



MEDIA ALERT

Issued: 19 February 2007

HOUSE OF REPRESENTATIVES ECONOMICS,
FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
RBA HEARING: WEDNESDAY, 21 FEBRUARY 2007

Chair: Hon Bruce Baird MP
Deputy Chair: Dr Craig Emerson MP

New Reserve Bank Governor to front House Economics Committee at Perth hearing

8am (AWST), Wednesday, 21 February 2007

The House Economics Committee will hold a public hearing with the Reserve Bank in Perth this Wednesday morning, 21 February 2007. This 8am hearing in Western Australia will mark Glenn Stevens' first appearance before the Committee as Governor of the Bank.

At its most recent board meeting in February, the Bank chose to keep the cash rate at 6.25 per cent.

This decision followed three rate rises of 25 basis points during 2006—the most recent at the Bank's November meeting. The decision to keep rates on hold was largely based on the December quarter inflation figures, which saw falls in both headline and underlying inflation.

Committee Chairman, Bruce Baird (Member for Cook, NSW) said that the upcoming hearing looms as an important event. "The public hearing is Mr Stevens' first as Governor and will also provide the Committee with an opportunity to seek definitive views on the outlook for monetary policy," he said.

The Bank's most recent *Statement on Monetary Policy* was cautious about the future of inflation and interest rates. The statement noted "underlying inflation ... was tentatively forecast to decline somewhat in the period ahead", and also said "the December quarter CPI figures suggested grounds for a little more confidence in this forecast". However, the statement cautioned "with a high overall level of capacity utilisation, it remains possible that upward pressure on inflation ... could re-emerge".

Mr Baird said the Committee will be seeking more detail about short to medium term inflationary expectations. "The Committee will also seek views on other pertinent issues, including the housing market, labour market shortages, the two-speed domestic economy that sees mining-rich states such as Western Australia and Queensland growing faster than some other states, and the international economy," he said.

Public Hearing Details:

Committee: House of Representatives Economics Committee
Venue: Harbour Suite, Rendezvous Observation City Hotel,
The Esplanade, Scarborough, Perth, WA
Date: 21 February 2007
Time: 8.00am – 11.00am (Australian Western Summer Time)
Webcast: The hearing will be webcast (audio) live on <http://webcast.aph.gov.au/livebroadcasting/>

Any media outlets requiring direct telecommunications links are reminded to make their own arrangements with the Rendezvous Observation City Hotel.

For media comment: Please contact the Committee Chairman, Hon Bruce Baird MP on (02) 9525 8200 or 0418 611 668 (mobile).

For background information: Please contact the committee secretariat:

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