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# The RBA's Business Liaison Program and the incorporation of special questions

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# Outline

- **Overview of the program**
- **Incorporation of Special Questions**
- **Lessons**



# The Business Liaison Program

- Started in 2001
- 5 Offices
- ~ 20 staff (~15 economists)
- 15 - 20 meetings per month for each office
- About 1000 active contacts across the country



# The Business Liaison Program

- Broad industry coverage but focussed on key questions for monetary policy:
  - Concentration on cyclically sensitive companies
  - Flexible contact list to address structural changes
  - Some focus on medium and larger companies
- Voluntary participation
- Information treated as confidential



# The Business Liaison Program

Typical topics:

- Demand
- Prices, Costs and Margins
- Employment and Wages
- Investment
- Financial Conditions

Interested in current conditions, but also **expectations** and the **driving factors**.



## Special Topics - Approach

- Within the framework of typical questions
- Requested, and discussed
- Managed through a shared document
- Examples:
  - Investment decision making and hurdle rates
  - Part time vs Full time and labour market flexibility
  - Amazon
  - Alternative financing for property development
  - Mining Investment
  - Sustaining mining CapEx



## Special Topics – Inclusion

- Monthly note special topic boxes
- Analytical notes / projects
- Conference or seminar presentations
- Policy meeting presentations
- Bulletin Articles
- SMP boxes
- Regular information sharing with specific RBA staff



## Special Topics – Lessons

- ‘Flexible’ structured approach
- Not at the cost of the standard questions
- Short tight special questions best in many cases
- Relevance matters (broader priorities)
- Like other questions, need to avoid leading
- Avoid elevating individual anecdotes innappropriately
- Regular stocktaking is valuable





# Questions?

## Useful Resources

'The Role of the RBA's Business Liaison Program', Speech by Alex Heath, Head of Economic Analysis Department (<http://www.rba.gov.au/speeches/2015/sp-so-2015-09-24.html>)

Bulletin Article, September 2014 'The RBA's Business Liaison Program' (<http://www.rba.gov.au/publications/bulletin/2014/sep/pdf/bu-0914-1.pdf>)

Bulletin Article, June 2015 'Firm's Investment Decisions and Interest Rates' (<https://www.rba.gov.au/publications/bulletin/2015/jun/pdf/bu-0615-1.pdf>)

Bulletin Article, June 2016 'Why Has Retail Inflation Been So Low' (<https://www.rba.gov.au/publications/bulletin/2016/jun/pdf/bu-0616-2.pdf>)

Bulletin Article, June 2016 'The Growth of Apartment Construction in Australia' (<https://www.rba.gov.au/publications/bulletin/2016/jun/pdf/bu-0616-3.pdf>)