

The Reserve Bank in the Community

An important part of the Reserve Bank's responsibilities is to explain its policies and actions to the public. Good communication is a central element of effective monetary policy, where the credibility and predictability of the policy framework are important elements in achieving goals. More generally, there needs to be broad community acceptance of the Bank's approach to its task.



Journalists are now given advance access to the Reserve Bank's published quarterly economic commentary in a "lock-up".

For monetary policy, the increasing independence of the Reserve Bank in recent years has brought with it a need for much greater accountability, the centre-piece of which is effective communication and dialogue with the public. The formal element of this is the biannual appearances by the Governor before the House of Representatives Standing Committee on Financial Institutions and Public Administration. Coinciding with each of these appearances, the Reserve Bank publishes its *Semi-Annual Statement on Monetary Policy*, reviewing economic and financial developments over the previous six months and giving the Bank's view on the outlook for inflation. These appearances receive widespread media attention, focusing not only on the Governor's prepared statement and detailed report, but also on the extended question-and-answer session. They also provide an opportunity for the Bank to hear the views and priorities of the Members of Parliament who are on the Committee.

This formal framework is supplemented by two regular articles on current economic developments, so that the Reserve Bank reports on its assessment of the economy each quarter. In addition to this regular reporting framework, *ad hoc* speeches by the Governor and senior officers provide the opportunity to keep the public up-to-date with the Bank's thinking.

While monetary policy is inevitably the dominant theme of the Reserve Bank's dialogue with the public, the full range of the Bank's activities has been represented in speeches by senior officials. These are supplemented by articles in the *Bulletin* covering, over the past year, changes to the banking and regulatory framework, the financial markets and various topics in banking and finance.

Links with the academic and educational community are encouraged as they provide both the opportunity to contribute to the academic debate and allow the Reserve Bank to tap into the latest academic thinking. The Bank's tenth annual economic conference was held in June 1998, jointly organised with the Centre for Economic Policy Research at the Australian National University. The theme was "Unemployment and the Australian Labour Market". Participants included leading Australian and overseas academics and practitioners, as well as senior Reserve Bank staff. Regular seminars for teachers of secondary economics and business studies were again conducted during the year (with the text of these sessions available on the Bank's web site, referred to below).

The Research Discussion Paper (RDP) series makes the results of current research within the Reserve Bank available to other economists, by presenting preliminary results of research in order to encourage discussion and comment. During 1997/98, 14 RDPs were published.

Reflecting its interest in education, the Reserve Bank again provided support for academic research and conferences in the economic field. A major financial contribution was made to a conference held at the Australian National University on the Asian crisis. The Bank also contributed to the costs of academic conferences organised by the University of New South Wales, and the

Australian National University with the University of Western Australia. The Bank is contributing – along with other participants in the financial markets – to the establishment of an electronic markets laboratory at the Australian Graduate School of Management at the University of New South Wales. Two ongoing surveys of direct relevance to the Bank's prime areas of responsibility were again financed: a monthly survey of consumers' inflation expectations undertaken by the Melbourne Institute of Applied Economic and Social Research, and a quarterly survey of union inflation and wage expectations, undertaken by the Australian Centre for Industrial Relations, Research and Teaching at the University of Sydney.

Some of the support for these various projects was provided from the Economic and Financial Research Fund (EFRF). The EFRF was set up in 1952 to allocate a part of the Reserve Bank's earnings to encourage academic research. Over recent years, the projects for which funds have been sought from the EFRF have tended to move away from regular academic research. Consequently, the Bank decided during the year to dismantle the formal structure of the EFRF, but to continue to stand ready to make contributions for academically related expenditures.

The Reserve Bank chairs a Small Business Finance Advisory Panel, which it established in 1993. The Panel meets annually, drawing together owners of small and medium-sized enterprises to advise the Bank on issues relating to the provision of finance to this sector. These meetings provide a useful opportunity to assess the conditions faced by small business borrowers.

The Reserve Bank's Internet home page was launched in November 1997 (the address of the web site is www.rba.gov.au). This creates the opportunity for speedy and wide dissemination of the large range of public material produced by the Bank. As well as providing an electronic version of many of its major publications, the site carries a range of information on the functions and operations of the Bank. The web site also contains links to certain other Australian Government agencies, as well as some other central banks. In this context, the Reserve Bank also established an E-mail address (rbainfo@rba.gov.au), to which any enquiries to the Bank from the general public can be directed.

In addition to support in the academic arena, the Reserve Bank makes some modest donations to charitable organisations; total contributions to charity in 1997/98 were \$22 600. The Bank is a corporate sponsor of the Financial Markets Foundation for Children's Work-A-Day 4 Kids, a fund-raising activity among staff members of various Australian financial institutions in which participating staff contribute up to a day's pay to the Foundation. The Foundation, of which the Governor is chairman, raises funds for research into medical and social problems affecting children.

The Reserve Bank has mounted a display in its Head Office of historical material relating to note designs. The display contains unissued notes and unused designs

from four periods: high-denomination notes from the early 1950s; the “royals” of the early 1960s; designs by four designers prior to the conversion to decimal currency in 1966; and some more recent unused designs for notes. The Reserve Bank’s collection of artworks, the bulk of which was acquired during the 1950s and 1960s, is well regarded in the art community. The Bank generally accedes to requests from public art galleries which seek to include items from its collection in certain specialist exhibitions. During 1997/98, four artworks were on loan under these arrangements.

Statutory Obligations

Equal employment opportunity

As required under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, a report for 1996/97 on the Bank’s equal employment opportunity program was tabled in Parliament in October 1997.

Freedom of information

– Section 8 statement

The Reserve Bank is an exempt agency under the *Freedom of Information Act 1982* in respect of documents concerning banking operations (including individual open market operations and foreign exchange dealings) and exchange control matters.

Organisation and functions: The Reserve Bank is Australia’s central bank. It was established by Commonwealth legislation in 1911. Its functions, powers and responsibilities are specified in the *Reserve Bank Act 1959*, the *Banking Act 1959*, the *Financial Corporations Act 1974*, the *Commonwealth Authorities and Companies Act 1997*, the *Payment Systems (Regulation) Act 1998* and the *Payment Systems and Netting Act 1998*, and in Regulations made under those Acts. The Bank’s organisation chart appears at the end of this Report.

Categories of documents: Lists of publications, including speeches, articles, occasional papers, information booklets, conference volumes, regular media releases and other publications, are published from time to time in the Reserve Bank *Bulletin*; most of this information is also included on the Bank’s web site. Other documents held by the Bank are in the form of working notes and files covering policy and operational matters, statistical data, personnel, premises and general administration.

Facilities for access and freedom of information procedures: Inquiries under the *Freedom of Information Act 1982*, including requests for access to documents, should be directed to the Secretary, Head Office, or the Managers of branches. Applications should be accompanied by the application fee (currently \$30). Facilities to inspect documents to which access has been granted are available in the Bank’s branches.

- Section 93 statement

Six requests for access to documents under the Act were received in 1997/98, compared with two in the previous year. Access to documents was granted in full for three requests and in part for one request, and access was denied for two requests. There were no applications for internal review or for review by the Administrative Appeals Tribunal. The cost of administering the Act in 1997/98 is estimated to have been approximately \$8 800, compared with approximately \$67 100 in the previous year; application fees of \$90 and charges of \$380 were collected by the Reserve Bank.