

THE RBA IN THE COMMUNITY

The monetary policy framework which has evolved over the past decade requires the RBA to provide specific accountability for its monetary policy actions. Beyond these formal requirements, the credibility and predictability of monetary policy decisions are enhanced by a broad understanding and acceptance of the policy framework. Comprehensive and timely information is also an ingredient in the wider economic debate. The first part of this chapter explains how the RBA has gone about communicating with the markets, the media and public during the past year.

ACCOUNTABILITY

It is now well-established practice for the RBA to appear, at least twice a year, before the House of Representatives Standing Committee on Economics, Finance and Public Administration. During the past year, the Governor and senior officials appeared before hearings of this Committee in December 2000 in Wagga Wagga, and in May 2001 in Melbourne, to answer questions covering a range of issues spanning the conduct of monetary policy, competition and efficiency of payment systems, financial system regulation, and aspects of the RBA's transparency and accountability arrangements. Senior RBA officials also appeared before the Joint Standing Committee on Public Works, and the Parliamentary Joint Statutory Committee on Corporations and Securities' Inquiry into Fees on Electronic and Telephone Banking. At the latter, the RBA officials gave a briefing on the RBA/ACCC's report on *Debit and Credit Card Schemes in Australia: A Study of Interchange Fees and Access*.

Each quarter, the RBA publishes a *Statement on Monetary Policy* which gives a detailed assessment

of the latest economic and financial conditions, including the outlook for inflation; these are published in February, May, August and November. The *Statements* for May and November are available sufficiently in advance of the hearings of the Standing Committee on Economics, Finance and Public Administration to ensure that Committee members can examine them fully in framing questions for the RBA's officials. Journalists are given advance access to these quarterly *Statements* by way of attendance at "media lock-ups". During the year, lock-up arrangements were made available in Melbourne, as well as the RBA's Head Office in Sydney.

Apart from the publication of the quarterly *Statement on Monetary Policy* and appearances before Parliamentary Committees, the Governors and senior officials addressed various public fora, giving 22 speeches during the year. The Governor spoke mainly about the economy, monetary policy and exchange-rate issues to organisations such as the Committee for Economic Development of Australia and the World Economic Forum Asian/Pacific Economic Summit. The Deputy Governor also spoke about the economy and monetary policy as well as a number of international financial issues, such as crisis management and exchange rate regimes in emerging markets. Assistant Governors and other senior officials gave addresses on related topics such as trends in the global economy, the economic outlook, financial markets and payment systems.

The RBA's Annual Conference in July 2000 was on "The Australian Economy in the 1990s", while the July 2001 Conference, the thirteenth, addressed issues concerning "Future Directions for Monetary Policies in East Asia". As in the past, this Conference brought together prominent economists from



THE GOVERNOR WITH MEMBERS OF THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION, OUTSIDE THE WAGGA WAGGA COUNCIL CHAMBERS, BEFORE THE HEARING IN DECEMBER 2000.

overseas as well as Australia. It discussed papers on the economic arguments for a common currency, an intermediate regime involving some co-ordination between countries, and inflation targeting with floating exchange rates.

As in previous years, the RBA made available in both hard copy and electronic format, the results of its research work. In 2000/01, seven *Research Discussion Papers* were published as well as a summary of research undertaken in 2000 in the January issue of the *RBA Bulletin*. Staff gave 28 presentations to specific academic audiences around Australia, including university seminars and conferences and seminars of economics teachers. The RBA also hosted visits by 13 groups of high school economics students to discuss its main policy functions and market operations.

A particular aspect of the RBA's economic and community liaison activities this year was the establishment of Regional Offices in Victoria, Queensland and Western Australia and the boosting of resources of the South Australian branch. The purpose of these offices is to enhance the channels for receiving information about local economic conditions and to improve communication generally between the RBA and local communities. Representatives of the RBA have commenced liaison with businesses across a wide range of industries in each State, including New South Wales. Relations have been also cultivated with the many industry associations residing in each State, State-based economic agencies, such as Treasuries and other departments involved in assessing economic conditions, and the academic community. This work

is an important input to the RBA's overall assessment of economic developments.

During the year, the various parts of the RBA concerned with the production and distribution of information and with public relations have been brought together to form a new department – Information Department. This comprises a media and publications group, which manages all the key inter-related functions of production, distribution and media relations concerning online and hard-copy information services, and a document management group, which is responsible for the receipt, storage and internal distribution of the RBA's records and documents, including its archives. The Head of Information Department is a member of the RBA's Publications Committee, which is chaired by the Assistant Governor (Economic) and comprises representatives also from the three policy areas, plus the Secretary and the Head of Systems and Technology Department.

Hard-copy publications continue to be an important means of providing information to the public though demand has been declining over recent years reflecting increased use of the internet for accessing all the information published by the RBA. Apart from the *Annual Reports to Parliament*, the main publications are the monthly *RBA Bulletin*, which reproduces most public presentations by senior officers and provides a comprehensive array of statistics, the quarterly *Statement on Monetary Policy*, the *Annual Conference* volume and the *Research Discussion Papers*.

A comprehensive review of the Reserve Bank's website was completed during the year, with a revamped site launched at the end of March. The new site provides a greater volume of information about the RBA's activities as well as longer runs of

historical data. A key objective in redesigning the site was to improve ease of access, with the technology used on the site designed to: ensure minimal download times, and efficient navigation with tools such as a search engine and frequently asked questions. The site also incorporates user-friendly features that, for example, better enable the printing of material from the site. Management of the website has been centralised under the new Information Department.

Facilitated by an online application process, there was a substantial rise in external use of the RBA's archives during the year. Thirty-one researchers from all States of Australia and overseas requested archival information with many of these conducting their research on-site with the assistance of the RBA's archives staff. The researchers included professional historians, students, post-graduates and writers who were interested in topics including numismatics, banking, domestic and international economic policy and biography.

The present polymer note display on the ground floor of the Head Office building will be developed into a more comprehensive currency note museum. This will draw fully on the Reserve Bank's archives of currency notes and related artefacts to communicate to the public the main features of the history of Australia's currency notes and their links with significant aspects of the nation's economic and social development. When finished, the currency note museum will be fully documented on the website to ensure that members of the public outside Sydney can "visit" the museum.

FINANCIAL AND OTHER CONTRIBUTIONS

As in other recent years, the RBA has continued to provide some financial support for certain projects

undertaken by Australian universities. This support in the current year has included the ongoing provision of funding for a monthly survey of inflation expectations, undertaken by the Institute of Applied Economic and Social Research at the University of Melbourne, and for a quarterly survey of union inflation and wage expectations, organised by the Australian Centre for Industrial Relations Research and Training at the University of Sydney.

A financial contribution was also made in the past year towards the cost of holding two academic conferences: the 30th Conference of Economists, to be hosted later in the year in Perth at the University of Western Australia; and the annual PhD Conference in Economics and Business (held jointly by the Australian National University and the University of Western Australia). The RBA also supported the inaugural Elite Executive Honours Scholarship Program, organised by Axiss Australia, the agency established by the Federal Government to promote Australia's position as a global financial services centre; the RBA funded scholarships for two students in the first year of the Program, and undertook to fund a second year of the Program. In addition, the RBA provided the first of two annual contributions to meet the costs of distributing to a core group of policy-makers in Papua New Guinea and the Pacific Islands, the *Pacific Economic Bulletin*, which is produced by the Asia Pacific School of Economics and Management at the Australian National University. During the year, the RBA provided the second of two payments in support of the HC Coombs Memorial Medical Fellowship, sponsored by the Florey Trust in Melbourne, and named in honour of a former Governor of the RBA.

In the international arena, the RBA joined with a number of other central banks, and other

institutions, to fund the reconstituted International Accounting Standards Committee, with the aim of establishing robust and internationally consistent accounting standards. The RBA also continued its practice of making an annual contribution to the Group of 30 to support its program of research and publications on issues in international finance.

As part of its broader interaction with the business community the RBA hosts and chairs the Small Business Finance Advisory Panel. The Panel was formed in 1993 and meets once a year to advise the RBA on issues relating to the provision of finance for small businesses. Membership of the Panel is drawn from a wide range of industries and from different parts of the country. The Panel provides an important source of information for the RBA in assessing the conditions being faced by small businesses.

During the year, the RBA contributed a total of \$25 000 to 17 charitable organisations. As usual, this included corporate sponsorship of the annual "Work-A-Day 4 Kids" fund-raising event, organised under the auspices of the Financial Markets Foundation for Children. The Governor is the Chairman of the Foundation, which draws support from staff members of institutions in the financial markets and related fields and which raises money to be applied to research into medical and social problems affecting children.

STATUTORY OBLIGATIONS

Equal Employment Opportunity

As required under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, the RBA reports to the Australian Parliament each year on its Equal Employment Opportunity (EEO) program; the report for 1999/2000 was tabled in October 2000. The EEO Plan covering the period

from July 2000 to June 2001 emphasised greater accountability of line supervisors in achieving EEO goals in relevant work areas. A new plan is currently being developed to set objectives for the coming three years.

Health and Safety, Compensation and Rehabilitation

The RBA is required by Section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* and Section 107 of the *Safety, Rehabilitation and Compensation Act 1988* to report on health and safety, compensation and rehabilitation matters as they affect the RBA.

Systems for hazard management, which are a major part of compliance with OH&S standards, are well on the way to being implemented in the RBA's Head Office. These systems, which have been successfully implemented in the RBA's remaining branches, aim to reduce the number of reported incidents and injuries on the RBA's premises. The number of such incidents continues to be small, with four notifiable incidents reported under the *Occupational Health and Safety Act*, and seventeen claims for workers' compensation during 2000/01.

The RBA's Health and Safety Agreement places responsibility for hazard management on managers and supervisors. Information sessions for these staff on their respective roles will be completed by end August 2001. The RBA's Health and Safety Policy and OH&S Plan have again been reviewed and are being reissued.

The RBA was granted self-audit status for its Claims Management/Rehabilitation programs from 2000/01. The Claims Management/Rehabilitation Audit and the Management Systems Review and Improvement Program report were completed internally.

This is the first year the RBA has submitted its own comprehensive audit report to the Safety Rehabilitation and Compensation Commission. The RBA again complied fully with the requirements of its Class 3 Licence.

Freedom of Information

Section 8 statement

The RBA 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 RBA 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. An 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 *RBA Bulletin*; this information is also included on the website (www.rba.gov.au). Other documents held 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*, including requests for access to documents, should be directed to the Secretary (in Head Office), the Managers of branches



ON 1 JANUARY 2001, A CENTENARY OF FEDERATION PARADE THROUGH THE STREETS OF SYDNEY FEATURED BANNERS DEPICTING AUSTRALIA'S POLYMER NOTES.

(in Adelaide and Canberra), or the Senior Representatives in the Regional Offices (in Melbourne, Brisbane and Perth). Applications should be accompanied by the application fee (currently \$30). Facilities to inspect documents to which access has been granted are available.

Section 93 statement

Two requests for access to documents under the Act were received in 2000/01, the same number as in the previous year. For one request, access was granted in full; for the other request, access was denied in part, because the RBA held no documents containing the information sought,

while the rest of the information sought was available in published form. There were no applications for internal review. One application, which had originally been received in February 1999 and subsequently referred to the Administrative Appeals Tribunal, was withdrawn by the applicant in September 2000; it had been met in part at the time the application was withdrawn. The cost of administering the Act in 2000/01 is estimated to have been approximately \$88 990, compared with approximately \$116 900 in the previous year; an application fee of \$30 was collected by the RBA and no charges were made.