



**RESERVE
BANK**

O F N E W Z E A L A N D
T E P Ū T E A M A T U A

Engaging with our stakeholders to promote understanding, accountability and dialogue

*A speech delivered to the Canterbury branch of the Institute of Directors
in Christchurch*

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By Mike Hannah, Head of Communications

Reflecting our range of responsibilities as a central bank, the Reserve Bank engages widely with a diverse range of stakeholders, from governance relationships, financial institutions and markets, to the media, the general public and educators.

The Bank treats each of these relationships seriously. We apply considerable senior resource to maintaining relationships, our engagement, and communications. We also recognise that each group has its own specific interests and expectations of the Bank.

Our engagements occur against a backdrop of not only an ever-changing economic and financial environment, but also substantial 'demographic' changes among those we interact with. These can range from the outcomes of a general election for our Parliamentary stakeholders, to the ongoing fundamental disruption in the news media sector that has delivered kaleidoscopic changes to media outlets and journalists with whom we engage. New banks, insurers and other financial institutions arrive, while others retire.

The Bank takes the pulse of these relationships informally very frequently, from both management and governance perspectives, and I will talk of those 'health checks' today. In addition, we decided in 2015 that we would take an in-depth assessment every three to four years, through an External Stakeholder Engagement Survey, after we had conducted our first such survey in late 2014/early 2015.

We undertook this first survey because communication is important to the success of our policy objectives to facilitate wide understanding of what we do (and don't do). How people perceive us is informative as to how clearly our messages are being received and understood, and where we may need to tailor our efforts better.

There are three essential reasons why the Reserve Bank communicates, and endeavours to do so transparently:

- to demonstrate accountability for its degree of autonomy or independence in pursuing policy objectives;
- to promote understanding, so as to enhance the credibility and effectiveness of policy; and
- to use communication to signal its intended action, so informing and shaping expectations of policy actions.

The success of our policies relies heavily on the behaviours of households, businesses and other stakeholders being consistent with those policy objectives.

For instance, widespread understanding of the goal and operation of monetary policy makes it easier to achieve and maintain price stability, by better anchoring low inflation expectations. This means that wage and price setters are more confident in the Bank's focus and, in turn, that the Bank is able to respond to economic shocks by adjusting interest rates less than would otherwise be the case.

Similarly, understanding of our macro-prudential policies can help to anchor expectations of credit growth to the desired goal of financial stability, and so reduce the risk of damaging asset booms and busts.

Our banking supervision is also supported by broad understanding that we do not guarantee that no financial institution will fail, and creditors and depositors will know to adjust their behaviour to risks.

Confidence in New Zealand's banknotes is supported by one of the broadest engagement programmes the Bank has undertaken to ensure that people are aware of the security and design features of the banknotes in introducing the Series Seven banknotes in 2015-16.

While effective communication of our messages is vital to our goals, listening to our many communities of interest is also crucial.

We will undertake a second External Stakeholder Engagement Survey in the first half of 2018 – capturing representatives of groups such as yours again – so it is timely at this point to recall some of the results of the first survey, the changes to the landscape we are operating in, and our responses.

A key takeout from the 2014 Stakeholder Survey was just how different the various groups we interact with are from each other in their perceptions and expectations of their relationships with the Bank, and, therefore, the care that we need to take to engage with each group in its own context and language.

The groups that we surveyed were:

- General public
- Media
- Business
- Regulated industry
- Markets/analysts
- Education/researchers
- Government

The survey was undertaken by polling and research firm, Ipsos New Zealand. They applied a framework across the perceptions of each of its key stakeholder groups, assessing reputation and credibility. This framework was based on:

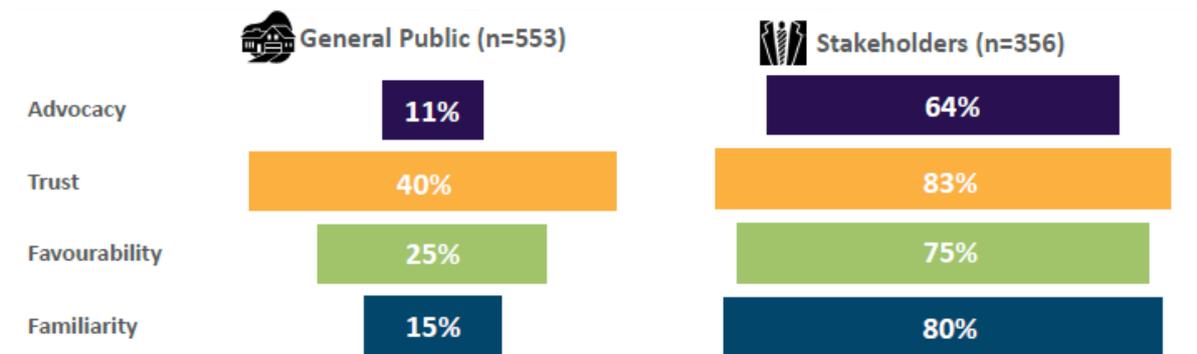
- **Familiarity** – The extent to which the Reserve Bank is familiar to stakeholders in terms of activities, benefits, values, mission.
- **Favourability** – The extent to which the Reserve Bank is viewed positively.
- **Trust** – Ultimately trust underpins reputation. Without trust, messages are rejected. Build trust and you build support, your messages are better received, and ultimately you gain advocates.
- **Advocacy** – The extent to which stakeholders will actively speak highly or critically of the Reserve Bank.

Seen as a 'reputation pyramid', one element lays the foundation for a higher level of engagement above:



The survey found that 'trust' – a necessary foundation for the credibility and acceptance of the Bank's messages – goes hand-in-hand with 'familiarity' – i.e., an understanding of the Bank, its policies and activities.

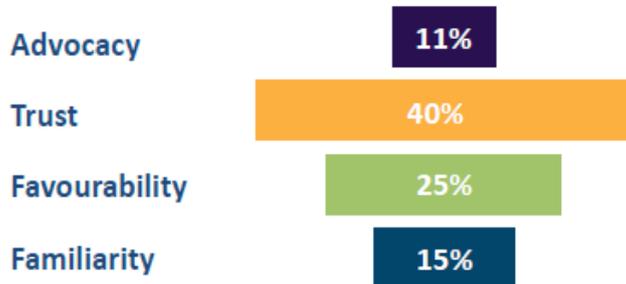
It also revealed a material divergence between general public and more specialist stakeholder groups' perceptions of the Bank.



This gap, and other differences between stakeholder perceptions, have had a significant influence on where and how the Bank has sought to engage externally over the last two-and-a-half years – even taking into account the changing environment in which we operate. That is evident if we look at each of the stakeholder groups separately.

General public

- What the 2014 Survey told us:



The survey found that the public is generally trusting, albeit at a lower level than more specialist stakeholder groups, and that trust is based on very low familiarity. Generally, the public identified themselves as interested only where the Bank directly affects them, e.g. the Official Cash Rate, Loan-to-Value lending limits. Engagement is mostly through third parties such as the media, or their bank or other regulated industries. When the public see a positive link between what the Reserve Bank does and the economy and their own financial wellbeing they are more positive.

- What we have done:

Our response to these findings has been shaped significantly by both the measured gap in the public's understanding of the Bank, and the changes in traditional news media as digital media has grown.

News media business models have been fundamentally challenged by the attraction of advertising revenue to the likes of giant web platforms such as Google and Yahoo. In addition, global sources of news are more readily accessed via the web, so consumers of news and commentary have more choice and can readily customise their news sources. The importance for our public stakeholders is that news media were identified in the survey as a key traditional intermediary between the Bank and the general public.

At this stage, I want to illustrate the increasing work we have done to connect with the general public directly, via the web and other digital and social media channels. I will then talk more about our engagement with news media.

The Bank has long issued an extensive range of publications for broad and specialist consumption to facilitate understanding of what the Bank does. These include *Bulletin* articles and *Analytical Notes* on current research topics, through to highly technical Discussion Papers aimed at the central banking and academic research community.

For public affairs nowadays to be conducted effectively, agencies recognise the need to participate in digital channels, given their reach into communities. Currently, the Bank has its main website, which fronts our digital platforms, principally YouTube, Twitter, and more recently SoundCloud, with some use of Facebook.

YouTube

The Bank has been using YouTube to host videos and animations for seven years. We currently have 121 videos on our YouTube channel.

Many of these videos explain the Bank's roles or operations (e.g., inflation, stress tests, macro-prudential tools, banknotes etc.). We also routinely post videos of the press conferences after the release of *Monetary Policy Statements* and *Financial Stability Reports*, as well as short highlight videos of these webcasts. Each year we also post footage of the finalists' presentations for the Monetary Policy Challenge.

Twitter

The Bank began using Twitter in late 2012. In that time, we've issued 328 tweets and gained 5061 followers. Those are not large numbers, but we know we reach far wider audiences as some of our followers re-tweet to many thousands of their followers.

Most of our tweets are the headlines of news releases we issue followed by a link to the news release on our website. We also promote some one-off content – like new videos or publications.

Facebook

The Bank primarily uses Facebook to communicate to participants of our secondary school economics competition, the Monetary Policy Challenge (MPC). The Bank's MPC page currently has 339 followers and is largely used to provide updates, announcements and reminders about the competition.

However, we also used a *Brighter Money* Facebook page to promote the new Series Seven banknotes, as part of our educational campaign. Familiarity with the security and design features of banknotes is one the strongest mitigants against counterfeiting, so reaching wide audiences is paramount.

While the posts and page were well received and had good engagement from thousands of users, they generated a lot of comments on posts that we did not have the resource to respond to.

SoundCloud

We began using SoundCloud — a music and audio social media platform — earlier this year, and since then have posted 10 pieces of audio. These are predominately recordings of the MPS and FSR press statements, but we have also uploaded interviews with *Bulletin* authors and speeches. Our audio has been listened to 550 times, with the bulk of listeners in New Zealand, followed by the United States.

Audiences

Social media channels offer a diverse range of audiences. A majority of our Twitter followers (60 percent) are aged between 25 and 34, but we have comparatively fewer younger followers aged under 24 than the average Twitter publishers. That may reflect the age profile of people when they commonly become interested in saving and borrowing and, therefore, have an interest in interest rates.

Some 83 percent are male and 17 percent are female. The reason for the gender imbalance is less clear: it may be due to the way the industry captures analytics, and it may reflect the fact that the age group we attract in the financial sector is male-dominated.

Geographically, 37 percent are based in New Zealand, followed by 12 percent in the United States and 9 percent in Australia. About 12 percent of followers reside in Auckland and 8 percent in Canterbury.

Similar demographic trends are reflected among our YouTube audience, but with a trend towards younger viewers.

This demographic information suggests that Twitter and YouTube are probably very effective channels to reach middle-aged audiences who already have an interest in business and finance, but probably less effective if we want to communicate messages to younger (particularly school-aged) audiences, or people closer to retirement age.

OCR or MPS-related tweets are our most re-tweeted messages. We are moving, where possible, to including images or videos with tweets, as these are more engaging, and our followers are more likely to interact with them and share them.

Our educational campaign last year to familiarise New Zealanders with the new banknotes and their security features gave the Bank a rare opportunity to engage through other communication channels. We recognised that our objective would be achieved better by reaching as wide an audience as possible. This included 'social radio'.

In collaboration with one of the main media organisations, NZME (publishers of the NZ Herald and owners of a number of radio stations), we engaged radio presenters in very short comic video skits to highlight some of the security features. The approach generated large audiences.

We also used 'native' advertising – a sponsored story and a banknote quiz on Stuff's website. Some 9000 people filled in the quiz, making it Stuff's most completed quiz, and achieved 118 million impressions across the banners, adverts and content drivers that encouraged people to click through to the *Brighter Money* website. Of these impressions, 18,000 people did click through to the website. We are told this is above the industry standard.

Using these channels for what a Governor once called "our most popular product", banknotes, is one thing – doing so with more contentious policy material is another, and we are still feeling our way.

These digital channels are designed to offer explanations of our policy and activities in more accessible, less technical language than is required for formal policy or regulatory statements. They are mostly visual, so as to attract more attention. They are complementary to the outreach we undertake through the news media and our face-to-face presentations.

Our social media is used more sparingly in comparison to other government organisations, but is as active as many other central banks. One reason why we are different from some New Zealand agencies – such as NZ Police, the New Zealand Defence Force, the Ministry for Primary Industries, and Department of Internal Affairs – is that the Bank does not have a direct customer or transactional relationship with the general public as these agencies have. We operate through intermediaries, that is, other financial institutions and agents who issue mortgages, take deposits, or provide access to banknotes. In that sense, we are more akin to a business-to-business (B2B) relationship in the commercial world. A direct transactional relationship tends to see more web and social media development.

While the Reserve Bank is active in several social media channels, we have been cautious in opening up the two-way engagement that is typical of some channels. This means we have not taken the opportunity to 'follow' other users, or respond to comments on our content, or share other people's content, nor to answer social media questions publicly. This has been partly because of the risk of having our statements in an informal channel being

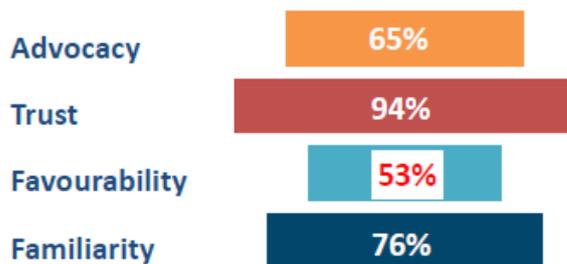
read as public signals. There are also reputational risks that a central bank has to be conscious of. A quick informal comment on Twitter or Facebook can quickly attract unintended negative reactions and go viral, and the resulting storm distracts us from our core business.

However, the uptake and speed of growth of digital technologies has reinforced the need to be aware of trends, and to adopt those technologies that best suit the Bank's roles and relationships. We actively explore these potential opportunities and look to how we can invest in them. By doing so, the Bank will be able to utilise the most effective and up-to-date strategies, platforms and technologies to communicate with a broad range of stakeholders on all its messages.

The key insight for us has been not only to be present and active within these spheres, but to continue to stay abreast of developing trends, such as app developments or, who knows, even AR (Augmented reality) and VR (Virtual reality) technologies. We have already been approached to create AR and VR apps but haven't progressed these proposals yet.

Media

- What the 2014 Survey told us:



The survey told us that the Media seek frequent and open access and a deeper understanding of the rationale and background to decision making.

- What we have done:

For the news media, a particular challenge has been the disruption to the sector from internet competition, restructuring the face of the sector enormously. This is a global phenomenon. So also has been an increasing scrutiny of financial authorities since the Global Financial Crisis. Although the New Zealand economy and financial system performed well during the Global Financial Crisis, we are subject to the same scrutiny as other financial authorities in more troubled economies.

The news media landscape continues to undergo rapid and large-scale change. New players continue to emerge in the New Zealand media scene. They are typically small and low-cost, without the legacy operations found in many traditional media companies. While these new players are all relatively early-stage companies, they indicate that there is still a demand for news that may not be being met by some media outlets.

At the same time, traditional media have become multi-channel, so that the distinction between print, radio and TV has blurred with most mainstream media offering text, audio and video options. We maintain a close watch on developments in the media sector, as channels may open or close for our communications to the public and other stakeholders.

While we have seen the loss of several familiar faces among journalists in the rounds of restructurings, we have seen less change than some reporting spheres due to the more specialist nature of good quality economic and financial journalism. Nevertheless, we are conscious of the pressure that a smaller number of journalists are under to produce more, short stories for multi-channel delivery. This puts a premium on the time those journalists have with the Bank to maintain an understanding of what we are doing and why.

Relationships

In this context, it is understandable, therefore, that, where the Bank has chosen or felt compelled to restrict access to journalists, tensions have arisen with the media. Two developments since the 2014 survey was taken are worthy of mention here.

First is the nature of our engagements with business audiences around the country. We provide around 120 presentations a year to business audiences, going out to pretty well all New Zealand cities and towns with a population of more than 20,000, and some even smaller. The events are all off-the-record, though for a dozen or so, like today's event here, we will publish a formal speech text when we have particular messages to deliver to financial markets, institutions or broader audiences.

Incidentally, the number of on-the-record speeches will always vary according to the need for public messaging. We published 15 on-the-record speeches in 2016, eight in 2015, and 18 in 2014. These speeches are delivered predominantly by the Bank's Governors, recognising the important role of the Governing Committee. This Committee was an innovation in our decision-making process in 2013, and brings the Bank's four Governors together as a policy decision-making group, while the Governor remains accountable for those decisions.

As a committee, the Governors Committee benefits decision making by pooling the knowledge and expertise of individual Governors, which is particularly valuable where there is uncertainty and in mitigating the risk of extreme preferences of an individual. As a collective, it rigorously tests ideas and builds consensus around major policy decisions. Since its inception, we have also developed the Bank's speaking engagements around all four Governors to reflect the Committee's consensus role.

In terms of the off-the-record presentations, media may occasionally attend some of these events as members of the host organisation or when invited by the Bank – such as to our Board's outreach functions – but still on the basis that what is said at the event, by the Bank or the audience, is not reportable. Generally, however, media are not invited to the wider programme of events.

We can understand why the media may find this frustrating – they have a natural interest in a potential story; or why they may be even suspicious – why would we speak off-the-record if it's not because we are saying something sensitive? In both cases, the perception would be misplaced.

We have held these events for over 25 years now under the same circumstances. The Bank has a well-established protocol that when it has market-sensitive messages to deliver, it will publish them first so that financial market participants have an equal opportunity to receive the messages at the same time.

These 120 events are off the record so as to allow the Bank to listen to and have a conversation with business audiences, in their own context and language. To enable more accessibility and engagement with the audience, our language and approach is informal, and will often depart from the strict, coded language of our formal statements that financial

markets monitor minutely. We are not delivering different messages from what we have said publicly, but presenting mainly on the material recently delivered in the *Monetary Policy Statements* and *Financial Stability Reports*. But being away from financial market monitoring allows us to use business-friendly language and explanations, without that language being interpreted as a change of policy signalling. At the same time, it gives businesses the freedom to raise questions of clarification or to share information with us about their businesses and environment.

So we do not see these off-the-record events as a 'story' but as vehicles for enhancing understanding, even educational. To place all of these events on the record risks creating frequent and distracting market noise and closing down the audience interaction.

We also have occasionally held off-the-record briefings for various media, generally in Wellington and Auckland, on issues they wish to raise with us. These vary in frequency, and more recently we have leaned more towards presenting them as on-the-record briefings for media to explain important publications – particular economic analysis, for instance, or a statistical release. We have adopted this approach to facilitate our material in reaching a wider audience, but also to encourage the growth of more of a two-way public dialogue with the media. The journalists come away with a story, we come away with wider media knowledge of what the Bank is doing, and both of us come away, we hope, with more understanding between ourselves.

However, we were compelled to cease one long-standing off-the-record engagement with news media just over a year ago. We had held off-the-record lock-ups for journalists ahead of the release of *MPSs*, *OCR Statements* and *FSRs*. During this time, the media in the lock-up had access to the sensitive documents under embargo. This was to enable the journalists to read the documents and to prepare their stories ready for release at the end of an embargo and ahead of a press conference. A leak of the March 2016 *MPS* from the media lock-up led us to halt all such lock-ups.

Regardless of technology or long-standing trust, the leak meant that we could not guarantee to financial market participants that information could not be leaked again. Only a very few central banks provide such lock-up arrangements, and they have invested heavily in technology to minimise the risk of leakage. They also have more control to block communication traffic than we have as we share our building with tenants. Given we are the tenth most traded currency in the world, and we are not confident that we can have a technologically secure environment, the reputational stakes are very high.

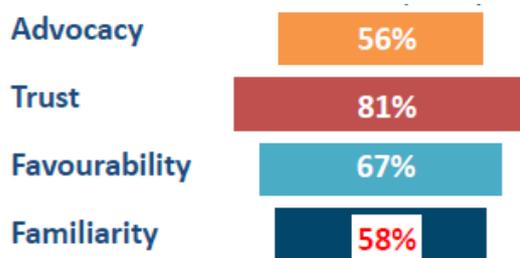
We listened to counter-arguments from many journalists and media groups, but the reputational risk for the central bank outweighed the relationship risk with the media, and the lock-ups have not been reinstated. We instead now first publicly release our statements, following this up an hour later with a live-streamed, questions-and-answers, media conference, and then a varying number of one-on-one interviews with the four Governors who make up the Governing Committee.

The decision to halt these lock-ups negatively affected the Bank's relationships with news reporters. Media told us that what they felt they had lost most was access to the Bank. We appreciate this, and recognise that access is a powerful tool to enable understanding and scrutiny of the Bank's activities.

In response, we have increased the number of interviews with the four Governors, and we have made some briefings on-the-record. We keep the potential use of other briefings for media under active consideration.

Business

- What the 2014 Survey told us:



The survey revealed that Business expressed high trust in the Bank, but low familiarity, and a lower perception of relevance. To build greater engagement, communication with this group must be relevant and actionable. Business networks valued the closer relationship that they have, compared with individual businesses.

- What we have done:

Face-to-face communication still key

While there is a large emphasis on innovative technologies, social media and other media platforms, ‘face-to-face’ communication remains an integral part of how we reach out. We recognise there is still a strong appetite for human interaction rather than receiving information via digital platforms, or what one commentator has called a “cellular façade”.

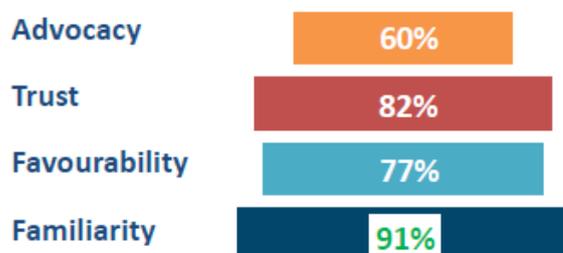
As I mentioned earlier, the Bank provides about 120 presentations a year to business audiences. Most are delivered by the Governors. Since the Engagement Survey was taken, over the last three years the volume has been consistently higher than in the past. These events present valuable opportunities for the Bank to listen to a large number of stakeholders, mainly in New Zealand. Where we can, we opt for a format where we make a short economic presentation and have a long question-and-answer session between the speaker and the audience. These sessions can cover questions on the Bank’s wide areas of responsibility (and some areas beyond our responsibility!).

The size of the audience varies anywhere from 30 to 600, so it can be a very important vehicle for open dialogue. In 2016, 109 of these were delivered in New Zealand and 12 overseas. That is very similar to 2015 where respectively 112 and 15 were delivered. The numbers do not include the wide range of forums, briefings and other external sessions that our staff participate in each year, including scores of visits to individual businesses around our quarterly economic forecasting rounds, where we seek businesses’ assessments of their conditions.

The numbers do include functions hosted by our Board of Directors in main centres in New Zealand. These presentations are preceded by a social function, allowing local businesses and educators to talk directly with our Directors and senior staff. Local news media are invited on an off-the-record basis, though fewer attend these days, possibly reflecting the pressure on journalists’ time.

Regulated Industries

- What the 2014 Survey told us:



The 2014 Survey told us that relationships between the Reserve Bank and registered banks are mature, characterised by high trust and high familiarity. Banks seek earlier and more dialogue around policy, an extension of trust. Insurers and NBDT relationships are emerging, characterised by high levels of familiarity, but lower levels of trust. They seek early consultation and dialogue, and opportunities to engage and influence.

- What we have done:

The regulated sector – banks, non-bank deposit takers, insurers – told us that they would like earlier consultation and to work together ahead of new regulation. This feedback was perhaps not too surprising from the household mortgage sector, coming soon after the introduction of loan-to-value ‘speed limits’ on mortgage lending. Regulation is not always a popular side of government – after all, by definition it restricts what some entities may want to do.

Since 2014, we have adapted our process for consulting on regulatory initiatives, in order to improve transparency and industry engagement. We have responded to industry concerns about the variable length of consultation periods by publicly committing to a default 8-10 week period (which can be shorter if the matter is urgent). We produce quarterly newsletters for the banking and insurance industry, explaining recent and forthcoming developments in each sector.

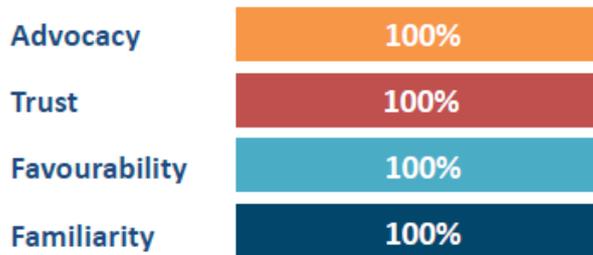
As part of preparing our *Financial Stability Reports*, we have also introduced a liaison programme with the banking sector, where we meet with senior staff and product managers to discuss topics of interest, such as credit conditions, funding, and market demand. We also meet with some non-bank stakeholders.

We now use workshops with regulated entities for many policy proposals and when developing new statistical collections, most recently when we re-developed our extensive statistics on bank balance sheets. This interaction is vital in helping us to better understand measurement issues, bank systems and practices that have an important bearing on the information that can be provided.

Feedback suggests that this approach has helped to bridge the gap in our regulatory relationships that was evident in the 2014 Survey, and we plan to continue this consultative and collaborative approach where appropriate.

Markets

- What the 2014 Survey told us:



Although based on only a relatively small number of market respondents, the survey found high trust and high familiarity among this group.

- What we have done:

Given our central banking role, our interactions with financial markets occur frequently throughout the day, and the relationship is worked on continuously. We sound out financial market analysts and traders for their views of the Bank's policies and economic and financial market conditions.

We are conscious that monetary policy is an area where individuals, be they market participants or others, can have widely different views. We understand the importance of seeking to be transparent and consistent in our messaging, and to be careful to signal any changes in our messaging.

Analysts were also affected by the breach of the MPS lock-up, as we had previously also given them their own embargoed lock-up. Those have also stopped, and, with them an opportunity to foster understanding of the Bank's policy decisions. To counter this loss, we are meeting more often with analysts over light lunches to listen to them and clarify and explain any uncertainties after an MPS release.

Researchers and Teachers, Academics

- What the 2014 Survey told us:



According to the Survey, this group demonstrated high trust and high familiarity.

- What we have done:

The rating that the educational and research sector gave us reflects a high level of interaction through specialist research networks, and two key channels for schools: our Museum & Education Centre, which sees 10,000 visitors through the door each year, most of these being students; and our senior secondary school competition, the Monetary Policy Challenge.

We value this participation highly as it enables the Bank to reach upcoming generations for whom an understanding of the Bank's policies and activities will be important in their lives.

Our website also contains a large amount of educational material and we are looking to coordinate this in one space and so improve its accessibility.

Our statistics are a very popular entry point for visitors to our website. We are conscious of demand these days to make data more accessible and will look at opportunities to do so as technology allows.

Government

- What the 2014 Survey told us:

Responses were too low to register valid statistical readings. However, valuable qualitative feedback was provided that we have absorbed into our responses.

- What we have done:

The Bank naturally has frequent contact with Government and Parliament, within the parameters of the operational independence for monetary policy and shared responsibilities for financial stability that Parliament has agreed for the Bank. As part of our accountability to Parliament for our exercise of the powers delegated to the Bank, we attend seven appearances of the Finance and Expenditure Committee each year, where we are questioned on our *MPSs*, *FSRs*, and *Annual Report*, all of which are tabled in Parliament.

The Bank also provides background briefings for Parliamentary caucuses twice a year, which we have found to be valuable opportunities to facilitate understanding of the Bank's reading of the economy and the financial system.

The Minister provides the Bank and its Board of Directors with separate Letters of Expectation each year, outlining the Minister's interest in particular areas of the Bank's activities, and expectations of the Board's role in assessing the Bank's performance. We publish both of these Letters of Expectations, and their intent is reflected in our published annual *Statement of Intent*, which we report on publicly in our *Annual Report*.

We also meet regularly with the Minister of Finance to discuss financial sector conditions, the Bank's regulatory work programme across prudential and macro-prudential policy, and other policy issues relating to the financial system. Special one-off meetings (known colloquially as 'chew sessions') may be arranged on occasion to explore topics of particular policy interest to the Minister.

Bank staff meet regularly with Treasury colleagues on a range of financial system matters. Treasury and Financial Market Authority staff are also provided with a briefing following the release of each *FSR*, providing a further opportunity for issues to be explored.

The Bank meets with the Treasury and the Ministry of Business, Innovation and Employment once a quarter to exchange views and insights into housing market developments, given the particular significance of housing to each of these entities.

In the words of our legislation, the Reserve Bank's Board of Directors has a primary role is to "keep under constant review" the performance of the Bank. While there are statutory requirements for the Board to assess the *MPSs* and *FSRs*, the Board publishes its own annual report on its assessment of the Bank's performance, and this is included in the Bank's *Annual Report*.

The Board has also developed its own guidelines for its monitoring of the Bank's key relationships.

Conclusion

In conclusion, engagement with our stakeholders is important to achieving the Bank's policy objectives, promoting understanding, and providing accountability and dialogue. Because of the diversity of our stakeholders, we aim to communicate in the context and language appropriate each group.

That we take this seriously at a governance and management level is evident not only from the activities I have described, but also in a public statement of the Bank's Strategic Priorities in our annual *Statement of Intent*, where we have committed to a priority to

Engage and communicate with stakeholders

The Bank will maintain a high level of engagement with its stakeholders. It will communicate broadly on its policies, the reasons for them and the impacts of its activities through a wide range of engagements and channels. The Bank will measure the effectiveness of engagement through an External Stakeholder Engagement survey in 2018.

The Bank places high priority on communicating to a wide spectrum of audiences, through a multitude of channels, and we are adapting to changing audience needs.

Recognising that face-to-face contact is one of the most powerful forms of communication, we will maintain the extensive programme of off-the-record presentations around New Zealand communities that the Bank has built up, currently to around 120 a year, as well as our outreach into schools, universities and other research institutions.

While public presentations are resource-intensive of Governors and other senior colleagues' time, they provide one of the most informative forums for the Bank to listen and respond to questions and candid comments from businesses and other stakeholders, whose understanding is so important to our price and financial stability objectives.

Our on-the-record speeches, their content and timing, will always be driven by policy needs. Given the breadth of the Bank's responsibilities mandated by Parliament, we are committed to explaining our policies publicly, whether through speeches or other public channels.

Digital and social media offer increasing – but sometimes bewilderingly ephemeral – opportunities to widen the Bank’s reach into communities. A one-minute video, for instance, can prove to be a useful discipline for a policy institution in reducing complex concepts to simple, accessible language, with the added benefit of a visual hook. Within the resources available, we will continue to explore and experiment in this world, especially to engage more with younger age groups who seem to be less engaged with our social media publications.

The same technologies that offer opportunities for wider communication are also disrupting traditional media. We will continue to engage through the most effective channels with the news media, through briefings, interviews, press conferences, and responses to inquiries. Equally, we will continue to provide access for technical engagement with financial market analysts.

Our relationships – with markets and media – are conducted within the disciplines enforced by financial market sensitivities. We recognise that real-time and near real-time media – which describes the state of virtually all financial media nowadays via trading screens and the web – reach far into an investment world beyond New Zealand that can influence our key financial prices. Care has to be taken by a central bank in communicating into this world.

We will continue to foster the improvements we have seen develop in our regulatory relationships, through industry liaison, workshops on regulatory developments, appropriate consultation periods, and the like.

Finally, our engagements with Parliament and Government will remain frequent, extensive, and open, to promote understanding, and also to deliver accountability for the policies and tools that we are charged with to promote New Zealand’s economic growth.