

The RBA in the Community

Activities of the Regional Offices

An important dimension of the RBA's presence in the community is its Regional Office program. There are Regional Offices in Adelaide, Brisbane, Melbourne and Perth. The Melbourne Office also services Tasmania, the Brisbane Office services the Northern Territory and staff in Head Office service New South Wales and the Australian Capital Territory. The Regional Offices have two main roles. One is economic intelligence gathering, with economists in the Regional Offices seeking timely information about business conditions to help inform the economic assessments made as an input to the conduct of monetary policy. A second role is representation, where the presence of RBA staff in regional locations is intended to improve communication between the RBA and the wider community.

The liaison function of the Regional Offices ensures that staff interact with a broad cross-section of the community. RBA staff have cultivated a pool of around 1 400 contacts with which liaison is conducted. The bulk of these are firms, though an important part of the program is liaison with industry associations and government. In particular, there is a relatively high frequency of contact with industry associations. Also, as relationships are becoming well established, there is a growing amount of repeat contact with firms. The amount of liaison has grown steadily over the past few years, and has now levelled out at around 90 contacts per month.

In addition to their contact with businesses and other agencies, Regional Office staff are the first point of contact with the RBA for the public in their States, fielding a large number of enquiries about the role of the RBA, economic statistics and monetary policy decisions. The RBA's presence in the community has also been elevated by the hosting of functions in the Regional Offices. Three of the Offices have hosted Board meetings. Presentations on the *Statement on Monetary Policy* have become a regular occurrence, and are given by senior managers from Head Office who communicate the main themes of the Statement to liaison contacts, as well as engage in discussion with participants. Other RBA staff from Head Office have visited the regions, and given presentations on research work, while Regional Office staff have given presentations to the public in their cities. Many of these have been to teachers' associations, but they have also included presentations to local industry bodies and universities. They have generally been about the framework for monetary policy or current economic conditions.

Accountability

The RBA appears twice-yearly before the House of Representatives Standing Committee on Economics, Finance and Public Administration. In the past year, the Governor and senior officers appeared at hearings in Brisbane and Sydney to respond to the Committee's questions on a range of issues including the domestic and international economic outlook, monetary policy, the exchange rate, housing prices and household debt, payments system reform and governance.

These hearings are open to the media and the public and the proceedings are widely reported. The hearings supplement the long-established legal requirement for the tabling in Parliament of an annual report on operations and financial accounts.

The RBA reports on its analysis of economic and financial conditions, the outlook for inflation and the reasons for recent policy decisions in a detailed quarterly *Statement on Monetary Policy*. Published in February, May, August and November, these Statements keep the wider community informed of the RBA's thinking on monetary policy matters and are a key ingredient in the Parliamentary Committee's discussions with the Governor and officers.

Communication

In addition to these formal requirements, the RBA publishes comprehensive and timely information on all its functions and operations. Speeches are also an important way of communicating the RBA's views and explaining previous interest rate decisions. Over the past year, the Governor and senior officers gave speeches on topics such as the international economy, the economic outlook, financial system stability, regional economic issues, and structural change and risks in the economy.

The *Bulletin*, published monthly, records material such as recent speeches, media releases and statistics and also is a source of articles not published elsewhere on specific topics. In 2003/04, there were articles on household sector developments, financial markets, bank fees, aspects of payments systems and credit risk.



At the RBA's conference on *The Future of Inflation Targeting* (from left to right): Frederic Mishkin, Alfred Lerner Professor of Banking and Financial Institutions, Graduate School of Business, Columbia University; Dr José de Gregorio, Vice-Governor, Central Bank of Chile; and Takatoshi Ito, Professor, Research Center for Advanced Science and Technology, The University of Tokyo.

In March, a new half-yearly report – the *Financial Stability Review* – was introduced; it provides a detailed assessment of the state of the financial system, and identifies potential sources of risk. This new publication replaces the recent practice of including a review of financial system developments in the RBA's annual report.

In November 2003 the RBA made a submission to the Productivity Commission's *Inquiry on First Home Ownership*. This was subsequently published as RBA *Occasional Paper* number 16.

Research work by RBA staff is frequently published in the Research Discussion Paper (RDP) series. In 2003/04, eleven RDPs were published. These covered a wide range of issues, including inflation targeting, asset prices, financial markets, and capital flows, as well as housing and household consumption, wealth and debt. Typically, this work is of interest to professional economists, though non-technical versions of some papers are published in the *Bulletin* to make the research work accessible to a broader audience. In addition to these publications, some staff have also had work published outside the RBA, including in a number of prominent domestic and foreign economic journals. This included, for example, a paper on uncertainty and monetary policy published in the *Economic Record*; a paper on sovereign-debt restructuring published in *International Finance*; and a paper on wage-setting behaviour published in the *Australian Journal of Labour Economics*. While many of the RDPs and externally published papers focus on questions relevant to policy, they represent the views of the authors rather than the RBA and are designed to promote discussion and debate among researchers in these fields.

Each year since 1989, a conference has been held in Sydney to discuss a topic of general interest to policy makers, academics, financial market participants and the general public. This year's conference, titled *The Future of Inflation Targeting*, focused on four main themes: the evolution of inflation targeting regimes, the measurement of inflation, central bank communication, and how inflation targeting might need to adapt to future challenges. In addition to a number of prominent overseas and Australian academics and financial market practitioners, the conference brought together senior staff from a range of central banks around the world. As in previous years, the papers presented at the conference will be published by the RBA in a conference volume towards the end of the year.

The way in which the RBA provides information continues to evolve. The main development has been further strong growth in use of the website. The number of subscribers to the free email services for information posted on the website grew by around 50 per cent to 8 500 over the past year. All information on the website is available free of charge and the RBA continues to seek opportunities to enhance the usefulness and accessibility of the site. Over the past year, a new section on the RBA's domestic market operations was included and the search engine and glossary of terms used on the site were upgraded.

The RBA chairs the Small Business Advisory Panel. This panel was established in 1993 and meets annually to discuss issues relating to the provision of finance for small businesses. Membership of the Panel is drawn from across the country and from a wide range of industries. The Panel represents a valuable source of information on the financial conditions faced by small business.

A project to build a Museum of Australian Currency Notes is close to completion. The museum will tell the story of Australia's currency notes against the background of the country's economic and social development. The museum is located on the ground floor of the Head Office in Sydney and entry will be free of charge. Much of the material in the museum will be reproduced on the RBA website to assist access to the museum from outside Sydney.



RBA Archives' staff, Virginia MacDonald and Cheryl Lindwall, reviewing possible exhibits for the new Museum of Australian Currency Notes.



Paul Barry, Information Department, and Ed Jacka, Facilities Management Department, review progress on the construction work for the Museum, with one of the outside contractors (centre).

Financial Assistance for Economic and Financial Research and Education

The RBA has over many years provided assistance for a variety of research activities which are closely aligned with the Bank's core functions. Ongoing funding has been provided towards the costs of a monthly survey of inflation expectations, undertaken by the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne, and of a quarterly survey of union inflation and wage expectations, by the Australian Centre for Industrial Relations Research and Training at the University of Sydney.

Scholarships under the Elite Executive Honours Scholarship Program, organised by Axis Australia, the government agency charged with positioning Australia as a global financial services centre, were again supported during 2003/04. This year, the two scholarships funded by the RBA under this Program were for study, respectively, at the Queensland University of Technology in Brisbane and the University of Sydney. The RBA also jointly sponsors, along with the Australian Prudential Regulation Authority (APRA), the Brian Gray Scholarship Program, initiated in 2002 in memory of a former senior officer of the RBA and APRA; four scholarships for 2004 were awarded under this Program, to Honours students for study at the Australian National University (two scholarships), the Queensland University of Technology and the University of Melbourne.

Financial assistance to Australian universities each year includes contributions towards the costs of their organising conferences in economics and closely related fields. In 2003/04, these conferences included: the 2003 Australasian Meeting of the Econometric Society, held at the University of New South Wales in July 2003; the 32nd Conference of Economists, organised by the Economic Society of Australia (Canberra Branch) in Canberra in September/October 2003; and the annual Conference for PhD students in Economics and Business, held at the University of Western Australia in Perth in November 2003. In 2004, a modest financial contribution was provided towards the costs of the Australian and New Zealand Economic and Business Studies Competitions for senior secondary students, which are organised by a committee of students from the Commerce and Economics Society at the University of New South Wales.

Along with a number of other central banks, the RBA made a regular contribution to the reconstituted International Accounting Standards Committee.

Charitable Donations

During the year, the RBA maintained the level of its financial support for charitable organisations, contributing a total of \$20 000 to 16 Australian charities which seek to address a broad range of medical problems and disabilities. In addition, the RBA made its second annual contribution of \$55 000 to the Financial Markets Foundation for Children, of which the Governor is Chairman; along with a number of other major Australian financial institutions, the RBA has committed to support the Foundation to this extent for a further eight years.

Statutory obligations

Equal Employment Opportunity (EEO)

As required under the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, the RBA reports to the Australian Parliament each year on its EEO Program. The Equity & Diversity Annual Report 2003 was tabled on 14 October 2003, and included a review of the RBA's Disability Action Plan.

Health and Safety, Compensation and Rehabilitation

The RBA is required, by Section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991 (OH&S Act)* and the conditions of its licence as a Licensed Authority under the *Safety, Rehabilitation and Compensation Act 1988*, to report each year on matters of health and safety, workers' compensation and rehabilitation as they affect the RBA.

The RBA's licence to self insure and manage claims expired at end June 2004; a new licence for a further three-year term was granted by the Safety, Rehabilitation and Compensation (SRC) Commission on 11 June. The number of incidents reported (88) and claims accepted (22) remains steady with the majority relating to travel and lunch-time sporting events. There were no incidents during the period which required notification to Comcare in terms of Section 68 of the *OH&S Act*. Early intervention in rehabilitation has resulted in only one formal return-to-work plan during 2003/04. The RBA's contract with Australia Post to undertake reconsiderations of workers' compensation determinations has been renewed from 1 July 2004; no requests for a reconsideration were received during 2003/04.

During the year, the management systems for prevention, rehabilitation and workers' compensation were reviewed by both independent auditors and auditors from Comcare. All audits confirmed that the RBA continues to comply with the requirements of its licence and relevant legislation. For 2004/05, the RBA has made application to the SRC Commission for self-audit status in OH&S.

As required by its licence conditions, the RBA provided a Management Systems Review and Improvement Program report to Comcare in March 2004. That report confirmed that the RBA continued to perform well against indicators set by the SRC Commission with evidence of continuing improvement shown.

Freedom of Information

Section 8 statement

The RBA is an exempt agency under the *Freedom of Information (FOI) 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 *Commonwealth Authorities and Companies Act 1997*, the *Payment Systems (Regulation) Act 1998*, the *Payment Systems and*

Netting Act 1998, the *Corporations Act 2001*, and the *Financial Services Reform Act 2001*, 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*. Most of these publications, as well as other information about the RBA, are also included on the website (www.rba.gov.au). Other documents are held 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 *FOI Act*, including requests for access to documents, should be directed to the Secretary (in Head Office), the Senior Representatives in the Regional Offices (in Adelaide, Brisbane, Melbourne and Perth) or the Manager of the branch (in Canberra). 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

Seven requests, all from media organisations, for access to documents under the *FOI Act* were received in 2003/04 and, on a further request received by another Australian Government agency, that agency consulted the RBA for its views on certain documents; by comparison, four requests (including one transferred from another agency) were received in 2002/03. While the number of requests received by the RBA under the *FOI Act* may seem relatively small in comparison with those received by some other Australian Government agencies, the scope of the individual requests coming to the RBA is sometimes very extensive, and requires a large amount of staff resources, including senior management resources, to meet. The estimated number of staff hours spent on dealing with all aspects of the *FOI* requests in 2003/04 was around 500 hours and in 2002/03 almost 300 hours (i.e. an average of over 70 person-hours per individual *FOI* request). In 2003/04, access was granted in part on five of the requests (one of which had carried over from the previous year); access was denied on one request; one request was withdrawn by the applicant; and one request was still in progress at the end of the year. One application for internal review was received during 2003/04 (relating to a request which had been denied in part) and was being considered at year's end.

The total cost to the RBA of administering the *FOI Act* in 2003/04 was estimated to have been around \$125 830, compared with approximately \$60 900 in 2002/03. Application fees of \$250 and charges of \$1 418 were collected in 2003/04.