



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

Report Tabling

MEDIA ALERT

Issued: 24 March 2015

Chair: John Alexander OAM MP
Deputy Chair: Hon Ed Husic, MP

Review of the Reserve Bank of Australia Annual Report 2014 (First Report)

The House Economics Committee tabled its first report on the *Review of the Reserve Bank of Australia Annual Report 2014* today. This report follows a hearing with the Governor and other senior officials of the RBA on the 13th of February in Hurstville, Sydney.

The decision by the RBA board in February to cut the cash rate by 0.25% to 2.25% was the first rate change in 18 months. The committee heard that this decision was mainly due to a longer than expected period of low growth, higher than anticipated unemployment, and low inflation.

The rate cut is expected to increase domestic demand in the near term but the Governor commented at the hearing that monetary policy has perhaps less capacity to do this than in previous years.

The Australian dollar has fallen significantly against the US dollar but has room for a further depreciation if the terms of trade fall further. The traded sectors of the economy are expected to benefit from the lower dollar.

Public sector debt in Australia is low by international comparisons. The Committee notes the Governor's view however that it will need to be kept in check if Australia wants the scope to expand fiscal policy to counter future financial shocks.

Committee Chair John Alexander OAM MP said that 'there are encouraging signs for our economy including improved productivity and more job creation. Challenges remain however, and it is vital that we foster our non-resources sectors and our trade partnerships with Asia as these will be important sources of GDP growth over the long-term.'

The report is available on the Committee's website at:

http://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/completed_inquiries

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