



## Reserve Bank Governor to front House Economics Committee

The House of Representatives Economics Committee will hold a public hearing with the Governor of the Reserve Bank of Australia, Glenn Stevens, in Canberra from 9:30am to 12:30pm this Friday, 11 February.

Committee Chair Craig Thomson (Member for Dobell, NSW) said the committee will explore with the Reserve Bank the short to medium term outlook, risks and opportunities for the economy.

In particular, the committee will be inquiring about: the economic effects of Cyclone Yasi and the floods in Queensland and Victoria; whether the Bank's medium term inflation forecast of 3 per cent will affect interest rates in the short term; the scale of risk presented by inflationary pressures in our key Asian markets; and whether the Australian dollar will further gain in strength.

Since October 2009, the Reserve Bank has lifted the cash rate seven times taking it from 3.00 to 4.75 per cent, but noted in December that real GDP growth in the year to September of 2.7 per cent was somewhat softer than previously expected. The Reserve Bank believes changes in Australia's terms of trade have continued to boost domestic incomes, stating, "over the past decade, a significant part of the growth in real incomes had come from the terms of trade, with growth in standard productivity measures having slowed significantly relative to the 1990s".

Mr Thomson said the committee also wants to explore the Bank's views on productivity growth in the Australian economy. The Grattan Institute has released a study, with new figures showing that Australia's productivity - a key driver in our standard of living - has decreased over the past five years.

The Reserve Bank's February quarterly statement on monetary policy indicated that underlying inflation is forecast to remain in the bottom half of its 2 to 3 per cent target range in the first half of 2011, before picking up gradually to 3 per cent by late 2012.

### **Public Hearing Details**

<b>Committee:</b>	House of Representatives Economics Committee
<b>Venue</b>	Main Committee Room, Parliament House, Canberra
<b>Date:</b>	Friday, 11 February 2011
<b>Time:</b>	9.30am to 12.30pm
<b>Webcast:</b>	The hearing will be webcast <a href="http://webcast.aph.gov.au/livebroadcasting/">http://webcast.aph.gov.au/livebroadcasting/</a>

**For media comment:** Please contact the Committee Chair Craig Thomson MP:

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