



# Activity

## Sectors in the Economy



Cut out the sectors and consider how they might relate to one another. You could arrange the sectors on a sheet of paper and draw arrows to show the connections between them.

### Household sector

This sector is made up of individuals in the economy.

- They provide their time and skills or **'labour'** (a resource) to Firms in exchange for **income (wages)**.
- They may borrow from, or save money with, the Financial sector.
- They are **consumers**, who purchase goods and services from Firms.
- They pay **taxes** to the Government.

### Firms sector

This sector is made up of all businesses in the economy.

- They produce **output** (goods and services), which they sell to consumers for a **price**. So they receive **revenue** from the Household sector.
- They may borrow money from, or save money with, the Financial sector.
- They pay **taxes** to the Government.

### Financial sector

This sector is made up of banks and other financial institutions in the economy.

- They receive **savings** from Households and Firms.
- They help Households and Firms **invest** by lending them money.

### Government sector

This sector is made up of all bodies in national, state and local governments.

- They receive **taxation** revenue from Households and Firms in the form of income tax and company tax.
- They **spend** this money on public goods and services, such as roads, parks, schools and hospitals.

### Overseas sector

This sector relates to Australia's trade with other nations.

- Australia **exports** (sells) goods and services, produced by businesses in Australia, to other countries.
- Australia **imports** (buys) goods and services, produced by businesses in other countries.