

## Conclusions and recommendations

4.1 The committee believes that both the reality and perception of central bank independence are likely to enhance economic outcomes. They reduce the cost of keeping the average rate of inflation within the target band and mean that interest rates do not have to rise as much following an inflationary shock.

4.2 There is an unavoidable trade-off between making it too hard to get rid of a clearly inappropriate Governor and making it appear too easy for a Treasurer to thwart the independence of a Governor by threatening them with dismissal. The committee believes the amendments in the bill get this balance right. A bad Governor can still be removed but only with the sanction of the courts or Parliament, which protects a good Governor from having pressure applied by a Treasurer.

### Recommendation 1

4.3 **The committee recommends that the bill be passed.**

4.4 A matter raised in the inquiry, but outside the scope of the bill, is the appointment of the other members of the Reserve Bank Board. The committee commends the Government for its recent initiative aimed at ensuring the probity of future appointments.

### Recommendation 2

4.5 **The committee recommends that the Government continues to consider ways of improving the appointment procedures to the Reserve Bank Board to make them transparent and accountable and ensure a board of intellectual and moral quality but with a diverse range of perspectives.**

Senator Annette Hurley

Chair

