



PUBLIC HEARING: FRIDAY 12 AUGUST 2005, MELBOURNE

Reserve Bank to meet with House Economics Committee

Interest rates have remained steady at 5.5 per cent since March 2005. Inflation has also remained steady at around 2.5 per cent. But below the surface, there are still a great deal of conflicting signals; - household consumption stills remains high, imports continue to outrun exports despite record prices for our major resource stocks, credit card debt continues to rise, manufacturing remains flat, housing is still relatively buoyant in most states and unemployment remains at record lows. What is all this data telling us?

These are just some of the areas of questioning that will be pursued on Friday 12 August in Melbourne when the House of Representatives Economics Committee holds a public hearing with Reserve Bank Governor Ian Macfarlane and other representatives of the Reserve Bank.

The Chair of the House Economics Committee, Bruce Baird, said the committee will be “questioning the Governor about how the Reserve Bank Board interprets this data and comes to an ‘on-balance’ view of where interest rates and inflation are heading”.

“We will be also be asking the Governor whether or not the Chinese economy can continue to maintain growth rates in excess of eight per cent and what impact the decision to revalue the Yuan will have on future Australian exports,” Mr Baird said

Mr Baird expects to follow up on concerns raised by Mr Macfarlane at the last hearing in relation to the supply-side bottlenecks and whether sufficient investment is being directed towards infrastructure projects. Of equal concern will be the issue of negative savings and how this will impact on our ability to fund future investment priorities.

Mr Baird said the House Economics Committee is entrusted with the responsibility to scrutinise the decisions of such a key independent statutory body as the Reserve Bank.

“These hearings provide an important forum for the parliament to discuss keys issues with a major agency in relation to the Australian economy,” he said. “The Reserve Bank reports to parliament through its various annual reports and other bulletins but this parliamentary process makes them more accountable – to review their decisions and question their outlook.”

The House Economics Committee holds two public hearings each year with the Reserve Bank. They are key public forums at which the Governor of the Reserve is obliged to publicly answer questions about bank policy, including the outlook for interest rates.

This hearing will be held in the Promenade Room of the **Dallas Brooks Hall**, 300 Albert Street, East Melbourne starting at 10am. It is webcast live (audio only) on HMS 11 www.aph.gov.au/live/webcast3.asp

WHO:	Reserve Bank questioned by House Economics Committee
WHAT:	Public Hearing
WHERE:	Promenade Room, Dallas Brooks Hall, 300 Albert Street East Melbourne
WHEN:	Friday 12 August 2005, 10.00am - 1.00pm

For media interview: Please contact chairman, Bruce Baird, on (02) 6277 4814.

For background information: Please contact Committee secretariat on (02) 6277 4564 or email efpa.reps@aph.gov.au.

For media queries about hearing arrangements: Please contact the House of Representatives media adviser, Andrew Dawson, on (02) 6277 2063 or mobile 0401 143 724.