

# Watching the dollar

Every six months the Governor of the Reserve Bank of Australia, Ian Macfarlane, is called to account at a special meeting of the House of Representatives Economics Committee. Mr Macfarlane is required by a Government agreement, established in 1996, to provide publicly a report of the Reserve Bank's performance from the previous six months to the House Economics Committee. The last Reserve Bank hearing took place in May in Melbourne.

*'For the first time more than 100 students attended a House of Representatives Committee hearing.'*

Whenever the Reserve Bank Governor appears before the House Economics Committee, the eyes and ears of the financial community are fixed on the Committee's hearing. All are intent on finding out about the future directions of monetary policy.

At the May public hearing in Melbourne, there were 100 extra pairs of eyes as budding economists joined the financial media and economic analysts in the hearing room. For the first time more than 100 senior economics students from across Melbourne attended a House of Representatives Committee hearing, with the Parliamentary Education Office coordinating their attendance.

With economics now part of their curriculum, Year 11 and 12 students from Strathcona Baptist Girls' School, Presentation College, St Kevin's College, Trinity Grammar College and Melbourne Girls' Grammar observed economics in action. They learnt how the Australian dollar can drop and recover all in one working day.

Prior to this event the students' economics experience had been through textbooks and reporting in the media. This was their first opportunity to understand that a question by a Member from the House Economics Committee, a response from the Reserve Bank Governor and the media's reporting of this could all impact on Australia's economy – especially the dollar and interest rates.

House Economics Committee Chair, David Hawker (Member for Wannon, Victoria) said that the students' enthusiasm was encouraging.

"During the short break I was fortunate to speak with some of the students, and I was delighted to hear that they were interested in both the process and the issues that were being raised," Mr Hawker said.



*Megan Barnett from Strathcona Baptist Girls' School meets with House Committee Chair, David Hawker (right) and Reserve Bank Governor, Ian Macfarlane, at the public hearing in Melbourne. Photograph from NewsPix.*

He added that the Reserve Bank hearing was a fantastic opportunity for the students to experience first hand parliamentary accountability and how Federal Members are representative.

"Due to the increased workload in Parliament, the role of responsibility has moved more to parliamentary committees. Public hearings, such as these, clearly display the process of accountability to the Parliament. Mr Macfarlane wasn't reporting direct to the Treasurer. He was reporting to a multi-party House of Representatives Committee that works as a team, so as to obtain correct and relevant information for both Parliament and the people."

The House Economics Committee in turn reports to Parliament with evidence from the Reserve Bank hearing (the report was tabled in June) and the Government is then required to respond.



Whenever the Reserve Bank Governor appears before the House Economics Committee, the eyes and ears of the financial community are fixed on the Committee's hearing. Photograph by Shaney Balcombe, NewsPix.

"Not only is the House Economics Committee accountable, it is also our responsibility as elected Members of Parliament to be responsible in our questioning and probing so we can seek the answers for our constituents."

Margaret Wilson, an economics teacher from Presentation College, said that the Reserve Bank hearing helped her students to better understand monetary policy and also understand the role of committees and politicians.

"This was the best opportunity the students had had to hear the Reserve Bank's thinking on the current state of the economy and what the Reserve Bank believes are the country's future economic directions," Margaret Wilson said. "In the past it was difficult for the students to conceptualise how Parliament could make the Reserve Bank accountable. But the questions asked by the House Economics Committee members covered a broad range of economics issues and also highlighted the political issues."

Megan Barnett, from Strathcona Baptist Girls' School, explained that the meeting was vital for economic students as they could meet and discuss economic policy issues with the "national figures" who help determine Australia's economic position.

"When we met with Ian Macfarlane and Members of the House Economics Committee we were given the opportunity to discuss the workings of the Reserve Bank and the implications of

monetary policy on the Australian economy," Megan Barnett said. "Mr Macfarlane explained the objective of price stability, the implication of inflation on the economy and the Reserve Bank's stance on monetary policy. It was a real opportunity to see the workings of the bank close up."

*'It was a real opportunity to see the workings of the Reserve Bank close up.'*

Due to the success and positive feedback received from the students and teachers who attended the May Reserve Bank hearing, the Parliamentary Education Office and the House Economics Committee will again invite senior economic students to the next Reserve Bank hearing to be held in Wagga Wagga in December.

For more information on educational activities, support services and Outreach programs, contact the Parliamentary Education Office, call toll free 1800 808 533, fax (02) 6277 5775, or email: [info@peo.gov.au](mailto:info@peo.gov.au)