

Corporate

APCA's corporate structure has been stable for a number of years, and we have enjoyed a good continuity in the membership of the APCA board, the main committees and the management team. This section conveys the basic shape and dimensions of APCA.

Effective as these arrangements have been, they need regular reassessment as APCA's role and environment change. At its November 2008 strategy meeting, the APCA board identified a medium-term need to reflect the increasing diversity of APCA's activities in a review of its membership and governance structure. This work has been incremental in the year of review, but is likely to gather momentum in the coming year.

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Corporate Governance

Board of directors

The board, comprising an independent chairman, the chief executive officer and non-executive directors appointed by the company's owner members, is responsible for setting the company's strategic direction and corporate governance.

Owner members that have, on average, at least 5% of the transaction volumes in at least three of the company's clearing systems are entitled to appoint a nominee director. The building societies and credit unions are also each entitled to appoint a nominee director.

Chairman of the board

The chairman is a non-voting director and holds office for two years from the date of appointment. The current chairman, Mr R J Rechner, was appointed on 1 January 2008.

Chief executive officer (CEO)

The CEO is a board-appointed, non-voting, executive director. The CEO manages the company's affairs under the broad guidance of the board. The CEO's performance against agreed goals is assessed on an annual basis by the board.

Reserve Bank of Australia (RBA) liaison arrangements

Senior staff of the RBA and APCA consult on a regular basis on issues of industry policy. Under liaison arrangements agreed in 2007, the RBA has stepped away from its automatic rights to appoint representatives to the board of directors and management committees. As a substantial user of payment systems, the RBA is eligible for representation on the same basis as other members.

Management committees

In accordance with the company's constitution, the board has established a management committee for each of the company's five clearing systems. Acting under delegated authority from the board, management committees are responsible for the efficient operation and management of each clearing system. Members of a management committee are appointed for a two-year term by participating members of the clearing system concerned. Directors may also appoint up to two members of a management committee to represent the collective interests of clearing system members that are not otherwise represented.

Other board committees

The board is empowered to establish other committees as it sees fit to assist in managing the company's affairs. The board has established three such committees, the Finance and Audit Committee and the Remuneration Committee for good corporate governance, and the Fraud Committee.

Finance and Audit Committee

The Finance and Audit Committee comprises a number of non-executive directors and the CEO. Its primary functions are to review the company's internal financial practices and audit results, monitor the effectiveness of the company's financial controls and administrative policies, monitor various risk exposures and statutory compliance matters, and review the company's budget and monitor expenditure against it.

Remuneration Committee

The Remuneration Committee comprises the chairman and the members of the Finance and Audit Committee. Its responsibilities are to establish remuneration policies and practices for the company generally and to recommend remuneration levels and contractual arrangements for the CEO.

Financial controls

The company's annual budget is approved by the board each year. Expenditure that would lead to any material increase in the required budget is also brought to the board for approval. The company has an annual external extended audit to test adherence to accounting policies in addition to the annual financial audit.

The company's financial statements are published separately from its Annual Review.

Legal risk

An in-house lawyer monitors legal risks on a day-to-day basis. Business practices are regularly reviewed to ensure they are in keeping with the company's legal responsibilities and with company policies. External legal advice is also obtained when appropriate.

Adequate and appropriate insurance cover is in place. This is assessed annually in consultation with the company's brokers.

Risk management

The company maintains a process for managing internal risks which is in line with the Australian and New Zealand Standards AS/NZS 4360:2004. It covers aspects such as reputation, the workplace environment (including IT), information security, legal and regulatory compliance, finance and human resources management. APCA's risk and compliance manager regularly meets with the internal management team to review and update the risk register.

Occupational workplace risk

The company has policies in place to ensure that it complies with workplace related laws. They include an equal employment opportunity and discrimination policy, a harassment policy, grievance handling procedures and an occupational health and safety policy. The company's employees are periodically reminded about the importance of compliance with these policies. Directors and all committee members are also reminded of the terms of the harassment policy annually.

Codes of conduct

All directors, management committee members and senior executive staff must comply with a Directors' and Officers' Code of Conduct. The Code was developed using a model from the Australian Institute of Company Directors. Directors and management committee members review adherence to the Code annually. The currency of the Code is also reviewed annually by the company's legal department.

Additionally, all company employees are required to comply with a code of conduct, which covers such matters as confidentiality, conflict of interest, and standards of behaviour in business dealings.

Board of Directors

The names and details of the directors in office at 30 June 2009 are as follows. All directors were in office for the entire financial year.

Following the merger of Westpac Banking Corporation and St. George Bank Limited, in December 2008 the director appointed by St. George, Colin Grainger, resigned from the board and was not replaced.



Russell J Rechner

B Ec (Hons), FCPA, FCIS
Chairman
(Non-executive director)

Mr Rechner has over 16 years' banking experience with the Australia and New Zealand Banking Group Limited and National Mutual Royal Bank Limited. He retired as Director of Major Projects, ANZ, in 2002 and was previously Senior General Manager, ANZ. Mr Rechner held senior management positions at Myer and Coles Myer prior to moving into the banking industry. He is Chair of the Trustee of the ANZ Australian Staff Super Scheme and served as a member of the Code Compliance Monitoring Committee immediately prior to appointment as APCA Chairman. Mr Rechner was appointed as a director and *Chairman of APCA* in January 2008. *Chairman of the Remuneration Committee.*



Paul J Apolony

F Fin, PNA, MAICD
(Non-executive director)

Mr Apolony is Division Director, Head of Macquarie Payment Services at Macquarie Bank Limited. He has over 27 years' experience in the banking industry including roles in operations, product development and strategy, specialising in payments. Mr Apolony was appointed by the Other Bank Owner Member Electoral Group as a director in June 2007. *Chairman of the High Value Clearing System (HVCS) Management Committee. Member of the Finance and Audit Committee and of the Remuneration Committee.*



Geoff L Bebbington

B Eng (Hons), MAICD
Deputy Chairman
(Non-executive director)

Mr Bebbington is Head of Industry, Working Capital Services at National Australia Bank Limited. He has over 28 years' experience in financial services in business and technology related roles as both a senior executive and internal/external consultant. Mr Bebbington is a director and Chairman of Cardlink Services Limited, a director of BPAY Pty Ltd and a director of EFTPOS Access Australia Limited. Mr Bebbington was appointed by National Australia Bank as a director in May 2002. *Member of the Finance and Audit Committee and of the Remuneration Committee.*



Chris G Campbell

B Ec, M Bus (Finance), MAICD
(Non-executive director)

Mr Campbell is Head of Risk, Payments Policy and Analytics at Westpac Group. He has over 17 years' experience in banking and economics, including payments policy, finance, product management and related areas. Mr Campbell is a director and Chairman of BPAY Pty Ltd, a director of EFTPOS Access Australia Limited and a director of CardLink Services Ltd. Mr Campbell was appointed by Westpac Banking Corporation as a director in April 2003. *Chairman of the Consumer Electronic Clearing System (CECS) Management Committee.*



Greg P Devlin

MAICD
(Non-executive director)

Mr Devlin is Head of Access and Payment Systems at Bendigo Bank Limited. He has over 32 years' experience in cards based payments systems in Australia and the Asia/Pacific region, including roles in operations, business development, strategic marketing and general management. Mr Devlin is a director and Chairman of EFTPOS Payments Australia Limited, a director of ATM Access Australia Limited and a director of Strategic Payments Systems Ltd. Mr Devlin was appointed by the Retail Bank Owner Member Electoral Group as a director in October 2005. *Chairman of the Australian Paper Clearing System (APCS) Management Committee.*



Chris J Hamilton

BA, LL.M, AAICD
Chief Executive Officer
(Executive director)

Mr Hamilton has over sixteen years' experience in financial services, particularly financial markets infrastructure, and six years' experience in securities law. Mr Hamilton was appointed Chief Executive Officer and executive director in January 2006. *Member of the Finance and Audit Committee and of the Remuneration Committee.*



John N Toms

B Comm, MAICD
(Non-executive director)

Mr Toms is Chief Executive Officer of Australian Settlements Limited. He has over 20 years experience in areas of industry policy, particularly payments systems. Mr Toms is an alternate director of EFTPOS Payments Australia Limited. Mr Toms was appointed by the Building Societies Owner Member Electoral Group as a director in December 1992. *Member of the Finance and Audit Committee and of the Remuneration Committee.*



David Heine

B Econ, M ApFin, MAICD
(Non-executive Director)

Mr Heine is General Manager, Product and Operations at Cuscal Limited. He has over 17 years' experience in the financial services industry including management and production of commercial products and services and risk management. Mr Heine has been a director of Credit Union Financial Support System (CUFSS) since 2004. Mr Heine was appointed by the Credit Unions Owner Member Electoral Group as a director in January 2007. *Chairman of the Finance and Audit Committee and a member of the Remuneration Committee.*



Stuart A Woodward

BA (Hons), F Fin, MAICD
(Non-executive director)

Mr Woodward is General Manager, Representation, Business Products and Development, Business and Private Banking at Commonwealth Bank of Australia. He has over 30 years' experience within the Commonwealth Bank Group, including retail and corporate banking, payment systems and merchant acquiring. Mr Woodward is a director of Cardlink Services Ltd, a director of Charge Card Services Ltd, a director of EFTPOS Access Australia Ltd, a director of BPAY Pty Ltd and a director of EFTPOS Payments Australia Limited. Mr Woodward was appointed by the Commonwealth Bank of Australia as a director in February 2005. *Chairman of the Fraud Committee.*



Paul A Inglis

B Ec (Hons), MAICD
(Non-executive director)

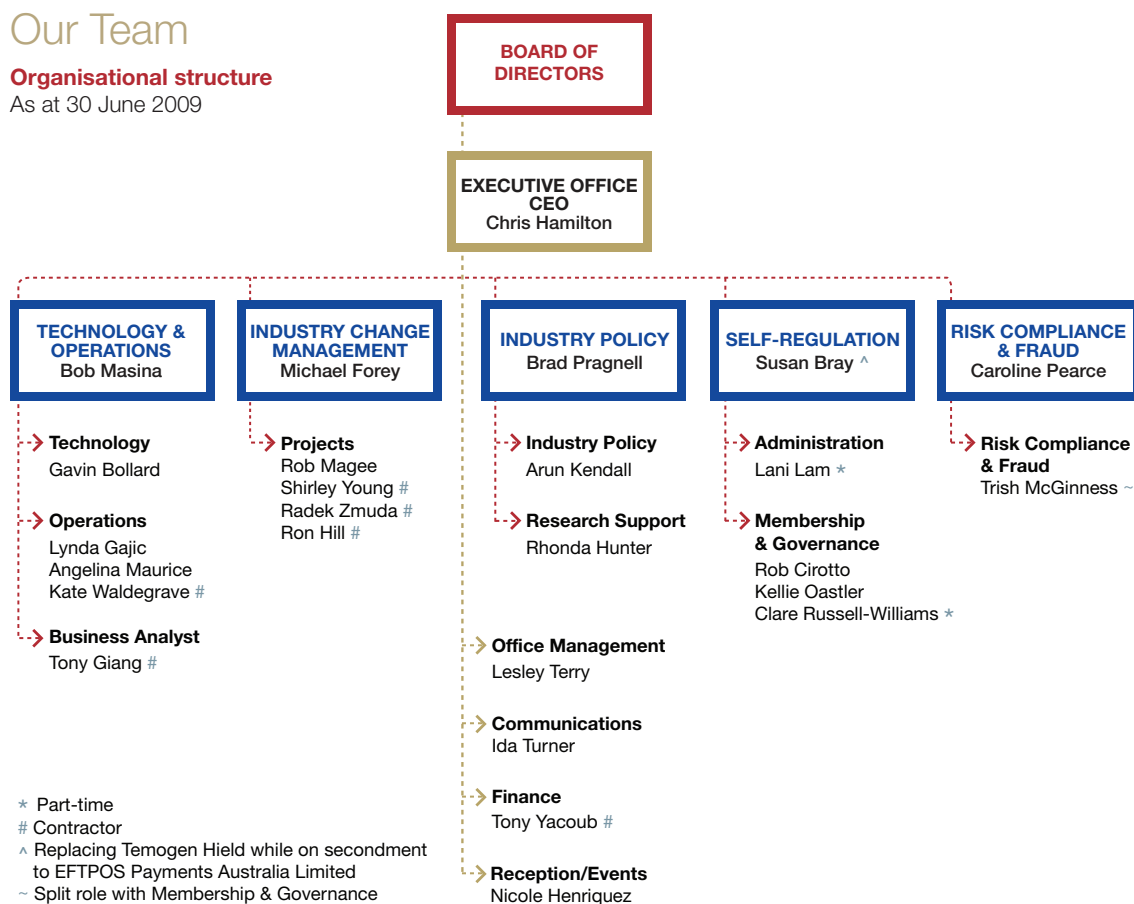
Mr Inglis is Head of Payments Industry at Australia and New Zealand Banking Group Limited. He has over 22 years' experience in the banking industry in payments and economics; five years in government service, including Federal Treasury. Mr Inglis is a director and Chairman of EFTPOS Access Australia Limited, a director of CLS Services Limited and a member of the global Payments Market Practice Group. Mr Inglis was appointed by the Australia and New Zealand Banking Group Limited as a director in July 1998. *Chairman of the Bulk Electronic Clearing System (BECS) Management Committee and a member of the Consumer Electronic Clearing System (CECS) Management Committee and of the High Value Clearing System (HVCS) Management Committee.*

Corporate

Our Team

Organisational structure

As at 30 June 2009



Restructure

The organisational structure presented above is an augmented version of the basic structure adopted in 2006. In early 2009, the increased significance of industry (particularly systemic) risk management and of payments fraud prevention was recognised with the promotion of Caroline Pearce into a new role of Head of Fraud, Risk and Compliance. At the same time, Temogen Hield departed on temporary secondment to set up the EFTPOS development company, and Susan Bray assumed responsibility for Self-Regulation.

Staff are now organised into six business units that reflect APCA's unique industry role and purpose as the payments industry association. These units are:

Executive Office: provides financial, communications and administrative support to the CEO and the operating units of the company.

Industry Change Management: oversees payments industry projects that introduce change and evolve Australia's payments environment.

Industry Policy: leads industry policy development and advocacy activities to improve the Australian payments system and to enhance the value of member's payments related activities.

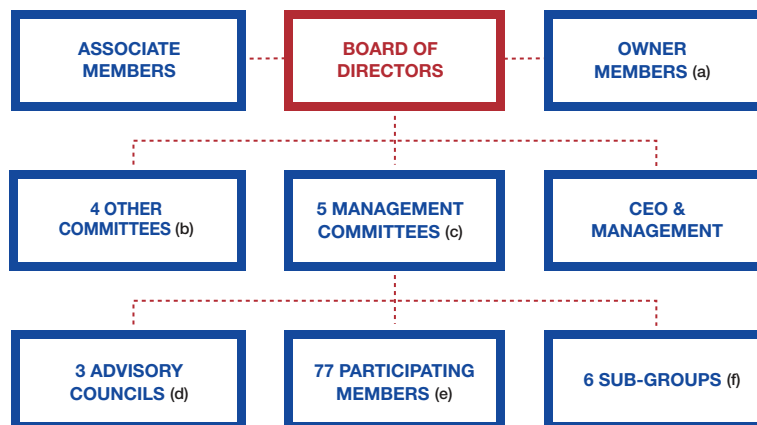
Self-Regulation: is responsible for development and operation of payments system self-regulation and APCA's broad constituency.

Technology and Operations: provides critical support for industry-wide activities including operation and maintenance of databases, statistics collections and website developments. The team also provides internal support to staff.

Fraud, Risk and Compliance: is responsible for developing APCA's role in combating fraud in the payments industry, for reducing risk and ensuring compliance over the five clearing systems.

Membership

Corporate Structure



a. See list of Owner Members.

b. Consumer Payments Coordination Group; Finance and Audit; Fraud; Remuneration.

c. APCS, BECS, CECS, HVCS & ACDES management committees.

d. See list of Advisory Council Members.

e. See list of Clearing System Participating Members.

f. APCS Printing Standards Sub-Committee; CECS Capacity Planning Sub-Committee; CECS Evaluation Review Sub-Committee; CECS Standard Sub-Committee; CECS Technical Message Formats Working Group; and CECS Technical Security Working Group.

Membership categories

APCA has four categories of members: owner, clearing system, advisory council and associate members.

Owner members

Owner members must be constitutional corporations within the meaning of the Payment Systems and Netting Act 1998 and must be either a participant in at least one of APCA's clearing systems or an industry association representing participating members.

Clearing system members

Clearing system members are institutions that participate on a day-to-day operational basis in one or more of APCA's clearing systems. Members are represented on the management committees of each of the clearing systems in which they participate. Members need not be owner members, but are encouraged to join in that capacity.

Separate membership exists for each clearing system, so that membership is divided into five classes based on APCA's five clearing systems. Within each of these five classes there may be different categories of membership, with different rights and obligations, depending on whether a member clears and settles directly or indirectly. Each clearing system has rules in place setting out members' rights and obligations, and detailing the operating procedures required in the system.

Advisory council members

Advisory councils are in place for APCS, BECS and CECS. Advisory councils comprise organisations (appointed by the board for a two year term) that participate in the business of payments but are not payments clearers and therefore are not entitled to join APCA as clearing system members. The number of members of each advisory council is limited and the appointment of members is subject to a formal process. Each year APCA identifies a range of organisations eligible for membership and invites them to nominate for the advisory council's upcoming term.

Each management committee of a clearing system where an advisory council has been established is required to liaise with the advisory council for that system and must have regard to the opinions or decisions of the council in performing its duties.

Associate members

Associate members are individuals or organisations interested in payments system matters that wish to be kept informed of developments within APCA (and the Australian payments system more generally). An associate member may not be an owner member or a participating member. Associate membership must be renewed annually via payment of a nominal fee.

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Advisory Council Members

APCS	BECS	CECS
Australian Taxation Office	Association of Superannuation Funds of Australia	ACI Worldwide (Pacific)
Carreker Corporation	Australian Taxation Office	Australia Post
Certegy Australia	ADP Employer Services	Australian Merchant Payments Forum
CSIRO	Cardlink Services	Caltex
Fiserv Solutions	Cashcard Australia	Cardlink Services
Forensic Document Services	Certegy Australia	Customers
Fuji Xerox	CITEC	Cybertrust
Lithographic Institute*	Department of Human Services	Department of Human Services
Prismac Systems	Investment and Financial Services Association	Diebold
Rockson Agencies	Paycorp	EDS (Australia) Pty Ltd
Scientific Document Services	Prismac Systems	Hypercom
Security Printers' Association	UPSL	IBM
UPSL	* Chair TBA	Ingenico*
Xplor		Keycorp
* Chair Robert Chesney		MasterCard
		NCR (Australia)
		Optus
		Pulse
		Strategic Payment Services
		Telstra
		Thales e-Security
		The Banktech Group
		Transaction Network Services Australia Pty Ltd
		VISA
		Witham Laboratories
		* Chair Tem Elliott

Owner Members

Clearing System Participation

(as at 30 June 2009)	APCS	BECS	CECS	HVCS	ACDES
ABN AMRO Bank N.V.				■	
AMP Bank Limited	■	■		■	
Arab Bank Australia Limited	■	■		■	
Australia and New Zealand Banking Group Limited	■	■	■	■	■
Australian Settlements Limited (ASL)	■	■	■	■	
Bank of America, National Association	■	■		■	
Bank of China	■	■		■	
Bank of Queensland Limited	■	■	■	■	
Bank of Tokyo-Mitsubishi UFJ, Limited	■	■		■	
Barclays Bank plc				■	
Bendigo and Adelaide Bank Limited	■	■	■	■	
Citigroup Pty Limited	■	■	■	■	
Commonwealth Bank of Australia	■	■	■	■	■
Cuscal Limited	■	■	■	■	
Deutsche Bank AG	■	■		■	
Hong Kong and Shanghai Banking Corporation Limited (Australia Branch)		■		■	
HSBC Bank Australia Limited	■	■		■	
Indue Ltd	■	■	■		
ING Bank (Australia) Limited	■	■		■	
JP Morgan Chase Bank, National Association	■	■		■	
Macquarie Bank Limited	■	■		■	
Mizuho Corporate Bank, Ltd	■	■		■	
National Australia Bank Limited	■	■	■	■	■
Oversea-Chinese Banking Corporation Limited	■	■		■	
Reserve Bank of Australia	■	■		■	■
Royal Bank of Canada				■	
Standard Chartered Bank				■	
State Street Bank and Trust Company	■	■		■	
Suncorp-Metway Limited	■	■	■	■	
United Overseas Bank Limited	■	■		■	
Westpac Banking Corporation	■	■	■	■	■

■ Member of the clearing system's management committee.

■ The Reserve Bank has an important operational role in HVCS and ACDES and as such is a member of these management committees.

Clearing System Members

Clearing System Participation

(as at 30 June 2009)	APCS	BECS	CECS	HVCS	ACDES
ABS Building Society Ltd		■			
B & E Ltd	■	■			
Bananacoast Community Credit Union Ltd	■				
Bank of China (Australia) Limited	■	■		■	
Bank of Cyprus Australia Pty Limited	■	■		■	
Bank of Western Australia Limited	■	■	■	■	■
BNP Paribas				■	
CLS Bank International				■	
Capricornia Credit Union Ltd	■	■			
Cashcard Australia Limited			■		
Coles Group Ltd			■		
Credit Union Australia Limited	■	■			
Greater Building Society Ltd	■	■			
Heritage Building Society Limited	■	■		■	
Hume Building Society Ltd	■	■			
Hunter United Employees' Credit Union Limited	■				
IMB Ltd	■	■			
Industrial and Commercial Bank of China Limited	■	■		■	
ING Bank NV (Sydney Branch)	■	■		■	
Investec Bank (Australia) Limited				■	
Laiki Bank (Australia) Limited	■	■		■	
Lifeplan Australia Building Society Limited	■				
Maitland Mutual Building Society Limited	■	■			
Mega International Commercial Bank Co., Ltd	■	■		■	
Members Equity Bank Pty Limited	■	■			
MoneySwitch Limited		■	■		
Newcastle Permanent Building Society Ltd	■	■			
New England Credit Union	■	■			
The Police Association Credit Co-Operative Limited	■				
The Police Department Employees' Credit Union Limited		■			
Queensland Police Credit Union Limited	■				
Queensland Professional Credit Union Limited	■				
Queenslanders Credit Union Limited	■				
Rabobank Australia Limited	■	■		■	
Rabobank, Australian Branch (Co-Operative Centrale Raiffeisen-Boerenleenbank B.A.)				■	
Societe Generale Australia Branch				■	
St.George Bank Limited	■	■	■	■	
State Bank of India				■	
Taiwan Business Bank, Sydney Branch	■	■			
The Rock Building Society Limited		■			
The Toronto-Dominion Bank				■	
UBS AG (Australia Branch)		■		■	
Uniting Financial Services	■	■			
Victoria Teachers Credit Union Limited	■				
Wide Bay Australia Ltd	■	■			
Woolworths Limited			■		

■ Member of the clearing system's management committee.