



RESERVE BANK OF AUSTRALIA

# Economic Growth

From the Classroom: Timmee Grinham  
(Educators Advisory Panel)

Education

# Senior Economics syllabus coverage of Economic Growth

Economic growth is a key theme in all of the senior economics syllabuses

Coverage varies but includes:

- ▶ Measurement of economic growth (incl. criticisms of GDP)
- ▶ Factors influencing economic growth
- ▶ Why economic growth is important and how it affects living standards
- ▶ Circular flow of income and how levels of injections and leakages affect economic activity and economic growth
- ▶ Policies used to influence the level of economic growth
- ▶ Trade offs (incl. environmental sustainability vs economic growth)

ALL REQUIRE skills like:

- ▶ Selecting, analysing and evaluating data and issues
- ▶ Evaluate or predict economic outcomes

# Years 7-10 Australian Curriculum

Content relating to **economic growth** most relevant in Level 10 (Year 10) including:

- ▶ Indicators of economic performance and how Australia's economy is performing (ACHEK050)
- ▶ The links between economic performance and living standards, and how and why variations exist within and between economies (ACHEK051)
- ▶ The ways that governments manage economic performance to improve living standards (ACHEK052)

Skills developed at this level that can be supported through RBA resources/ activities include:

- ▶ Develop questions and hypotheses about an economic or business issue or event, and plan and conduct an investigation (ACHES043) & (ACHES055). Gather relevant and reliable data and information from a range of digital, online and print sources (ACHES044) & (ACHES056)
- ▶ Analyse data and information in different formats to explain cause-and-effect relationships, make predictions and illustrate alternative perspectives (ACHES045) & (ACHES057)



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## Education

The Reserve Bank recognises the importance of education and is committed to supporting people who want to learn more about the Bank's activities and the Australian economy. Our public education program provides a range of information, resources and learning experiences. These resources have been designed to support students and educators, as well as being relevant for more general audiences.



Topics

Photo: Reserve Bank of Australia



Resources

Photo: Reserve Bank of Australia



Talks and Events

Photo: Reserve Bank of Australia



Explore Economics

Photo: Reserve Bank of Australia

RBA Education  
page - Resources!

# Key Economic Indicators Snapshot

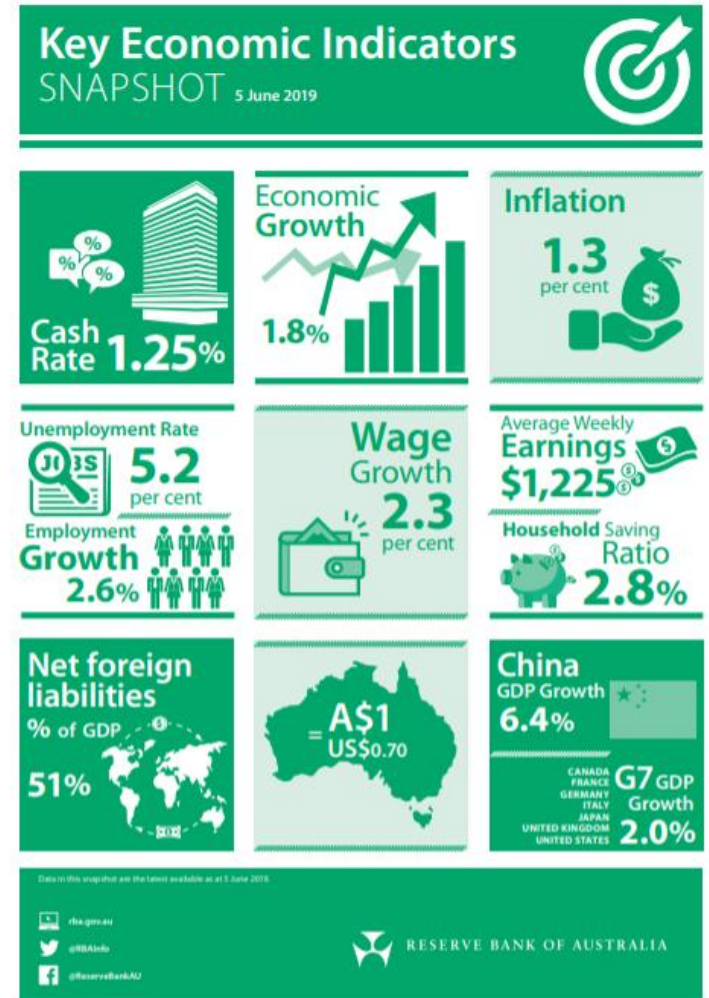
- Updated regularly
- Poster display in classroom? Watch the economy 'unfold' over the year!

## Activity:

Allocate responsibility to a different pair or group of 3 students to 'unpack' each new snapshot.

They need to:


- ▶ Explain why the indicator is important (focus on most important of course!)
- ▶ Compare current performance with previous performances (earlier snapshots)
- ▶ Provide a brief evaluation of overall economic performance



# Snapshot


## Another Activity:


- Use the **Activity** on the [RBA Learning Activities page](#)
- ‘Unpack’ the snapshot - and make links to the quarterly Statement on Monetary Policy for extra background

 RESERVE BANK OF AUSTRALIA

Activity

**Key Economic Indicators – Unpacking the Snapshot**





The RBA's assessment of current economic conditions, along with the outlook for Australian inflation and output growth, is provided four times a year in the *Statement on Monetary Policy*. This publication is a useful source of data and analysis relating to the macroeconomy. Key macroeconomic data are also provided in the *Key Economic Indicators Snapshot*. This Snapshot is updated with each issue of the *Statement on Monetary Policy*.

**Your task**


Your task is to provide detail to support the Key Economic Indicators Snapshot, that is, locate evidence and explain each statistic or trend. To do this, follow the steps below.

**Step 1**  
Download and read the most recent version of the Key Economic Indicators Snapshot.

**Step 2**  
Identify the 9 statistics or trends highlighted in the Snapshot.

**Step 3**  
Using the strategies identified in the Activity: Read and Rehash, skim the *Statement on Monetary Policy* to locate details of each statistic or trend.

**Step 4**  
Summarise the details of each statistic or trend, providing evidence where possible. Your summary should fit on the back of the relevant box on the Key Economic Indicators Snapshot. In other words, imagine that the Snapshot is double-sided – the front page contains the high-level statistic or trend, and the back page contains your explanation of the statistic or trend.



## Key Economic Indicators SNAPSHOT




## Step 1

Download and read the most recent version of the Key Economic Indicators Snapshot.



## Step 2

Identify the 9 statistics or trends highlighted in the Snapshot.



## Step 3

Using the strategies identified in the Activity: Read and Rehash, skim the *Statement on Monetary Policy* to locate details of each statistic or trend.



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### Explanation of Key Economic Indicators Snapshot

## Key Economic Indicators SNAPSHOT






# RBA Explainer: Economic Growth

## ► Education > Resources > Explainers



### Economic Growth

#### What is Economic Growth?

Economic growth refers to an increase in the size of a country's economy over a period of time. The size of an economy is typically measured by the total production of goods and services in the economy, which is called gross domestic product (GDP).

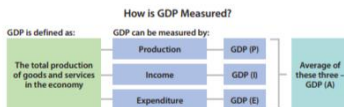
Economic growth can be measured in 'nominal' or 'real' terms. Nominal economic growth refers to the increase in the dollar value of production over time. This includes changes in both the volume of production and the prices of goods and services produced. Economists normally talk about real economic growth – that is, increases in the volume produced only which takes away the effect of prices changing. This is because it better reflects how much a country is producing at a given time, compared with other points in time.

#### How is GDP Measured?

To measure GDP each quarter, the Australian Bureau of Statistics (ABS) collects data from households, companies and government agencies. The ABS then calculates GDP in three different ways, looking separately at information about production (P), income (I) and expenditure (E). The three definitions of GDP are:

- GDP(P): total value added from goods and services produced
- GDP(I): total income generated by employees and businesses (plus taxes less subsidies)
- GDP(E): total value of expenditure by consumers, businesses and governments on final goods and services.

There are three different ways to estimate the same thing. In practice, different results can be obtained because there are never enough data to build a complete picture of the economy. Many economic activities have to be estimated and measurement errors arise. In Australia, the ABS and economists generally focus on the average of the three measures – GDP(A).



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## Explainers

The 'Explainers' series provides explanation of key economic concepts, the Australian economy and the role of the Reserve Bank.

### What is Monetary Policy?

Explains what monetary policy is, what it aims to achieve and how monetary policy decisions are both made and implemented.

Download PDF 387KB



### The Transmission of Monetary Policy

Describes how changes made by the Reserve Bank to the cash rate – the 'instrument' of monetary policy – flow through to economic activity and inflation.

Download PDF 109KB



### How the Reserve Bank Implements Monetary Policy

Describes the Australian cash market and explains how the Reserve Bank ensures that the cash rate is as close as possible to its target.

Download PDF 100KB



### Australia's Inflation Target

Describes the inflation target, why the Reserve Bank targets inflation and how the target works.

Download PDF 120KB



### Inflation and its Measurement

Describes how inflation is measured, explains how different indicators of underlying inflation are calculated, and outlines some of the limitations of using the Consumer Price Index.

Download PDF 169KB



### Economic Growth

Explains what economic growth is, how it is measured and explores the concepts of aggregate demand and supply.

Download PDF 243KB



# Using the explainer in class

**Idea 1** Limitations of GDP as a measure of wellbeing - using the explainer as a starting point.

## WORKSHEET:

- Table - activities that would / wouldn't count in GDP
- Investigate current 'GDP per capita recession' in Australia
- Consider income distribution vs GDP/capita

Students write a **reflection** outlining the limitations vs the value of GDP as a measure of wellbeing.

## What's not Captured in GDP Statistics?

While GDP is the main measure of economic growth, it doesn't capture everything that adds value to the economy. One example is that caring for children is not included in GDP if carried out by their parents (but is if it is done by a paid childcare worker).

GDP doesn't capture broader aspects of economic welfare of the nation's population. For example, if GDP rose by 2 per cent one year, but the population grew by 4 per cent, then average GDP per person would have decreased. Similarly, GDP doesn't tell us anything about how evenly national income is split across the population. Income may have increased for everyone, or may have been concentrated in certain groups.

Finally, there are things that raise GDP but don't make the country better off. One example is the initial spending to replace buildings and infrastructure after a natural disaster, which boosts measures of economic growth.

## IDEA 2: AD and AS factors - visual analysis

- ▶ Use after reading about AD and AS and factors affecting ...
- ▶ Key skill in senior Economics: ability to analyse and evaluate data (including charts)

### The Task:

Provide students with a sheet of the charts from the latest Chart Pack (See sample provided)

Collection of AD and AS factors

Ask them to identify:

- ▶ 1. AD factor or AS factor?
- ▶ If AD factor - which component(s) of AD will be (most) affected?
- ▶ 2. Favourable or unfavourable effect?

Extension: Each pair of students presents to the class and 'tells a story' about what a particular chart shows and likely implications for economic growth

# Sample: ... 'Tell me a story'

- ▶ Unpack the chart on household consumption growth
- ▶ Tell me a story about this chart
- ▶ Identify AD component
- ▶ Consider breakdown between discretionary and essential
- ▶ Students consider why - and how much that will affect the economy. Effect on multiplier? Effect on economic growth?

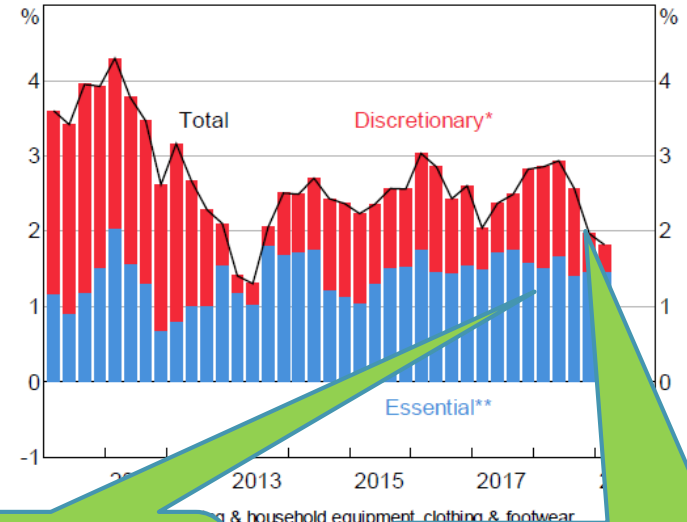
## WHY DO THIS?

- ▶ Practising skills of analysing relationships between various indicators and economic outcomes
- ▶ Encourages development of questioning skills.
  - ▶ When confronted with a graph - what questions do they need to ask to understand/ make sense of it?
  - ▶ Can they find out the answers to these questions?
  - ▶ Can they explain them to others?

C component of AD (Private Consumption)

### Household Consumption Growth

Year-ended with contributions



Growth in spending on essentials has been pretty steady in recent years

Downturn in consumption spending growth since 2018 due to falling discretionary spend

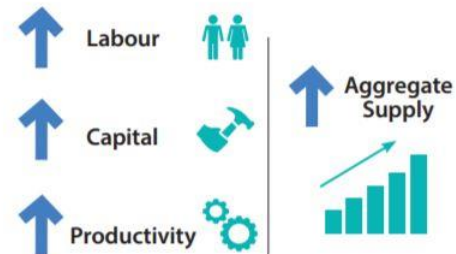
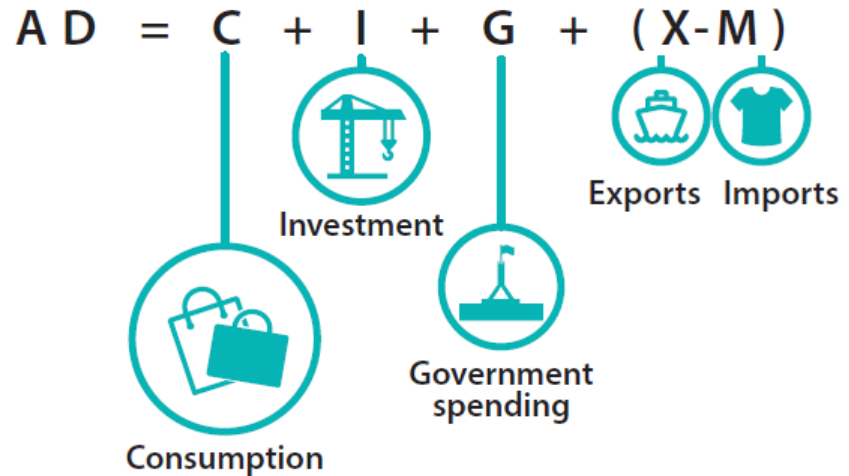
## Using the Economic Growth Explainer in your classroom

### ► **IDEA 3: Set as a ‘flipped classroom’ reading task**

- Students read the information outside the classroom
- In class, students create up to 10 questions they can set for other students in the class (teacher can provide an idea of the kinds of questions required e.g. 2 relating to AD, 1 relating to AS, 1 relating to real vs nominal, 1 on the multiplier, 1 on role of MP operating counter-cyclically etc.)
- Discuss the student-created questions in class, to help students modify or improve them
- Use the student-created questions for either classwork or revision
- Extension idea: students required to create ‘sample answers’ to share with the class
- (Some teachers ask students to generate questions and then promise students that a certain number of student-generated questions will be on the assessment!)

## Using the Economic Growth Explainer in your classroom

- ▶ **IDEA 4: Students representing information visually**
- ▶ Provide students with a set of scenarios and a set of labels. (AD, AD components, AS) (worksheet provided)
- ▶ Classify the scenarios according to AD/AS & component of AD likely to be affected (and direction of effect)
- ▶ There may be some debate over classification - encourage this!
- ▶ **EXTENSION:**
- ▶ Students write extended answers unpacking steps in how changes to AD factors influence economic growth

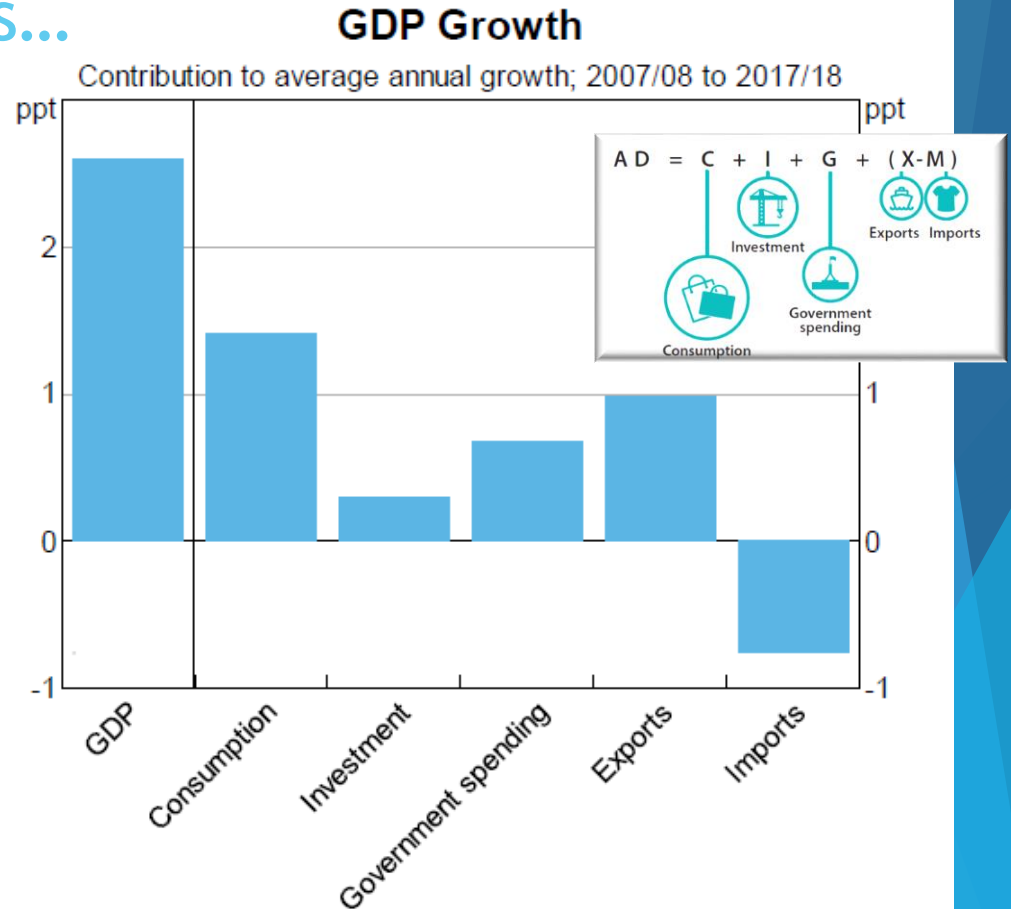


# More GDP Growth ideas...

Annotate this diagram with the images from AD formula

Students analyse the relative size of the contribution of each component to AD/ GDP growth.

What does this chart tell us about Australia's economy over the last ten years?

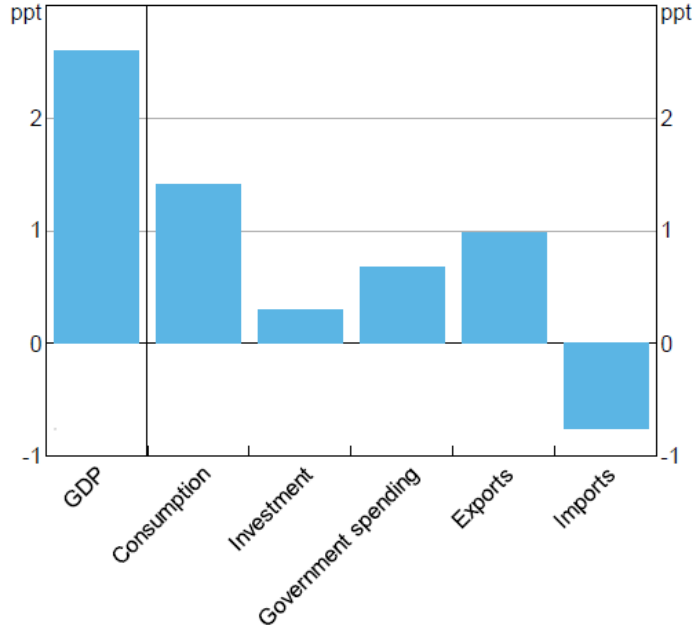




# Compare the two charts

## GDP Growth

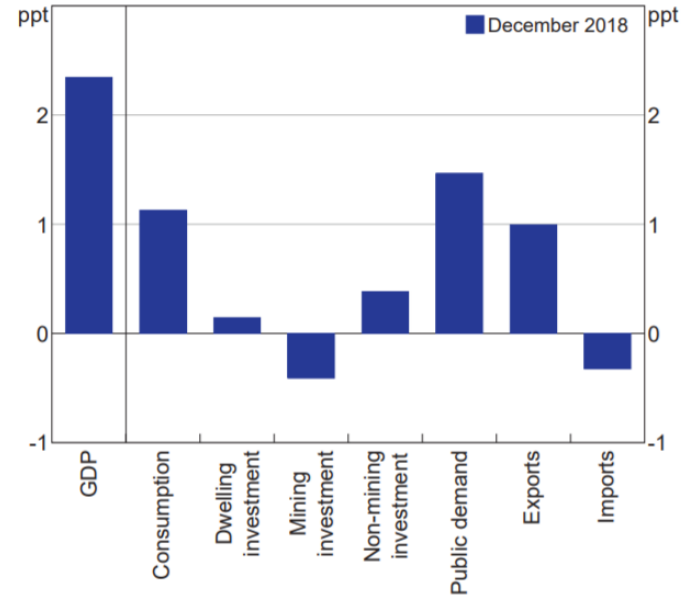
Contribution to average annual growth; 2007/08 to 2017/18



Sources: ABS; RBA

## Contributions to GDP Growth

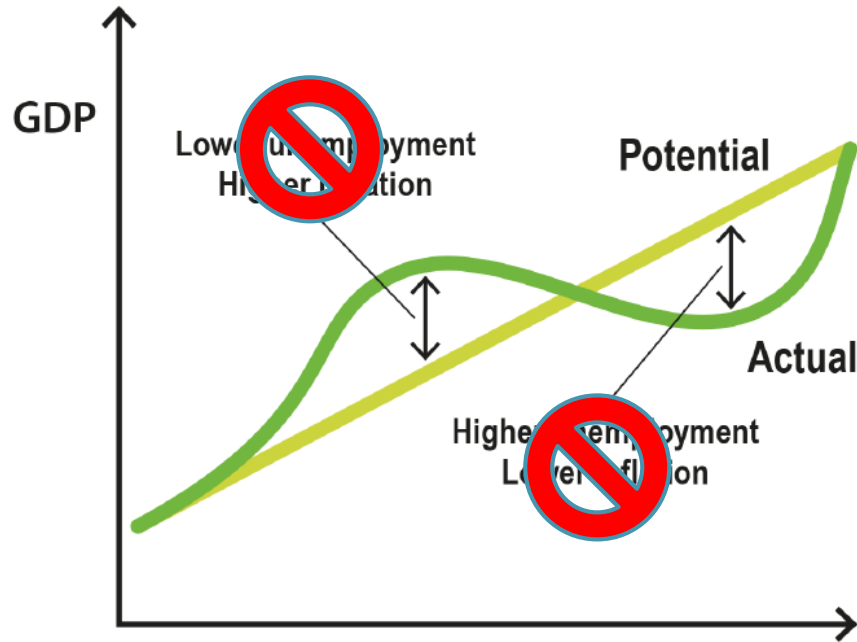
Year-ended



Similarities?  
Differences?  
What does it tell us  
about our economy  
at the moment?

# Worksheet: Actual vs Potential GDP

- Students examine the diagram (economic indicator labels have been removed)
- Students predict likely levels of unemployment and inflation
- Justify prediction
- Consider how RBA would adjust MP setting in response



# Learning Activities page -in 'Resources'



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## Learning Activities

This series provides a range of activities that can be used in the classroom to help students build different skills through meaningful learning experiences.

### Opening the Vault

Guides students through how to find the information they need on the RBA website.

Activity: Opening the Vault [PDF](#) 93KB



### Unpacking Publications

Helps students familiarise themselves with RBA publications and provides some tips to make the most of the information provided.

Activity: Unpacking Publications [PDF](#) 84KB



### Read and Rehash

Guides students through how to make the most of RBA publications.

Activity: Read and Rehash [PDF](#) 334KB



## On This Page

- > [Opening the Vault](#)
- > [Unpacking Publications](#)
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- > [You Make the Decision – the Cash Rate](#)
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- > [Building Charts Using RBA Statistical Tables](#)

# Read and Rehash



## A reading strategy for RBA publications

Idea: Use this approach to read latest **RBA Board minutes (MP decision June)**

01

Skim and scan the text.  
Predict what the text is about by:

- reading the title
- skimming sub-headings and diagrams
- reading the introduction and conclusion.

03

Reread and mark the text.

- number the paragraphs. As with page numbers, paragraph numbers will act as a reference so you can easily refer to specific sections of the text
- circle key terms or terms you don't understand or you feel are important
- develop a glossary of unfamiliar terms
- highlight the main ideas.

02

Read the text.

- read the text to get a general idea about what the text is about.

04

Pause to connect ideas within the text.

- connect what is said to the visuals in the text. (Ask questions such as 'How does this section connect to the previous section?').

The RBA releases many publications that are up-to-date and useful for students. Some of them, however, have complex concepts. This infographic is designed to guide you through the process of how to make meaning from the range of publications released by the RBA. Use this process to read any publication on the RBA website.

05

Write summary statements in the margin.

For each paragraph, look for:

- the topic sentence (often the first sentence which tells you the topic of the paragraph)
- supporting evidence or additional associated detail that follows
- any analysis or concluding statements within the paragraph.

07

Compose a tweet to give a succinct summary of the text.

Remember a tweet can only be 140 characters. Share your tweet with other students.

06

Group/categorise the ideas and link to broad economic concepts/ideas/objectives.

## Main ideas

Outlook for global economy is good

Inflation outcomes are as expected

Little pressure on wages growth

Economic growth moderate

Housing market conditions vary between cities

Housing credit growth outstripping growth in household income

Evidence supports decision to maintain

## Considerations for Monetary Policy

① In considering the stance of monetary policy, members noted that the outlook for the global economy remained positive. The broad-based nature of the data supporting this outlook provided some confidence that the expansion could become self-reinforcing. At the same time, the improved conditions and ongoing accommodative stance of monetary policy globally had not, to date, led to a sustained increase in inflation. Members noted that various policy, financial and geopolitical risks to the ongoing expansion in the global economy were still present. The improvement in global economic conditions had helped to support commodity prices although recent commodity price movements had also been affected by commodity-specific supply factors, such as disruptions to Australian coking coal exports following Cyclone Debbie.

② Domestically, inflation outcomes had been as expected in the March quarter. The central forecast for headline inflation was that it would be above 2 per cent over the forecast period; underlying inflation was expected to increase gradually from its current rate of 1½ per cent. Subdued growth in labour costs and strong competition in the retail sector had continued to have a dampening effect on aggregate inflation. Working in the other direction, rises in utilities prices and the cost of new dwelling construction had increased inflationary pressures.

③ Members noted that, although it seemed unlikely that wage growth would slow much further, wage pressures were expected to rise only gradually as the effects of structural adjustment following the mining investment and terms of trade boom, which had weighed on aggregate wage growth, continued to wane. Data on the labour market had been somewhat mixed, but forward-looking indicators continued to suggest that employment growth would maintain its recent pace and spare capacity in the labour market would decline gradually.

④ Recent data suggested that the Australian economy had grown at a moderate pace at the beginning of 2017. The outlook was little changed from three months earlier and continued to be supported by the increase in the terms of trade and the low level of interest rates, although lenders had announced increases in mortgage rates, particularly those paid by investors and on interest-only loans. The pick-up in non-mining business investment had been modest and forward-looking indicators of investment remained mixed. The drag from the fall in mining investment (and the spillover effects of this on non-mining investment and activity) had continued to ease. Recent data had provided further signs that the downswings in the Western Australian and Queensland economies were coming to an end. The depreciation of the exchange rate since 2013 had assisted the economy through this transition; an appreciation of the exchange rate would complicate this adjustment process.

⑤ Conditions in the housing market continued to vary considerably across the country. Conditions in established housing markets in Sydney and Melbourne remained robust, but housing prices had been falling in Perth. The additional supply of apartments scheduled to be completed over the next couple of years in the eastern capital cities was expected to put some downward pressure on growth in apartment prices and on rents, particularly in Brisbane.

⑥ Growth in housing credit had continued to outpace growth in household incomes, which suggested that the risks associated with household balance sheets had been rising. Recently announced supervisory measures were designed to help mitigate these risks by reinforcing prudent lending standards and ensuring that loan serviceability was appropriate for current financial and housing market conditions. However, it would take some time to assess the full effects of recent increases in mortgage rates and the additional supervisory focus.

⑦ The Board continued to judge that developments in the labour and housing markets warranted careful monitoring. Taking into account all the available information and the updated forecasts, the Board's assessment was that maintaining the current accommodative stance of monetary policy would be consistent with achieving sustainable growth and the inflation target over time.

Excerpt from Minutes of the Monetary Policy Meeting of the Reserve Bank Board, Sydney – 2 May 2017

## Evidence/details

Broad-based growth  
No sustained increase in inflation  
Risks still present

Commodity prices supported by demand and supply factors

Subdued growth in labour costs and retail competition weighing on inflation

Rises in utilities prices and housing construction boosting inflation

Unemployment expected to go down

Increase in ToT  
Low level of interest rates  
Drag from ending of mining boom easing  
Lower AUD helping

Supervisory measures should help mitigate risks in household balance sheets

# “Read and rehash”

# IDEA: Mock RBA Board Meeting

## Activity

### You Make the Decision – the Cash Rate



%

#### The RBA

On the first Tuesday of each month (except January), the RBA Board meets to make a decision about whether to increase, decrease or keep the cash rate the same. For each meeting the Board is given a detailed account of developments in economic and financial conditions. The Chart Pack and Snapshots, along with the table on the next page, provide examples of some of the information that might be considered by the Board when making a decision about the cash rate.

Resource on RBA Education  
page (Learning Activities)

#### Your Task

Put yourself in the position of the Board and come up with a decision about the cash rate. Do this by working through the five steps below.

01

Think about how changes to key economic indicators could influence the cash rate decision.

02

Identify key economic indicators in the Chart Pack and in the Snapshots that could be used to help the Board make its decision.

03

Interpret recent movements in these indicators and identify any trends in the charts.

04

Think about whether recent movements and current economic conditions support the case for an increase, decrease or no change in the cash rate.

05

Check your decision against the decision of the RBA Board.



## In Education

## Topics

[Role of the Reserve Bank](#)**[Monetary Policy](#)**[Australian Economy](#)[Exchange Rates](#)[Financial System](#)

## Monetary Policy

An important role of the Reserve Bank is conducting monetary policy to achieve the objectives of the Reserve Bank Board. It is the responsibility of the Board to set interest rates in a way that best contribute to the stability of the currency (which means price stability), full employment, and the economic prosperity and welfare of the people of Australia.

To achieve price stability, the Reserve Bank uses a flexible medium-term inflation target, with the goal of keeping inflation between 2 and 3 per cent, on average, over time. The Reserve Bank sets the cash rate to influence economic activity and inflation to achieve this goal.

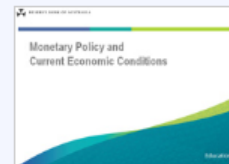
## Available Resources

[Videos](#)[In a Nutshell](#)[Explainers](#)[Presentations](#)[Learning Activities](#)

## Monetary Policy and Current Economic Conditions

This presentation summarises the monetary policy framework and current economic conditions in Australia.

The cash rate is updated to 4 June 2019, graphs with forecasts are updated to 9 May 2019 and other data are updated to 30 May 2019.

[Download PDF](#) 1.54MB

Source of  
recent  
charts for  
RBA 'Board  
meeting' -  
or visit  
Chart Pack

Updated regularly

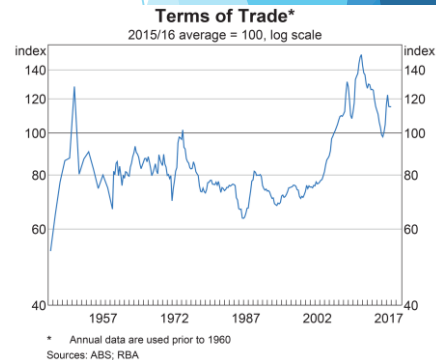
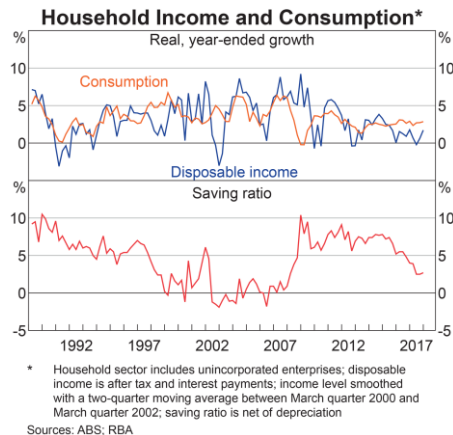
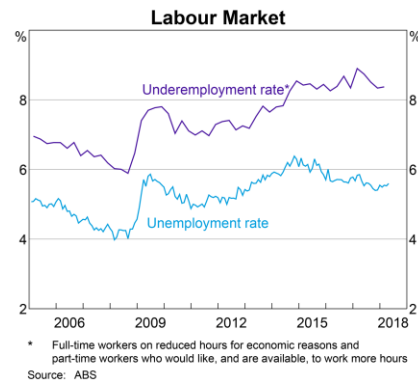
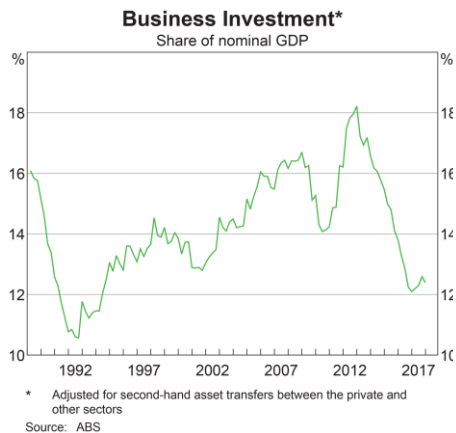
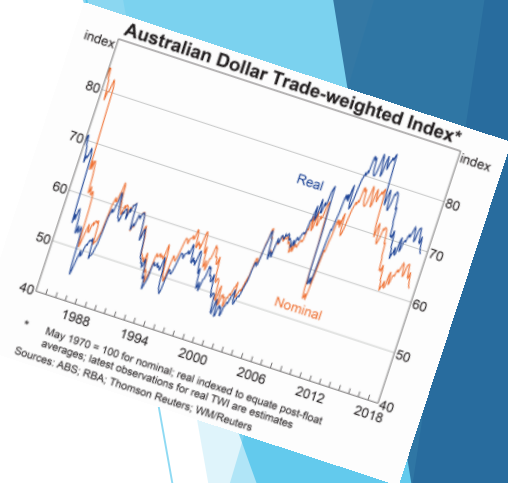
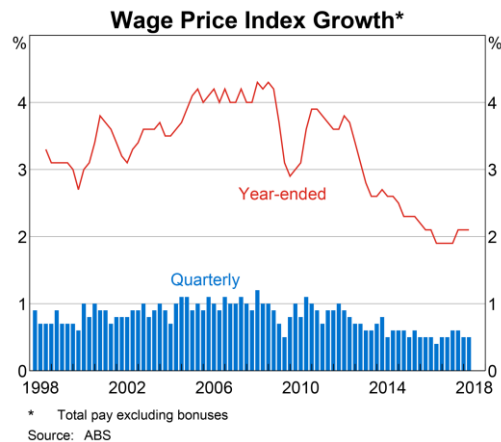
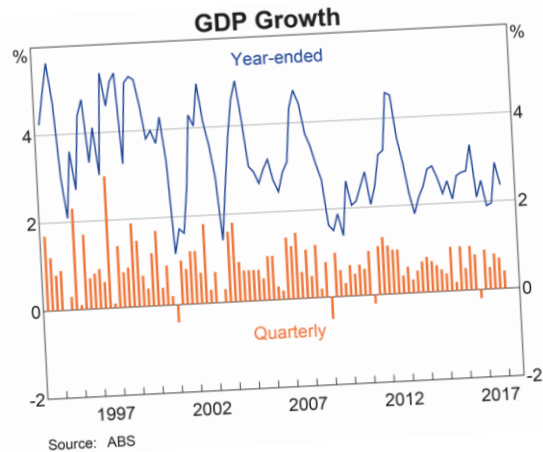


# Gather evidence

- ▶ Students gather latest data on key indicators
- ▶ Present information on their indicator(s) to class
- ▶ Explain what the indicator says about the economy
- ▶ Recommendation re: cash rate decision based on indicator performance
- ▶ Class discussion as 'The Board'
- ▶ Vote on decision as required

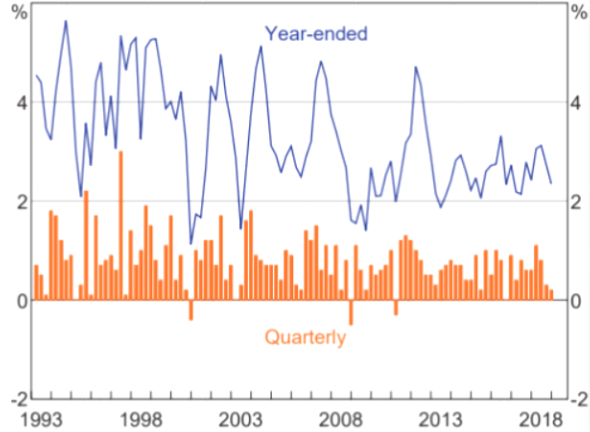
## Key economic indicators relevant to the cash rate decision

Economic Indicator	01 What is the effect of an increase in the indicator on the cash rate decision	01 What is the effect of a decrease in the indicator on the cash rate decision	02 Identify charts that show changes in the indicator	03 Identify recent changes/trends in the indicator
Economic growth				
Inflation				
Unemployment rate				
Wage growth				
Household consumption				
Household debt				
Business investment				
Terms of trade				
Exchange rate				
Global economic conditions				



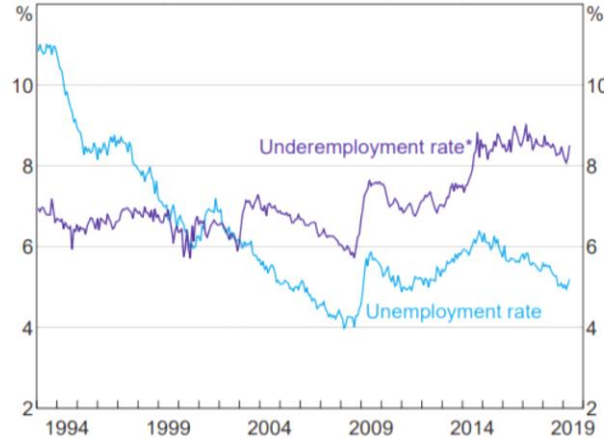
What's the trend? Implications for AD and economic growth (& inflation)? Likely MP response?

### GDP Growth



Source: ABS

### Labour Market



\* Full-time workers on reduced hours for economic reasons and part-time workers who would like, and are available, to work more hours

Source: ABS

What would we say about recent economic (GDP) growth & labour market data in terms of the likely influence on future RBA MP decision?

**01** What is the effect of an increase in the indicator on the cash rate decision

**01** What is the effect of a decrease in the indicator on the cash rate decision

**02** Identify charts that show changes in the indicator

**03** Identify recent changes/trends in the indicator

# Students write up decision - compare to RBA Board decision and reasoning

**04** Explain what decision you would make based on the available information:

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**05** Compare your decision with the decision made by the RBA Board. Highlight the key economic indicators that were focused on in the 'Statement by the Governor: Monetary Policy Decision':

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# Another new RBA resource worth mentioning!

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## Digital Interactives


Our digital interactives are interactive tools that help students learn about economic concepts.

### Inflation Explorer

The Inflation Explorer is an interactive tool that lets the user explore how prices of individual goods and services, and overall inflation, have changed over time.

Average annual price change

**2.5%**



## Consumer Goods and Services (CPI)



\$

100

Calculate

\$

1269.47

Consumer  
Goods and  
Services (CPI)



Total price  
change  
**1169.5%**



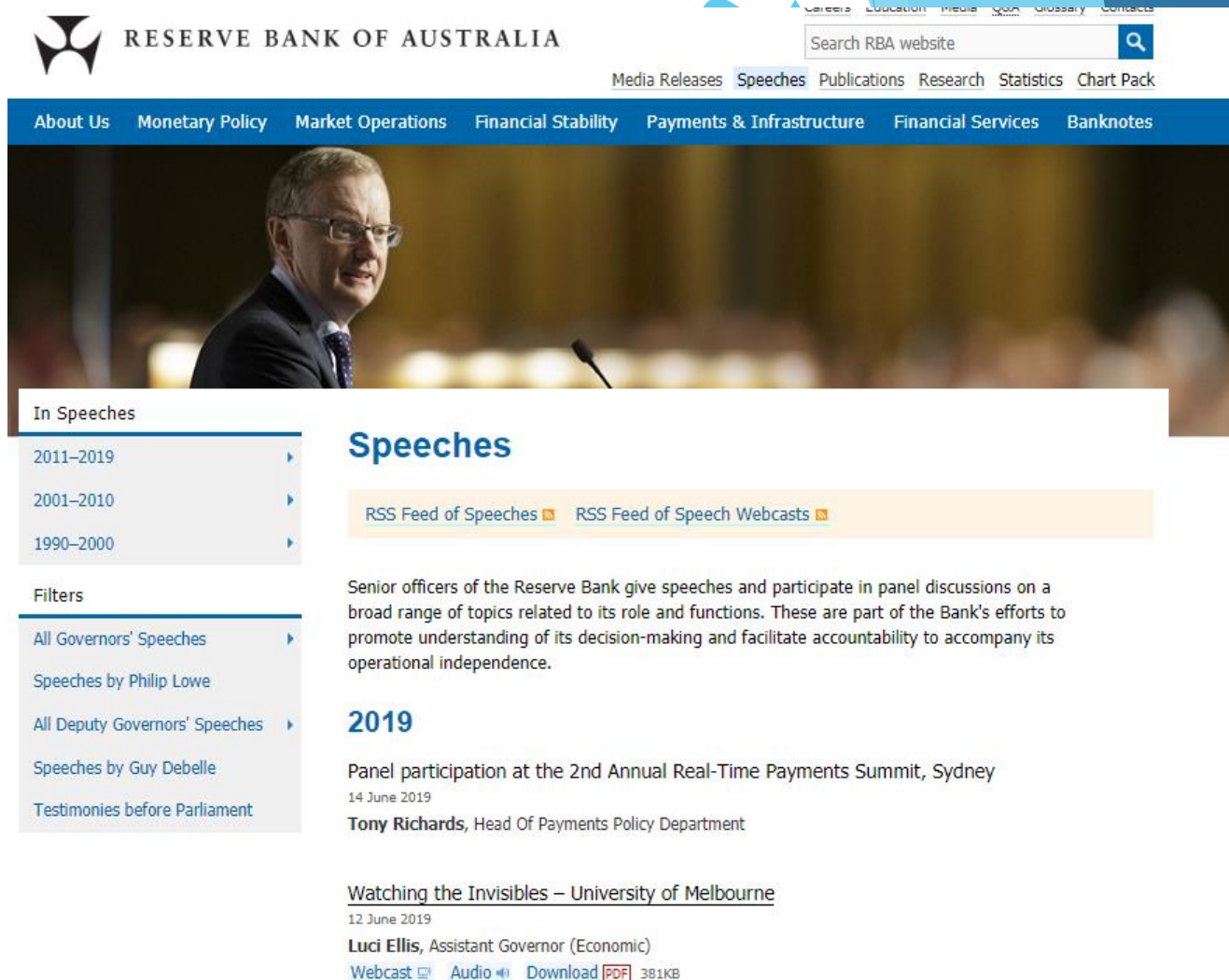
Average annual  
price change  
**5.1%**



For a household that spent **\$100** per week in **1967**, the equivalent amount would have been **\$1269.47** in **2018**.

Another  
excellent  
resource ...

## RBA Speeches



The screenshot shows the RBA website's 'Speeches' page. At the top is the RBA logo and the text 'RESERVE BANK OF AUSTRALIA'. A search bar is located in the top right corner. Below the header is a navigation menu with links: 'About Us', 'Monetary Policy', 'Market Operations', 'Financial Stability', 'Payments & Infrastructure', 'Financial Services', and 'Banknotes'. A large banner image features a man in a suit and glasses speaking at a podium. Below the banner, the 'In Speeches' section lists three time periods: '2011–2019', '2001–2010', and '1990–2000'. To the left of the main content is a 'Filters' sidebar with links: 'All Governors' Speeches', 'Speeches by Philip Lowe', 'All Deputy Governors' Speeches', 'Speeches by Guy Debelle', and 'Testimonies before Parliament'. The main content area is titled 'Speeches' and includes two RSS feed links: 'RSS Feed of Speeches' and 'RSS Feed of Speech Webcasts'. A paragraph describes that senior officers of the Reserve Bank give speeches and participate in panel discussions. Below this, the '2019' section lists two items: 'Panel participation at the 2nd Annual Real-Time Payments Summit, Sydney' dated 14 June 2019 by Tony Richards, and 'Watching the Invisibles – University of Melbourne' dated 12 June 2019 by Luci Ellis. The second item includes links for 'Webcast', 'Audio', and 'Download PDF' (381KB).

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In Speeches

- 2011–2019
- 2001–2010
- 1990–2000

Filters

- All Governors' Speeches
- Speeches by Philip Lowe
- All Deputy Governors' Speeches
- Speeches by Guy Debelle
- Testimonies before Parliament

### Speeches

[RSS Feed of Speeches](#) [RSS Feed of Speech Webcasts](#)

Senior officers of the Reserve Bank give speeches and participate in panel discussions on a broad range of topics related to its role and functions. These are part of the Bank's efforts to promote understanding of its decision-making and facilitate accountability to accompany its operational independence.

### 2019

Panel participation at the 2nd Annual Real-Time Payments Summit, Sydney  
14 June 2019  
**Tony Richards**, Head Of Payments Policy Department

[Watching the Invisibles – University of Melbourne](#)  
12 June 2019  
**Luci Ellis**, Assistant Governor (Economic)  
[Webcast](#) [Audio](#) [Download PDF](#) 381KB



# Other speeches - some very topical ones of late!

Speech

## The State of the Economy

**Guy Debelle** <sup>[\*]</sup>

Deputy Governor

**The American Chamber of Commerce in Australia (AmCham) Business Luncheon**

Adelaide – 10 April 2019

[Webcast](#) [Audio](#) [Download PDF](#) 873KB



Thank you very much to AmCham Adelaide.

Today I am going to discuss the world and in the Australian about the future economic path data and output data not only world. How that tension resolve future path of monetary policy.

Speech

## Today's Reduction in the Cash Rate

**Philip Lowe**

Governor

**Reserve Bank Board Dinner**

Sydney – 4 June 2019

[Webcast](#) [Audio](#) [Download PDF](#) 358KB



On behalf of the Reserve Bank Board, I would like to warmly welcome you to this community dinner. Thank you for joining us this evening. We value this opportunity to hear firsthand from you about the challenges and opportunities you face. I would also like to take advantage of the timing of this dinner to explain today's decision on interest rates.

As you would have heard already, earlier today the Reserve Bank Board decided to lower the cash rate by a quarter of a percentage point to 1¼ per cent. This decision comes after more than 2½ years in which we have held the cash rate steady. The last change was back in August 2016.

At its core, today's decision was taken to support employment growth and to provide greater confidence that inflation will be consistent with the medium-term target.

Speech

## Watching the Invisibles

**Luci Ellis** <sup>[\*]</sup>

Assistant Governor (Economic)

**The 2019 Freebairn Lecture in Public Policy**

University of Melbourne – 12 June 2019

[Webcast](#) [Audio](#) [Download PDF](#) 381KB



It's great to be back at John Freebairn's extensive speak to his abiding interest in honour to be invited to

Speech

## Australia's Resource Industry – A Look into the Crystal Ball

**Alexandra Heath** <sup>[\*]</sup>

Head of Economic Analysis

**Address to the Association of Mining and Exploration Companies**

Perth – 5 June 2019

[Webcast](#) [Audio](#) [Download PDF](#) 864KB



### Introduction

Good morning and thank you to the AMEC for the invitation to be here today.

The resource sector makes a significant contribution to the Australian economy. It accounts for about 20 per cent of business investment and almost 60 per cent of Australia's exports. There are also significant spillovers from mining activity to other parts of the economy. Data on inter-industry linkages tell us that activity in industries that service the mining industry quadrupled as a share of GDP between the early 2000s and the peak of the mining investment boom in 2012/13.

# Publications:

## RBA Bulletin

## Excellent 'Stand alone articles

# Bulletin

Insights into the economy and financial system from teams throughout the Reserve Bank of Australia

In Bulletin

- 2011–2019
- 2001–2010
- 1991–2000
- 1985–1990

Topics

- Australian Economy
- Global Economy
- Finance
- Financial Stability
- Payments

Tags

- automation
- banking
- banknotes
- bonds
- business
- business services
- capex

## March 2019

[Switch to list](#)



Photo: zoranm - Getty Images

### New Payments Insights from the Updated Retail Payments Statistics Collection

21 March 2019 | Stephen [Name obscured]

The Reserve Bank has released its latest retail payments data through the updated Retail Payments Statistics Collection, which contains around 300 series. [More...](#)

[payments](#) [statistics](#) [retail payments](#)



Photo: Nikada and Aurelien Coulet / EyeEm - Getty Images

### Developments in Banks' Funding Costs and Lending Rates

21 March 2019 | Susan Black and Dmitry Titkov

Banks' funding costs have increased a little over 2018, but the cost of wholesale funding rates, but with some easing in the cost of retail funding. [More...](#)

[banking](#) [finance](#) [bonds](#)



Photo: xavierama, mihalomikovic, Westend61 and top10 - Getty Images

### The Labour and Capital Shares of Income in Australia

21 March 2019 | Gianni La Cava

In Australia, the share of total income paid to workers in wages and salaries (the 'labour share') rose over the 1960s and 1970s but has gradually declined since then. [More...](#)

[labour market](#) [capital](#) [wages](#) [housing](#) [profits](#) [finance](#)



Photo: Lane Getty - Getty Images

### The International Trade in Services

21 March 2019 | Peter Rickards

Services are becoming increasingly traded globally and technological advances have led to the rise of more modern services such as communications, financial and intellectual property services. [More...](#)


[services sector](#) [trade](#) [china](#)

# Publications:


## Statement on Monetary Policy

## Excellent Charts and 'boxes'

Year 12 classes should manage the Overview

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Minutes ▶

Statement on Monetary Policy ▼

2019 ▼

**May**

February

Boxes

2018 ▶

2017 ▶

2016 ▶

2015 ▶

2014 ▶


2013 ▶


2012 ▶


2011 ▶


## Statement on Monetary Policy May 2019


The *Statement on Monetary Policy* sets out the Bank's assessment of current economic conditions, both domestic and international, along with the outlook for Australian inflation and output growth. A number of boxes on topics of special interest are also published. The *Statement* is issued four times a year.


Download the complete [Statement](#)  [5MB](#)




[Download](#)  175KB

[Download](#)  1.22MB

[Download](#)  259KB

[Download](#)  433KB

[Download](#)  656KB

- [Overview](#)
- [The International Environment](#)
- [Box A: China's Local Government Bond Market](#)
- [Box B: Why Are Long-term Bond Yields So Low?](#)
- [Domestic Economic Conditions](#)

# An aside: - Subject Selection: Promoting Economics

## Speech Skills for the Modern Workforce

Alexandra Heath  

Head of Economic Analysis Department

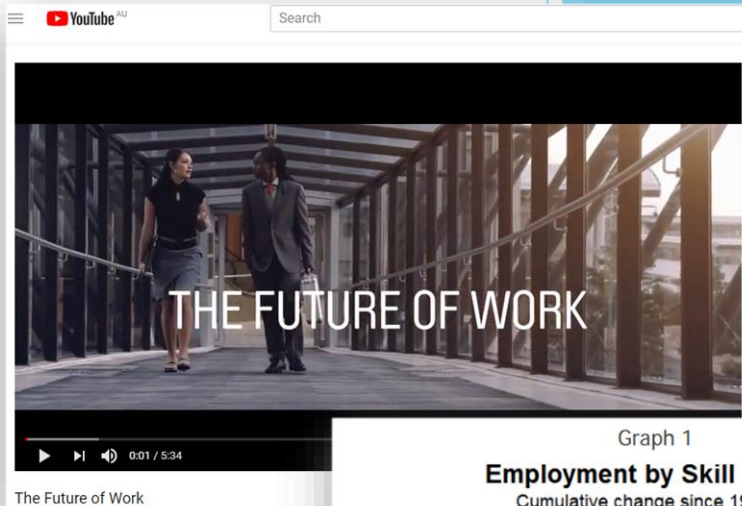
Remarks to the Victorian Career Advisors conference  
Melbourne – 1 December 2017



It isn't hard to find commentary about the fact that the nature of work is changing, potentially in quite profound ways. This means that the skills young people will need to negotiate the new landscape of work need to change as well. But what does it all mean for students who must decide what subjects to choose in high school or what they should do after school?

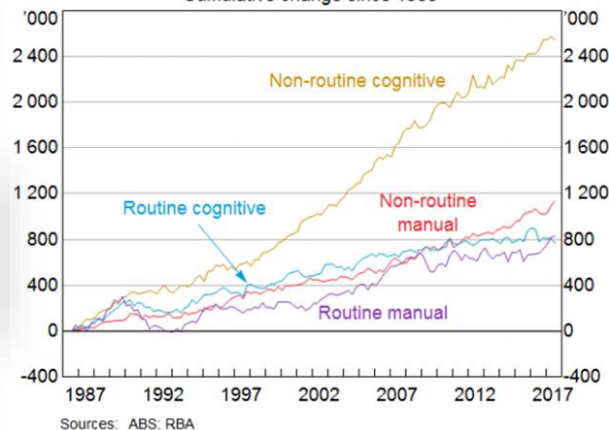
It is difficult to answer this question in general, because each young person is different in their skills, preferences and aspirations. The best we can do is to make sure they have good information about the options they have available. Plenty of studies have shown how important parents (and their life experiences) are as sources of information about subject and career choices. Young adults (and their parents) also look to career advisors for information and advice.

Today, I'm going to give you some information about how the skills used in the workforce have been changing over time to help you frame the discussions you have with your students. I'm also going to take a bit of time to advocate for economics as a discipline of study that provides skills that are likely to be valuable in the future workforce.



Graph 1

**Employment by Skill Type**  
Cumulative change since 1986



## Cognitive skills of Economics

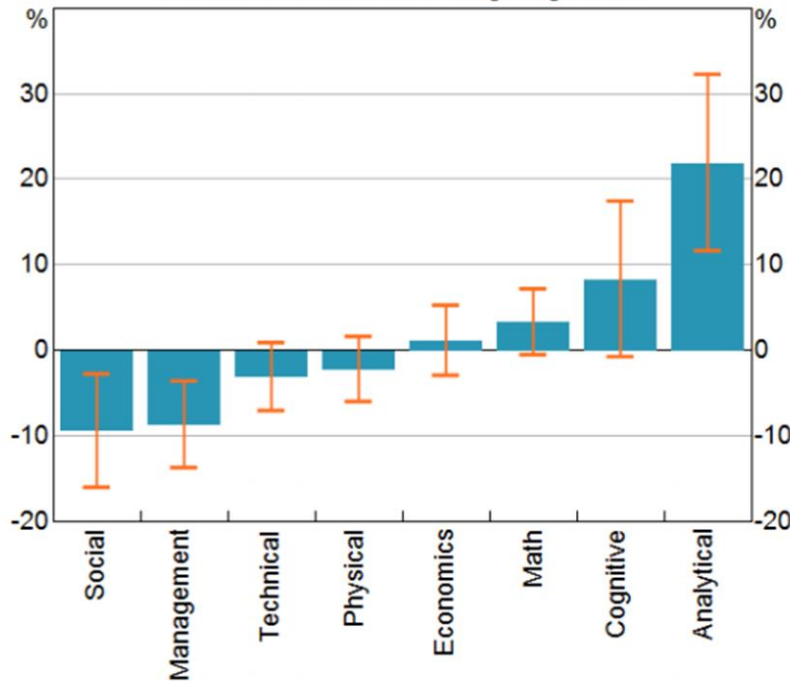


# Promoting Economics - “Show me the money!!”

Graph 3

## Skill Wage Premium\*

Estimated coefficient from wage regression



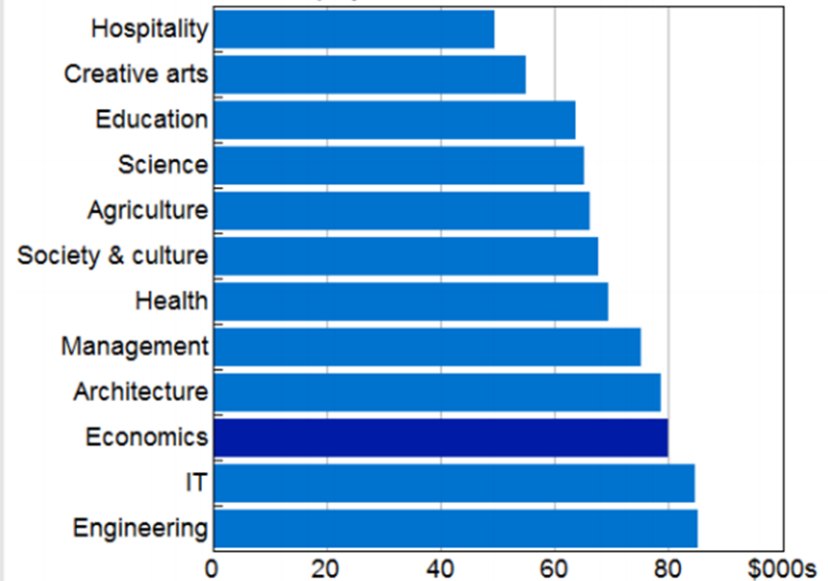
\* 95 per cent confidence intervals are shown in orange

Sources: ATO; O\*Net; RBA

Graph 4

## Earnings by Field of Bachelor Study

Full-time employees, total income from all sources, 2016



Sources: ABS; RBA

# Graphs and ‘content’

# Let's reverse this trend!

Speech

What Happened to the Study of Economics?

Jacqui Dwyer <sup>[\*]</sup>

Head of Information Department

Address to the Business Educators Australasia Annual Meeting

Sydney – 26 May 2018

[Download PDF](#) 385KB

