



BANK OF PAPUA NEW GUINEA

BOARD CHARTER

December 2022

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PREFACE

This charter has been issued as a public document by the Board, following consultation with the Minister and in accordance with the Central Banking Act 2000 (hereafter “the Act”). It gives effect to the governance of the Bank of Papua New Guinea (hereafter “BPNG”) as required by the Act, including the amendments to the Act in December 2021 that substantially expanded the scope of the Board’s role and responsibilities. The charter also draws on professional codes of good governance and the governance practices of other central banks.

This charter is intentionally consistent with the PNG Institute of Directors “Code of Professional and Ethical Conduct”. All Board members are expected to be familiar with and abide by that Code in addition to all other requirements of this charter.

The other support documents listed in the table of contents are internal documents that are established and maintained by the Board to amplify and implement this charter. They are not a part of the charter itself and are not public in nature.

In accepting an appointment to the BPNG Board, each member of the BPNG Board undertakes to understand, and act in accordance with, the provisions of the Act and the provisions of this charter. Section 27 of the Act states that “Members of the Board shall not be subject to the direction or control of any person including the Government”. Accordingly, Board members are individually and collectively accountable for their own independent actions.

Any member or prospective member of the BPNG Board who has uncertainties or concerns about his or her role as a Board member, or the specific requirements of this charter, should immediately advise and consult with the Chair and/or Corporate Secretary.

1. ROLES AND RESPONSIBILITIES OF A BOARD

The primary role of a Board is to be accountable to stakeholders for the operations and affairs of the entity that it is governing.

The key responsibilities of a Board in discharging that accountability are to:

- Act in good faith and in the best interests of the entity
- Act on a fully informed basis and accept responsibility for those actions. A Board can delegate responsibility to management for a range of matters and hold others accountable accordingly. However such delegations do not void the Board's own ultimate responsibility and accountability to its stakeholders.
- Devote sufficient time to its role and responsibilities. The Board must receive sufficient and timely information and meet regularly enough to properly review the progress of the entity, monitor the activities of management and determine whether the approved Board policies are effective and efficient.
- Identify the entity's stakeholders, and treat them fairly and in good faith. A Board must always have in mind that a decision or policy could affect stakeholders in different ways and must be able to look at the same issue from those different viewpoints.
- Establish sustainable purpose and appropriate cultural values for the organisation, and review, guide and oversee strategic direction towards achievement of that purpose in accordance with those values. A Board should look ahead and build a secure base and forward path for the entity for the long term, not just for the term of the current Board members. A Board should also actively and regularly review the organisation's purpose, values and plans to ensure their continued relevance and suitability, and make any necessary or desirable changes in a timely manner.
- Exercise objective judgement on the affairs of the entity, independently of management. One principal way of doing that is to ensure that the Board has a direct, objective and professional relationship with the entity's auditors.
- Monitor management's performance in achieving the strategic goals set for the entity and maintaining the entity's financial, human and technical resources.
- Develop and apply appropriate policies for good corporate governance. The Board must set a positive example in ethical behaviour and organisational culture – the right "tone from the top" - and ensure that the entity is operating under principles of good corporate governance that are consistent with its cultural values. The Board should also actively encourage management and staff to foster an appropriate ethical climate throughout the entity and to personally support and exemplify the entity's cultural values.
- Manage its own conduct to maintain the integrity of the entity. The Board must ensure that any actual or potential conflict of interest arising for a Board member

as a result of that member's position on the Board is declared and properly managed. The Board must also ensure that selection and use of external advisers is conducted in a professional manner that is consistent with the entity's principles and cultural values.

- Provide a collective source of advice and support for management
- Oversee succession planning for the Chief Executive and senior management
- Monitor and support the achievement of key business functions and results
- Ensure compliance with all relevant laws, regulations and codes of practice
- Ensure that adequate risk management policies and procedures are in place
- Establish Board committees that assist the Board to fulfill its responsibilities
- Ensure the Board has appropriate capability and diversity within its membership
- Act legally, effectively and responsibly in any exceptional situations that might arise

Resources that should be available to the Board and Board members include:

- Sufficient orientation and information on the entity's business and activity
- Information and initiatives to help Board members keep up to date with their role and responsibilities
- Access to suitable independent external professional advice on matters relating to the discharge of Board and member responsibilities
- Board papers and reports that are suitably structured to provide relevant information and enable Board members to fully understand and respond to the issues that arise
- Access to management and to Board documentation at all reasonable times.

The PNG Institute of Directors (www.pngid.org.pg) provides professional training, guidance and advice on the general roles and responsibilities of a Board. It requires its members to act in accordance with that Institute's "Code of Professional and Ethical Conduct".

2. BPNG BOARD'S ROLE AND RESPONSIBILITIES

Unlike a commercial organisation, BPNG operates under its own unique statute. While BPNG as a central bank conducts and accounts for a range of financial transactions in a commercial manner, it does not primarily seek to maximise profit. While BPNG is a part of overall national government, it is an independent entity that does not operate under the direct authority or direction of a Minister.

BPNG instead has defined statutory goals to attain, statutory authority and powers to exercise, and statutory constraints and accountabilities to adhere to. In the broadest sense, the governance responsibility of the Board is to ensure that BPNG applies its authority and powers to achieve its goals, while adhering to those constraints and accountabilities.

The Act makes the Board "*responsible for*

- (a) determining the policies of the Central Bank, including the formulation and implementation of monetary policy and the regulation of the financial system; and*
- (b) the general administration of the affairs and business of the Bank and the approval of the budget and operating plan of the Bank; and*
- (c) oversight of the management of the Bank and keeping under constant review the performance of the Bank in giving effect to its objectives and carrying out its functions and the use of the resources of the Bank.*

The Act gives the Board all the appropriate authority and powers necessary to fulfil those statutory responsibilities. It also defines specific qualifications and roles for the Board, individual Board members, the Governor, and either one or two Deputy Governors.

Commercial and governmental governance practices must therefore be adapted to the unique and specialised circumstances of a central bank, and to BPNG's specific statute. Within that context, the Board retains responsibility to apply generally accepted principles of good governance, and to operate its structures and processes accordingly.

The BPNG Board will aim to add value to the organisation through the exercise of its governance powers. The Board's role encompasses all the key responsibilities of a Board and particularly includes the following specific responsibilities:

- Understand and communicate BPNG's purpose and statutory objectives
- Clarify and critically consider the nature, scope and depth of BPNG functions in relation to the Act and to BPNG's role and capabilities, and set target outcomes for them
- Actively and regularly review BPNG's institutional and functional policies

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- Help maintain and manage BPNG's relationships with government, citizens and other stakeholders
 - Confirm that BPNG's delegations of authority and internal controls are reasonable and appropriate, properly documented, well understood and regularly audited
 - Monitor and oversee current and future BPNG capability across all relevant dimensions, including maintenance of the Board's own capability and diversity
 - Ensure prudent financial management and protect BPNG's financial position
 - Ensure viable strategies, targets and plans for BPNG are developed and attained
 - Ensure that BPNG establishes and operates appropriate risk management, business continuity and disaster recovery policies
 - Monitor the performance of BPNG and its management
 - Monitor BPNG's effectiveness, efficiency and use of resources
 - Ensure compliance with all laws, regulations and codes of practice relevant to BPNG
 - Ensure that the accountability and disclosures of BPNG meet statutory requirements and the reasonable expectations of stakeholders
 - Ensure that BPNG adheres to high standards of probity, ethics, business practices and corporate behavior, and maintains an appropriate organisational culture
 - Provide a collective source of advice and support for BPNG and the Governor
 - Ensure that BPNG, the Governor and the BPNG Board act legally, effectively and responsibly in any exceptional situations that might arise

To capably perform its governance functions, the Board must understand BPNG's operations and business processes, and be well-informed about relevant internal and external circumstances. However, the Board must also be mindful that governance is not management. In the normal course of events, day-to-day operation of BPNG will be in the hands of its management, led by the Governor.

3. MEMBERSHIP OF THE BOARD

External Board members

Seven external Board members are appointed by the Head of State under Section 27 of the Act. They must meet specific eligibility requirements and are appointed by the Head of State for a fixed term, in consultation with the BPNG Board (five members) or on the recommendation of the BPNG Board (two members). External Board members have no executive responsibilities and a Board member cannot act as Governor.

When consulting or making recommendations concerning Board appointments, the Board will apply a systematic and disciplined professional process to identify key requirements and develop a person specification. That process will focus on the individual and collective knowledge and capabilities the Board requires from its members to properly fulfil all of its functions, now and in the future. Achieving diversity of knowledge, experience, perspective and thought will be an important consideration. The Board will ensure that newly appointed members receive a thorough induction into the nature of central banking, the functions of BPNG, the responsibilities of Board members and the activities of the Board.

Regardless of the manner of their appointment, each Board member is part of the collective corporate representation of the Bank's stakeholders. Individual Board members do not represent, and should not appear to represent or improperly consult with, any narrower or more specific interest.

In accepting a Board appointment, a member accepts that a Board acts collectively and that all Board members have collective responsibility for all Board actions. All members are therefore expected to externally support the decisions, actions, policies and positions of the Board, regardless of their individual opinions. In circumstances where an individual Board member strongly disagrees with a Board decision, that member may ask for his views and/or vote on that matter to be minuted or (in extreme circumstances) may choose to resign.

Chair and Deputy Chair

The Chair and Deputy Chair are selected by the Board from among its external members.

The Chair is responsible for leading the Board and for the integrity and effectiveness of its governance processes. The Chair will facilitate and guide meetings of the Board to ensure that appropriate and sufficient discussion takes place, that all relevant opinion among members is forthcoming, and that no member dominates discussion. The Chair will ensure that discussions result in logical, practical and understandable decisions and outcomes.

The Deputy Chair chairs the Board in the absence of the Chair or when the Chair steps aside from chairing the Board for some other reason. When chairing the Board, the Deputy Chair has all of the roles and responsibilities of the Chair.

Governor

Under the Act, the Governor must meet specific eligibility requirements and is appointed by the Head of State for a fixed term. The Governor is an employee of the Bank who is employed under a specific contract and job description. The Governor has particular duties, powers and responsibilities under the Act, including implementation of the monetary policy formulated by the Board.

In addition to other duties, powers and responsibilities, the Act requires the Governor to be an ex-officio Board member. The Governor and Board will recognise, and when necessary distinguish between, the several roles of the Governor. The Board will adopt appropriate good governance practices to assist and support the Governor in effectively performing all his roles and meeting all his responsibilities.

When participating in Board processes as a Board member, the Board responsibilities of the Governor supersede his executive responsibilities.

Deputy Governor

Under the Act, a Deputy Governor must meet specific eligibility requirements and is appointed by the Board, in consultation with the Governor and the Minister for Treasury, for a fixed term. A Deputy Governor is an employee of the Bank who is employed under a specific contract and job description. A Deputy Governor has particular duties, powers and responsibilities under the Act, including the duty to be Acting Governor when so required by the Governor or (if there is a vacancy in the position of Governor) by the Minister.

In addition to his other duties, powers and responsibilities, the Act requires the Deputy Governor (or a Deputy Governor selected by the Governor for that purpose, if two Deputy Governors have been appointed) to be an ex-officio Board member. The Governor and the Board will recognise, and when necessary distinguish between, the several roles of the Deputy Governor(s). The Board will adopt appropriate good governance practices to assist and support the Deputy Governor(s) in effectively performing all their roles and meeting all their responsibilities.

When a Deputy Governor participates in Board processes as a Board member, the Board responsibilities of that Deputy Governor supersede his executive responsibilities.

When a Deputy Governor is required to act for the Governor in relation to Board activities, he has all of the roles and responsibilities that the Governor would have in those circumstances.

Departmental Board Observer

The Act creates a specific role within the Board for a Departmental Board Observer. The Observer's function under the Act is *"to facilitate liaison and information flows between BPNG and the department responsible for treasury matters"*.

The Observer is nominated by the Secretary to the department responsible for treasury matters, and must be either the Secretary himself or a Deputy Secretary or First Assistant Secretary to that department. The Observer performs his role subject to conditions agreed between the departmental Secretary and the Governor.

The Observer is not a Board member and has no right to vote on any question.

4. CONDUCT OF BOARD MEMBERS

The conduct of Members must at all times be consistent with their duties and responsibilities to BPNG. Members are expected to strictly observe the provisions of this charter and to always act within any limitations imposed by the Board.

Members are required to sign a legally binding confidentiality agreement regarding information that they receive in the course of performing their duties as Board members, and make a formal written commitment to comply fully with this charter.

Individual Board members may face conflicts of interest on an ongoing basis or from time to time. An actual conflict of interest exists where a reasonable person might perceive that a Board member's judgement is potentially compromised by some other interest or role they have. A potential conflict of interest involves a situation that might develop into an actual conflict of interest. Such conflicts of interest can for example reflect:

- potential pecuniary or personal benefit obtained by the Board member or a related party in relation to a matter before the Board, or
- potential advantage obtained by the Board member or a related party from availability or use of information in relation to a matter before the Board, or
- probity or reputational concerns arising from situations where a member has other roles or represents other interests in relation to a matter before the Board

Board members understand and acknowledge that in relation to BPNG business:

- their roles and duties as BPNG Board members supersede any other roles or duties they may have
- they have a rigorous duty to disclose all material conflicts of interest, actual or potential, and to apply good governance practices to their conduct in relation to such conflicts
- an ongoing and major conflict of interest, actual or potential, may require the conflicted Board member to take action to eliminate the conflict or leave the BPNG Board
- members should not, in the absence of special circumstances or without specific Board approval, provide business or professional services to BPNG
- the Chair and the Board may apply particular processes or direct the conduct of a Board member who is conflicted
- information may need to be temporarily or permanently withheld from conflicted members in some circumstances

The Corporate Secretary will maintain a register of the ongoing interests disclosed by all Board members. Members will be required to annually confirm the accuracy of that register. The register of ongoing interests will be tabled at the outset of each Board and Board Committee meeting, and Board members will be required at that time to correct any inaccuracies in the register, disclose any new or changed ongoing interest, and disclose any other actual or potential conflict of interest relevant to the meeting agenda. All confirmations and disclosures will be recorded in meeting minutes.

Members are expected to perform their roles with care and diligence, and to exercise and exemplify accountability and responsibility. They are expected to participate fully, frankly and constructively in Board activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

Members must apply their best efforts to attend Board meetings, prepare thoroughly for them, and make appropriate inquiries on all the particular matters considered at the meeting. Members unable to attend a meeting should advise the Chair at the earliest possible date, confirm that advice in writing to the Corporate Secretary, and convey to the Chair any major views on the matters to be considered.

Members are expected to keep themselves abreast of specific changes and trends in BPNG's business environment and more general changes and trends in the economic, political, social, technological and legal climate. Members are particularly required to attain understanding of the provisions of the Act and other pertinent legislation and to attain familiarity with BPNG's recent Annual Reports, management information and Board documentation.

A member is, while holding office, at liberty to accept other Board appointments provided that appointment is not prevented by statute, does not conflict with the business of BPNG, does not create material and ongoing conflicts of interest, and will not detrimentally affect the member's performance as a BPNG Board member. Any appointment that could raise such concerns must be discussed with the Chair before it is accepted by the member.

Any member is entitled to obtain independent professional advice relating to the affairs of BPNG or to his or her responsibilities as a member of the BPNG Board. If a member believes such advice is necessary, then the member will first discuss that belief with the Chair. Subject to the prior approval of the Chair, the cost of the advice will be reimbursed by BPNG but the member will ensure, so far as is practicable, that the cost is reasonable.

The Governor would routinely represent the Board and BPNG in external communication activity such as public media releases or private communication with the government or other external parties. In some circumstances the Chair might perform that role instead of, or jointly with, the Governor. Other Board members should refrain from appearing to represent or speak for the Board or for BPNG and should not communicate or appear to communicate privately with external parties concerning BPNG business. Members should promptly advise any enquiries or communications from public media or other organisations that they receive as a Board member to the Governor or Chair for appropriate attention and response.

Board members will in all respects relevant to their roles comply with the BPNG Code of Conduct, and seek to personally exemplify BPNG's values. In particular members should not apply, or appear to apply, their status as a Board member for personal advantage or accept any sponsorships or gifts given or offered to them in that capacity without the prior approval of the Chair.

The Act indemnifies Board members against any liability arising from the performance of their duties, provided that they act genuinely for the purposes of the Act or any other law and act without bad faith or negligence. Board members are however required to promptly inform BPNG of legal proceedings or any other potential source or indication of potential liability.

5. BOARD PROCESSES

The Board will perform its role in a diligent and disciplined manner, and develop a work plan and meeting agendas accordingly. The Board will ensure that its own processes and procedures help the Board effectively fulfill its role and are not unduly complex.

The Board has sole authority over its own work plan and meeting agendas, and exercises that authority through the Chair. The Board's work plan, meeting agendas and information to be received will be determined by the Chair in consultation with the Board and the Corporate Secretary. Any member may, through the Chair, request the addition of an item to the Board's work plan or meeting agendas.

The Board will meet as often and at such times and places as its business requires, but in any event shall meet at least once each calendar quarter. Meetings will be convened by the Chair at his discretion or in response to a request from three Board members. The Chair shall give every member at least two working days' notice of every meeting and its agenda.

Meeting agendas will include regular reports on the performance of BPNG's functions and on the internal management of BPNG, and discussions on specific matters pertinent to the Board's role and responsibilities that arise from time to time. Meeting papers, reports, presentations and discussions will provide, in clear and readily understandable formats, all information reasonably required by the Board to perform its role. In the absence of exceptional circumstances, meeting papers will be delivered so as to allow adequate time for prior thoughtful review by all Directors (normally seven days before the meeting) and decisions on any papers received too late for such review will be deferred.

The quorum necessary for the transaction of business at a meeting is determined by the Act. For purposes of determining the quorum, members may with the approval of the Chair opt to attend and participate at the meetings through virtual and electronic means. Such participation shall be counted towards the quorum for that meeting.

The Chair (or in his absence the Deputy Chair) shall preside at the meeting. If the Chair and Deputy Chair are both absent then the non-executive members present shall appoint a member from amongst their own number to chair the meeting.

In reaching its conclusions and decisions the Board will fully utilise the knowledge and skills of BPNG's management and staff. It may require persons from BPNG's management and staff to attend its meetings or to provide further information. The Board may also at its own discretion engage appropriate independent advice and expertise to assist with its deliberations, determinations and actions.

Board discussions will be open and constructive, recognising that consideration of genuinely-held differences of opinion can bring greater clarity and lead to better decisions. The Chair will seek a consensus in the Board but may call for a vote. If any vote is tied then the Chair shall have a casting vote.

Meeting minutes will be prepared by the Corporate Secretary, in consultation with the Chair. Minutes will record Board decisions, the major issues discussed and considered by the Board, any action items arising, and the status of action items arising from previous meetings. Minutes will be drafted and circulated to members for review promptly after each meeting. All Members are expected to promptly communicate any comments or concerns about the draft minutes to the Corporate Secretary, who will then finalise the minutes for the Chair's approval. The minutes will be formally confirmed at the next Board meeting.

The Board may, for urgency or other reasons, conduct business through individually circulated resolutions or by using appropriate and secure communications technology to hold virtual meetings. Communications by e-mail shall be considered to be sent and received “in writing”. In all such cases it is the responsibility of the Chair to ensure that proper, secure and effective procedures are followed.

The Corporate Secretary will keep complete and secure records of all Board proceedings and ensure that BPNG takes all necessary and appropriate action to respond to Board resolutions and decisions. He will be responsible for coordinating any individually circulated resolutions and ensuring that action is not taken on the subject matter until a majority of affirmative votes is received and verified. The Board will at its next meeting confirm any individually circulated resolutions passed since its last meeting and record any circulated supporting material.

Subject to the Act, the Board will decide the manner and timing of any publication of its decisions. All Board discussions and minutes will remain confidential unless there is a specific direction from the Board to the contrary or disclosure is required by law. In normal circumstances or unless otherwise agreed by the Board, the Governor will be the sole spokesperson for the Board.

Confidentiality agreements and the register of interests will be confirmed and updated as necessary at the commencement of each meeting. A member who has a material conflict of interest in relation to a particular matter will not participate in the quorum, discussion and voting on that matter. If the Chair has a material conflict of interest in relation to a particular matter then the Deputy Chair (or in his absence another member chosen from amongst the members) will chair the meeting processes in relation to that matter.

As required by the Act or to perform its role more effectively, the Board may establish committees of the Board and delegate duties to them. Each such committee will have a charter and membership approved by the Board, and report on its activities to the full Board. Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise in accordance with the charter of each committee. Board committees will speak or act for the Board only if they are so authorised by the Board.

The Minister determines the fees of non-executive Board members. Those members have no entitlement to benefits available to BPNG employees. The Governor and Deputy Governors are remunerated for their activities as Board members within the remuneration packages they receive for their overall roles as BPNG employees. The actual and reasonable expenses of all Board members incurred in the performance of their duties as BPNG Board members will be paid or refunded by BPNG.

The Board is supported by BPNG's Corporate Secretary, who is appointed by and reports to the Governor. The duties of the Corporate Secretary in supporting the Board and individual Board members are set out in a role description that is confirmed by the Board. The Board and its individual members have direct access to the advice and services of the Corporate Secretary and rights of access to Board papers and other BPNG records relevant to the performance of their duties. Where the Board considers it necessary, BPNG will make external independent professional advice available to the Board, to any committee of the Board or to any individual Board member acting in that capacity.

The Board will make provision for non-executive members to meet in the absence of executive members and support staff, routinely and in any special circumstances that might arise. Non-executive members who are meeting in the absence of executive members will confidentially determine and document the matters they wish to consider. Any issues of information or potential action that arise from such meetings will, in the absence of special circumstances that reasonably suggest otherwise, be promptly communicated to the Governor by the Chair.

Objectives for BPNG are established by statute, BPNG's strategic plan and internal management systems. The Board will through Board Committees and as a collective entity review BPNG's performance in a structured manner and on a regular basis. Such review will for example include activities to:

- Consider BPNG's mandate, funding, reputation, culture, capability, organisation structure, communication, human and other resources, and management systems
- Define BPNG's functions, establish target outcomes for those functions, monitor actual outcomes, and compare and discuss any differences between actual and target outcomes
- Directly discuss and oversee strategic initiatives and strategic management
- Define, confirm, monitor and review important projects and their performance targets
- Discuss substantial or persistent variances from targets set in business plans and budgets
- Discuss any important or externally prominent departures from routine business practices
- Discuss the engagement and role of external consultants under Section 39 of the Act
- Oversee and where appropriate authorise Bank sponsorships and donations

The Board will reflect on and seek to improve its performance as a Board and the performance of its individual members, especially in relation to appointment of the two external Board members recommended by the Board and within consultations with the Minister on the appointment of other external Board members. All individual Board members are expected to personally consider and optimise their individual contributions to the Board's work, as a key part of improving the Board's collective performance.

The Board will explain and disclose its general governance practices in BPNG's Annual Report and on BPNG's Website, and may explain or disclose specific governance practices in response to any particular circumstances that may arise from time to time.

6. BOARD COMMITTEES

Like any governing body, the BPNG Board has a general power to establish standing or temporary committees that assist the Board to fulfill its responsibilities, and to delegate specific powers and functions to such committees. Section 34 of the Act confirms that power and also confirms that a BPNG Board committee performs or exercises its properly delegated functions and powers with statutory effect.

Sections 34A, 34B and 34C of the Act mandate the establishment and routine operation of three specific committees of the BPNG Board. The standing committees established and operated by the BPNG Board, including those three statutory committees, are:

- Audit and Risk Committee
- Governance Committee
- Budget and Investment Committee
- Monetary Policy Committee

The Board will from time to time and as appropriate determine the specific membership of each committee in accordance with the Act and that committee's charter. In determining committee membership the Board will take into consideration the collective capability needs of the committee and the knowledge, skills, perspectives, tenures and availability of individual Board members.

To ensure that the full Board objectively and freshly considers reports and recommendations from Board Committees, the Chair will not normally be a member of any committee. However the Chair may at his discretion and for particular reasons attend committee meetings and participate as a non-voting member, under the authority of the chair of that committee.

7. GOVERNOR'S RESPONSIBILITIES

Under section 26 of the Act, the Board is responsible for:

- “(a) determining the policies of the Central Bank, including the formulation and implementation of monetary policy and the regulation of the financial system; and*
- (b) the general administration of the affairs and business of the Bank and the approval of the budget and operating plan of the Bank; and*

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- (c) *oversight of the management of the Bank and keeping under constant review the performance of the Bank in giving effect to its objectives and carrying out its functions and the use of the resources of the Bank.*

Under section 6 of the Act the Governor has the general responsibility to:

“ensure that the Central Bank carries out the functions imposed on the Central Bank by this act and any other law”

and to

“manage the Central Bank and direct its affairs”

The Governor thus acts as the Chief Executive of BPNG. The Governor is an employee of the Bank who is employed under conditions of engagement determined by the Minister and under a specific employment contract and job description approved by the Board.

Other sections of the Act establish a number of specific responsibilities for the Governor:

- Implementation of monetary policy formulated by the Board (s10(3))
- Delivery and publication of monetary policy statements (s11(3))
- Advice to the Minister on monetary policy effects of Government policy (s12)
- Special reporting to the Minister on adverse conditions (s13)
- Agreeing conditions for the Departmental Board Observer (s14)
- Inform the Minister on economic matters (s16(1c))
- Devote the whole of his professional time to the service of BPNG (s16(1d))
- Not hold other offices, hold shares in financial institutions or engage in business (s16(1e))
- Delegate his powers and functions to an officer of BPNG via the Gazette (s17)
- Determine the conditions of engagement of a Deputy Governor (s20)
- Designate a Deputy Governor or another officer as Acting Governor (s21)
- Submit to National Executive Council on why he should not be removed (s23)
- Remove a Deputy Governor from office (s24)
- (Jointly with Chair) submit reports on Board proceedings and steps taken (s26)
- Be an ex officio Board member (s27(2a))
- Select a Deputy Governor to be a Board member (s27(2b))
- Consult with the Minister on any removal of a Board member from office (s31)
- Recommend to the Minister on the fees payable to Board members (s35)
- Appoint officers of BPNG for the purpose of its lawful activities (s37)
- Appoint temporary and casual employees and consultants (s39)
- Set proper terms and conditions for loans to BPNG officers (s40)
- Sign management statements that financial statements are true and fair (s46)
- Provide the auditors with information and comply with their requests (s47(7))
- Consult with the Minister on any performance audit the Minister proposes (s48(1))
- Confer with the Minister on performance audit results (s48(7))

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- Implement any recommendations of the performance audit (s48(8))
 - Consult with the Minister on repayment of previous advances to Government (s55(7))
 - Determine and notify liquid asset requirements to financial institutions (s72(1))
 - Issue directions to financial institutions on margins, fees and charges (s73)
 - Direct that BPNG authorisation of certain acts requires tax clearance (s81)
 - Direct or authorise access or publication of information held by BPNG (s84)
 - Enter into agreements with other regulatory bodies or authorities (s92)
 - Authenticate documents on behalf of BPNG by signature (s93)
 - Give directions to any person for giving effect to the Act (s98)
 - Report to the Minister on any indemnification of liability made by BPNG (s102)

As Governor and Chief Executive, the Governor is accountable for the achievement of the Bank's objectives and performance targets. The Board delegates correspondingly broad authority to the Governor, while reserving to itself authority over certain specific matters. The Board also maintains oversight of the charter and activities of BPNG's Executive Committee of senior managers.

While the Governor can further delegate his authority and hold others accountable accordingly, he retains responsibility and accountability to the Board for proper exercise and/or further delegation of that authority.

Principles of good governance require the Board to oversee, evaluate and respond to the performance of the Governor. In particular, under the Act the Board must give an opinion of the Governor's performance if any attempt is made to remove him.

The Board will actively and on an ongoing basis advise the Governor of its views and any concerns about BPNG's performance or other matters of internal management. The Board will regularly consider in a structured manner the Governor's performance, the direct and delegated exercise of his authority and the Governor's leadership of BPNG. The Board will apply fair and reasonable processes through which non-executive Board members will confidentially consider the performance of the Governor and provide feedback to the Governor accordingly.