of the governance board should be appointed for a term of five years, with the possibility of reappointment for up to one year.
42. The RBA’s two newly established boards – one for monetary policy and the other for governance – should establish charters setting out their responsibilities and those of the RBA executive. A memorandum of understanding should also be established between the two boards.
43. The RBA’s leaders should be assessed on how they deliver and model cultural change by the newly established governance board.
44. The governance board should assess and report publicly by mid-2025 on the RBA’s progress in implementing the review’s recommendations and achieving its objectives.
45. The federal government should implement any RBA review recommendations that require legislation by mid-2024.
46. The federal government should make any new RBA board appointments by mid-2024.
47. The federal government should make board appointments with a view that appointed members will see out their terms and appointments are made in a staggered manner.
48. The federal government should consult with the shadow treasurer about the implementation of the recommendations of the RBA review, to ensure broad bipartisan support for the new arrangements.
49. The RBA should develop an implementation road map of the review.
50. Any other implementations of the review should be made by the end of this year.
51. The Treasurer and the RBA board should agree an updated statement on the conduct of monetary policy by the end of 2023.