

Our Enviably Economy



Australia has an enviable, strong economy with a per capita GDP on par with the four dominant West European economies. Emphasis on reforms, low inflation, a housing market boom, and growing ties with China were key factors over the course of a 17-year economic expansion that slowed, but continued to grow, with the recent global financial crisis.

Business and consumer confidence and high export prices for raw materials and agricultural products fuelled the economy to the point of overheating in recent years, particularly in mining states. Drought, robust import demand, and a strong currency pushed the trade deficit up, while infrastructure bottlenecks and a tight labour market constrained growth in export volumes and stoked inflation through mid-2008.

The economy fared relatively well during the global financial crisis, avoiding a technical recession because of monetary and fiscal stimulus, buoyant export demand and investment from China, as well as the strong health of Australia's banking sector. Australia became the first G20 country to tighten monetary policy after the crisis when the central bank raised its key rate in October 2009. In 2010, the government has announced that it will focus on raising Australia's economic productivity, managing the symbiotic, but sometimes tense, economic relationship with China, passing emissions trading legislation, and dealing with other climate-related issues such as drought and devastating bushfires.

Australia has grown at an average annual rate of 3.6% for over 15 years, well above the OECD average of 2.5%. Australia's average GDP growth rate for the period 1901-2000 is at 3.4% annually.

The CIA (!!!) recently reported that Australia's current real GDP growth is the fastest in the developed world.

<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2003rank.html?countryName=Australia&countryCode=as®ionCode=au&rank=100#as>

As of December 2009, there were approximately 11 million people employed, with an unemployment rate of 5.5%. Over the past decade, inflation has typically been 2–3% and the base interest rate 5–6%. The service sector of the economy, including tourism, education and financial services, constitutes 69% of GDP.

In the past decade, one of the most significant sectoral trends experienced by the economy has been the growth (in relative terms) of the mining sector (including petroleum). In terms of contribution to GDP, this sector grew from around 4.5% in 1993-94, to almost 8% in 2006-07.

Growth in the services sector has also grown considerably, with property and business services in particular growing from 10% to 14.5% of GDP over the same period, making it the largest single component of GDP (in sectoral terms). This growth has largely been at the expense of the manufacturing sector, which in 2006-07 accounted for around 12% of GDP. A decade earlier, it was the largest sector in the economy, accounting for just over 15% of GDP.

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