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From:
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To:

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Wednesday, 4 September 2019 11:32 AM

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Subject: [SEC=UNCLASSIFIED]

Jun-19 Q National Accounts (QoQ): Real GDP 0.5% (prev 0.5%, mkt 0.5%, tty 1.4%), Nominal GDP 1.2% (prev 1.6%, tty 5.4%).

4 September 2019

Draft Statement

National Accounts – June quarter 2019

Today's National Accounts show that Australia has completed its 28th consecutive year of annual economic growth – a record unmatched by any other developed economy.

In year-average terms, the measure published in the Budget, the economy grew by 1.9 per cent in 2018-19. While this was slightly below the Budget forecast of 2¼ per cent, nominal GDP growth was slightly above – growing by 5.3 per cent compared with the forecast of 5 per cent.

In terms of the June quarter, real GDP grew by 0.5 per cent to be 1.4 per cent higher through the year showing the resilience of the economy in the face of challenging economic conditions.

When we announced the Budget in April we said that there was 'a high degree of uncertainty around the global growth outlook amid a range of economic and geopolitical risks that continue to evolve.'

Since Budget, the global economy has slowed.

Global trade volumes are lower compared to a year ago, business investment plans have been delayed and the IMF has downgraded its global growth forecasts. At the same time, global trade disputes have escalated with a further round of tariff measures taking place during the June quarter.

This has not been an easy time for economies the world over with some economies, including Germany, the United Kingdom and Sweden, experiencing falls in real GDP in the June quarter.

At home, there was a worsening in drought conditions while the Federal election took place more than halfway through the quarter which likely had a dampening effect on confidence in the June quarter.

That said the challenges were foreseen which is why we laid out in the Budget the most significant package of tax cuts in over a decade, a record increase in our investment in infrastructure to \$100 billion and 80,000 new apprenticeships.

As the Reserve Bank Board noted in its Monetary Policy Statement yesterday, "the outlook is being supported by the low level of interest rates, recent tax cuts, ongoing spending on infrastructure, signs of stabilisation in some housing markets and a brighter outlook for the resources sector.

Despite these headwinds, the Australian economy has remained resilient and continues to grow. Net exports, new public final demand, household consumption and mining investment all contributed to real GDP growth in the June quarter.

Household consumption, which comprises just under 60 per cent of GDP, grew by 0.4 per cent in the June quarter. Expenditure in 14 out of the 17 consumption components increased in the quarter, with hotels, cafes and restaurants and recreation and culture contributing to growth. The largest fall in the quarter was in purchases of motor vehicles.

Going forward, household spending will be supported by the Government's tax cuts for low-and-middle income earners, the benefits of which are now flowing to households but not reflected in the June figures.

As of today, the Australian Taxation Office has issued more than 5.5 million Individual 2019 income tax refunds with a total value of over \$14.2 billion and an average refund of \$2593. The number of lodgments received by the ATO is 15 per cent higher than this time last year.

Household disposable income will also be supported by the Reserve Bank's recent interest rate cuts. The Government's tax cuts, combined with these interest rate cuts, will mainly flow through to the economy from the September quarter onwards.

After reaching a record high level in the September quarter 2018, dwelling investment has fallen for three consecutive quarters. It detracted 0.2 percentage points from growth in the June quarter. It is a welcome development to see mounting evidence that the property market has stabilised.

Mining investment grew by 2.4 per cent in the quarter. An increase in mining-related investment in machinery and equipment was partly offset by falls in engineering construction. New non-mining business investment fell by 1.1 per cent in the quarter to be 1.5 per cent higher through the year.

New public final demand, which includes all levels of government, rose by 1.5 per cent in the quarter to be 5.2 per cent higher through the year. This was driven by public consumption, which grew by 2.7 per cent in the quarter to be 6.2 per cent higher through the year. The Government continues to provide the essential aged care and disability-related services the community relies on. Important flood remediation work in North Queensland also contributed to this result.

Net exports made a substantial contribution to real GDP growth of 0.6 percentage points in the June quarter. Imports fell in the quarter, while export growth was driven by non-rural commodity goods, which rose by 2.4 per cent. There was increased production in a number of mining commodities, and a fall in mining inventories, following adverse weather conditions in the March quarter. Inventories as a whole detracted 0.5 percentage points from growth in the quarter.

Rural exports fell by 4.3 per cent in the quarter. The drought continues to have a negative effect on the farm sector, with farm GDP being 8.3 per cent lower through the year. The Government is committed to supporting individuals, communities and local economies to recover from the drought conditions.

Nominal GDP growth continued to be strong, at 1.2 per cent in the quarter and 5.4 per cent through the year, driven by a rise in the terms of trade reflecting strong commodity prices.

Company profits increased by 2.4 per cent in the quarter to be 12.8 per cent higher through the year. The rise in company profits was driven by strong mining profits which were 10.6 per cent higher in the quarter. Profits outside the mining sector fell 0.6 per cent.

Growth in compensation of employees (COE), which measures the national wage and salary bill, was 1.3 per cent in the June quarter to be 5.0 per cent higher through the year.

Strong employment growth, as well as average earnings growth of 0.9 per cent, contributed to growth in the quarter. Growth in COE has now been above 4 per cent for the past 6 consecutive quarters.

The increase in average earning of 0.9 per cent was the strongest quarterly increase since December 2012 with through the year growth now 2.5 per cent – the fastest pace since September 2014.

Employment growth continues to be robust with more than 320,000 jobs created over the past year, with around eight out of every 10 new jobs being full-time.

The strong labour market has drawn more people into work, particularly women and seniors. The participation rate, at 66.0 per cent, is now at a record high.

Importantly, living standards continue to increase with real net national disposable income per capita rising 1.0 per cent to be 2.7 per cent higher through the year.

However today's numbers highlighted the challenge of increasing Australia's productivity performance. We should not place undue weight on quarterly movements, however over the last five years, our productivity growth has slowed. To guarantee that our living standards continue to rise, we must do better on this score.

We are pursuing reforms across the tax, industrial relations, deregulation, competition, education and health systems allowing us to produce more with what we have. But we need the States and Territories to be focusing their efforts as well and for businesses to back themselves in the pursuit of growth.

We are as well placed as any other country to navigate the domestic and international headwinds.

The fundamentals of the Australian economy are strong, we have maintained our AAA credit rating, employment growth is more than twice the OECD average and the budget is coming back to surplus for the first time in more than a decade. We will continue to take the necessary actions which will ensure the Australian economy continues to grow

4 September 2019

Draft Statement

National Accounts – June quarter 2019

Today's National Accounts show that Australia has completed its 28th consecutive year of annual economic growth – a record unmatched by any other developed economy [in the available data](#).

In year-average terms, the measure published in the Budget, the economy grew by 1.9 per cent in 2018-19. While this was slightly below the Budget forecast of 2½ per cent, nominal GDP growth was slightly above – growing by 5.3 per cent compared with the forecast of 5 per cent.

In terms of the June quarter, real GDP grew by 0.5 per cent to be 1.4 per cent higher through the year showing the resilience of the economy in the face of challenging economic conditions.

When we announced the Budget in April we said that there was 'a high degree of uncertainty around the global growth outlook amid a range of economic and geopolitical risks that continue to evolve.'

Since Budget, the global economy has slowed.

Global trade volumes are lower compared to a year ago, [business confidence has been falling in major economies](#) ~~investment plans have been delayed~~ and the IMF has downgraded its global growth forecasts. At the same time, global trade disputes have escalated with a further round of tariff measures taking place [during the June quarter](#).

Commented S 22 Unable to fact check business investment plans being delayed

Commented S Further trade tensions were in August, not June quarter

This has not been an easy time for economies the world over with some economies, including Germany, the United Kingdom, ~~and~~ Sweden, [Singapore and Hong Kong](#) experiencing falls in real GDP in the June quarter.

At home, ~~there was a worsening in drought conditions~~ [drought conditions persisted](#) while the Federal election took place more than halfway through the quarter which likely had a dampening effect on confidence in the June quarter.

That said the challenges were foreseen which is why we laid out in the Budget the most significant package of tax cuts in over a decade, a record increase in our investment in infrastructure to \$100 billion and 80,000 new apprenticeships.

As the Reserve Bank Board noted in its Monetary Policy Statement yesterday, "the outlook is being supported by the low level of interest rates, recent tax cuts, ongoing spending on infrastructure, signs of stabilisation in some [established](#) housing markets and a brighter outlook for the resources sector."

Despite these headwinds, the Australian economy has remained resilient and continues to grow. Net exports, new public final demand, household consumption and mining investment all contributed to real GDP growth in the June quarter.

Household consumption, which comprises just under 60 per cent of GDP, grew by 0.4 per cent in the June quarter. Expenditure in 14 out of the 17 consumption components increased in the quarter, with [rent and other dwelling services](#), hotels, cafes and restaurants and recreation and culture [making the largest contributions](#) to growth. The largest fall in the quarter was in purchases of motor vehicles.

Going forward, household spending will be supported by the Government's tax [cuts-relief](#) for low-and-~~middle-middle~~-income earners, the benefits of which are now flowing to households but not reflected in the June figures.

As of today, the Australian Taxation Office has issued more than 5.5 million Individual 2019 income tax refunds with a total value of over [\\$14.42 billion](#) and an average refund of [\\$25963](#). The number of lodgments received by the ATO is 15 per cent higher than this time last year.

Commented **S**: New figures released

Household disposable income will also be supported by the Reserve Bank's recent interest rate cuts. The [benefit of these interest rate cuts and the Government's tax cuts-relief, combined with these interest rate cuts](#), will mainly flow through to the economy from the September quarter onwards.

After reaching a record high level in the September quarter 2018, dwelling investment has fallen for three consecutive quarters. It detracted 0.2 percentage points from growth in the June quarter, [but -it](#) is a welcome development to see mounting evidence that the property market [is stabilisinghas stabilised](#).

Mining investment grew by 2.4 per cent in the quarter. An increase in mining-related investment in machinery and equipment [and exploration](#) was partly offset by falls in engineering construction. New non-mining business investment fell by 1.1 per cent in the quarter [but is to be](#)-1.5 per cent higher through the year.

New public final demand, which includes all levels of government, rose by 1.5 per cent in the quarter to be 5.2 per cent higher through the year. This was driven by public consumption, which grew by 2.7 per cent in the quarter to be 6.2 per cent higher through the year. The Government continues to provide the essential aged care and disability-related services the community relies on. Important flood remediation work in North Queensland also contributed to this result.

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conditions in the March quarter. Inventories as a whole detracted 0.5 percentage points from growth in the quarter.

Rural exports fell by 4.3 per cent in the quarter. The drought continues to have a negative effect on the farm sector, with farm GDP being 8.3 per cent lower through the year. The Government is committed to supporting individuals, communities and local economies to recover from the drought conditions.

Nominal GDP growth continued to be strong, at 1.2 per cent in the quarter and 5.4 per cent through the year, driven by a rise in the terms of trade reflecting strong commodity prices.

Company profits increased by 2.4 per cent in the quarter to be 12.8 per cent higher through the year. The rise in company profits was driven by strong mining profits which were 10.6 per cent higher in the quarter. Profits outside the mining sector fell 0.6 per cent.

Growth in compensation of employees (COE), which measures the national wage and salary bill, was 1.3 per cent in the June quarter to be 5.0 per cent higher through the year.

Strong employment growth, as well as average earnings growth of 0.9 per cent, contributed to growth in the quarter. [Through-the-year](#) growth in COE has now been above 4 per cent for the past [seven](#) consecutive quarters.

The increase in average earning of 0.9 per cent was the strongest quarterly increase since December 2013 with through the year growth now 2.5 per cent – the fastest pace since September 2014.

Employment growth continues to be robust with more than 320,000 jobs created over the past year, with around eight out of every 10 new jobs being full-time.

The strong labour market has drawn more people into work, particularly women and seniors. The participation rate, at 66.0 per cent, is now at a record high.

Importantly, living standards continue to increase with real net national disposable income per capita rising 1.0 per cent to be 2.7 per cent higher through the year.

However today's numbers highlighted the challenge of increasing Australia's productivity performance. We should not place undue weight on quarterly movements, however over the [past](#) five years, our productivity growth has slowed. To guarantee that our living standards continue to rise, we must do better on this score.

We are pursuing reforms across the tax, industrial relations, deregulation, competition, education and health systems allowing us to produce more with what we have. But we need the [States](#) and [Territories](#) to be focusing their efforts as well and for businesses to back themselves in the pursuit of growth.

We are as well placed as any other country to navigate the domestic and international headwinds.

The fundamentals of the Australian economy are strong, we have maintained our AAA credit rating, employment growth is more than twice the OECD average and the budget is coming back to surplus for the first time in more than a decade. We will continue to take the necessary actions which will ensure the Australian economy continues to grow.

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S 22 @mail This fact is being followed up, as per



THE HON JOSH FRYDENBERG MP
Treasurer

MEDIA RELEASE

4 September 2019

NATIONAL ACCOUNTS – JUNE QUARTER 2019

Today's national accounts show that the Australian economy has completed its 28th consecutive year of economic growth – a record unmatched by any other developed economy.

It's a reminder of the economy's remarkable resilience and a repudiation of all those who have sought to talk it down.

In the June quarter, real GDP grew by 0.5 per cent to be 1.4 per cent higher through the year. In year-average terms, real GDP grew by 1.9 per cent in 2018/19. The 1.9 per cent is slightly below the budget forecast of 2¼ per cent, which is also in year-average terms.

In the June quarter, nominal GDP grew by 1.2 per cent and 5.3 per cent in year-average terms for the 2018/19 year. Nominal GDP growth was slightly above the budget forecast for 2018/19.

Significantly, these numbers do not incorporate the passage through the Parliament of the most significant tax cuts in more than 20 years and the full impact of the recent 50 basis points of rate cuts. As of today, the ATO has issued more than 5.5 million individual tax refunds for the 2018/19 year totalling more than \$14 billion. This money is flowing through to households and will be reflected from the September quarter onwards. The combination of these tax and interest rate cuts, the stabilisation of the housing market, continued high levels of spending on infrastructure and a brighter outlook for investment in the resources sector has led the RBA Governor to say "there are signs the economy may have reached a gentle turning point".

The fundamentals of the Australian economy are strong. We have maintained our AAA credit rating. Employment growth at 2.6 per cent is more than twice the most recent OECD average and more than three times what we inherited when we came to Government. A record number of Australians are in work, the participation rate has never been higher and more than 1.4 million new jobs have been created since we came to office with and around 8 out of every 10 new jobs being full-time in the past year. The proportion of those of working age on welfare is now at its lowest level in 30 years. Free Trade Agreements now cover over 70 per cent of our two-way trade ing relationships and yesterday in the June quarter our current account was in surplus for the first quarter time since 1975.

In today's national account numbers, net exports, new public final demand, household consumption and mining investment all contributed to real GDP growth.

Household consumption, which comprises just under 60 per cent of GDP, grew by 0.4 per cent in the June quarter. Expenditure in 14 out of the 17 consumption components increased in the quarter including recreation and, clothing and footwear. The largest fall in the quarter was in purchases of motor vehicles.

Dwelling investment has fallen for three consecutive quarters, detracting 0.2 percentage points from growth in the June quarter. This comes after several years of strong annual growth averaging above 5 per cent.

Mining investment grew by 2.4 per cent in the quarter. It was only the ~~ffth-sixth~~ time it has grown in 24 quarters ~~since-following~~ the height of the mining investment boom in 2012/13. Importantly there was an increase in mining-related investment in machinery and equipment. New non-mining business investment fell by 1.1 per cent in the quarter, ~~but is -to-be~~ 1.5 per cent higher through the year.

New public final demand, which includes spending by all levels of government, rose by 1.5 per cent in the quarter to be 5.2 per cent higher through the year. This was driven by public consumption including higher disability and aged care funding and flood remediation works in Queensland. However public final demand will also continue to be supported by the Commonwealth's 10 year \$100 billion pipeline of infrastructure spending.

Net exports made a substantial contribution to real GDP growth of 0.6 percentage points in the June quarter. Imports fell in the quarter, while export growth was driven by mining exports, which rose by 2.4 per cent.

Rural exports fell by 4.3 per cent in the quarter. The drought continues to have a devastating impact on the farm sector, with farm GDP being 8.3 per cent lower through the year. Inventories detracted 0.5 percentage points from growth in the quarter. This includes a reduction in manufacturing, wholesale trade and mining inventories, ~~all-partly~~ related to weather events ~~particularly-including~~ the drought.

Company profits increased by 2.4 per cent in the quarter to be 12.8 per cent higher through the year. The rise in company profits was driven by strong mining profits, which were 10.6 per cent higher in the quarter. Profits outside the mining sector fell 0.6 per cent, but remain ~~s~~ 1.8 per cent higher through the year.

Growth in compensation of employees (COE), which measures the national wage and salary bill, was up 1.3 per cent in the June quarter to be 5.0 per cent higher through the year.

The average earnings, as measured in the national accounts, grew by 0.9 per cent in the quarter to be 2.5 per cent higher through the year. This is broadly consistent with the Wages Price Index (WPI) at 2.3 per cent ~~through the year to the June quarter~~. Importantly, living standards continue to increase with real net national disposable income per capita rising 1.40 per cent to be 2.7 per cent higher through the year.

Productivity fell by 0.1 per cent in 2018/19 reflecting the challenge our economy faces. As I said in a speech last week, we need to boost our productivity to grow wages and the economy in the future. This requires Governments and Business working together on a number of fronts.

Today's national account numbers show the Australian economy continues to grow in the face of significant headwinds, both domestic and international. It is a difficult time for global economies with both the IMF and OECD downgrading their global economic outlook and Germany, the United Kingdom, Sweden and Singapore, among other nations, recording negative economic growth in the June quarter. In the face of these challenges and the uncertainty created by the increasing trade tensions between China and the US, the Australian economy has again proven its remarkable resilience. The Morrison Government is implementing its economic plan as set out in the budget helping the Australian economy continue to grow, creating more jobs and delivering lower taxes.

ENDS

NATIONAL ACCOUNTS - JUNE QUARTER 2019

Quarterly fact sheet

REAL AND NOMINAL GDP			
	June quarter 2019	Through the year	2018-19
Real GDP	0.5	1.4	1.9
Nominal GDP	1.2	5.4	5.3
EXPENDITURE COMPONENTS			
	June quarter 2019	Through the year	2018-19
Household final consumption (55%)	0.4	1.4	1.9
Dwelling investment (5%)	-4.4	-9.1	-0.4
New business investment (12%)	-0.4	-1.6	-1.3
New public final demand (24%)	1.5	5.2	4.3
Domestic Final Demand	0.3	1.0	1.7
Inventories			
Gross National Expenditure	-0.2	0.2	1.5
Net exports			
Exports (25%)	1.4	2.9	3.5
Imports (21%)	-1.3	-2.8	-0.1
Real GDP	0.5	1.4	1.9
PRODUCTIVITY AND THE TERMS OF TRADE			
	June quarter 2019	Through the year	2018-19
Labour productivity (market sector)	0.0	-0.6	-0.2
Terms of Trade	1.4	8.9	6.1
TOTAL FACTOR INCOMES AND NOMINAL GDP			
	June quarter 2019	Through the year	2018-19
Compensation of Employees (47%)	1.3	5.0	4.6
Gross Operating Surplus (36%)	1.9	9.4	8.0
Gross Mixed Income (8%)	-0.2	-3.8	-0.1
Total Factor Income (90%)	1.4	5.8	5.4
Taxes less subsidies (10%)	0.5	0.4	1.7
Nominal GDP	1.2	5.4	5.3
GDP deflator	0.7	3.9	3.3
INCOME MEASURES			
	June quarter 2019	Through the year	2018-19
Real GDP	0.5	1.4	1.9
The volume of goods and services produced in Australia			
Real GDP per capita	0.0	-0.2	0.3
The ratio of real GDP to the Australian population			
Real Gross Domestic Income	0.8	3.5	3.3
Real GDP adjusted for the real effect of changes in the terms of trade			
Real Gross National Income	1.2	4.0	3.3
Real gross domestic income adjusted for net incomes payable overseas			
Real Net National Disposable Income	1.4	4.4	3.4
Real gross national income adjusted for capital depreciation			
Real Net National Disposable Income Per Capita	1.0	2.7	1.8
The ratio of real net national disposable income to the Australian population			
Real Net Household Disposable Income	-0.4	0.4	0.6
The real after-tax income available to households to spend or save, net of depreciation			
Real Net Household Disposable Income Per Capita	-0.8	-1.2	-1.1
The ratio of real net household disposable income to the Australian population			
Household saving ratio (level)	2.3		2.6
The ratio of household net saving to household net disposable income			
PRODUCTION GROSS VALUE ADDED			
	June quarter 2019	Through the year	2018-19
Mining (11%)	3.4	6.2	5.4
Agriculture (2%)	-2.1	-8.1	-7.1
Construction (8%)	-1.4	-6.9	-3.7
Services (73%)	0.7	2.8	2.8
Manufacturing (6%)	-1.4	-3.0	-1.5
Real GDP	0.5	1.4	1.9
STATE FINAL DEMAND			
	June quarter 2019	Through the year	2018-19
New South Wales (32%)	0.0	1.3	2.2
Victoria (26%)	0.5	1.9	3.4
Queensland (19%)	0.0	0.4	1.1
South Australia (6%)	-0.2	0.4	1.6
Western Australia (11%)	0.8	-0.1	-1.1
Tasmania (2%)	0.3	3.1	4.1
Northern Territory (1%)	-0.6	-13.2	-15.6
Australian Capital Territory (3%)	0.8	2.7	3.0
Domestic Final Demand	0.3	1.0	1.7



Australian National Accounts, June Quarter 2019

The Australian economy grew by 0.5 per cent in the June quarter 2019 to be 1.4 per cent higher through the year. The outcome was equal to the median market expectation (range: 0.2 per cent to 0.7 per cent). Net exports, new public final demand and household consumption all contributed to growth in the quarter. In year-average terms, real GDP grew by 1.9 per cent in the 2018-19 financial year.

- Real GDP** grew by 0.5 per cent in the June quarter, following an upwardly revised increase of 0.5 per cent in the March quarter. In year-average terms, real GDP grew by 1.9 per cent in the 2018-19 financial year.
- Household consumption** grew by 0.4 per cent in the quarter to be 1.4 per cent higher through the year, contributing 0.2 percentage points to real GDP growth in the quarter. Rent and other dwelling services (up 0.6 per cent), Hotels, cafes and restaurants (up 0.9 per cent), and Recreation and culture (up 0.5 per cent) made the largest contributions to consumption growth in the quarter. The household saving ratio fell by 0.7 percentage points to 2.3 per cent.
- Dwelling investment** fell by 4.4 per cent in the quarter to be 9.1 per cent lower through the year. In the quarter, there were falls in both New and used dwellings (down 6.0 per cent) and Alterations and additions (down 1.4 per cent).
- New private business investment** fell by 0.4 per cent in the quarter to be 1.6 per cent lower through the year. The outcome reflected falls in New engineering construction (down 4.7 per cent) and New building investment (down 5.0 per cent), which were partly offset by a rise in New machinery and equipment investment (up 3.2 per cent).
- New public final demand** grew by 1.5 per cent in the quarter to be 5.2 per cent higher through the year, driven by Public consumption which grew by 2.7 per cent in the quarter to be 6.2 per cent higher through the year. New public investment fell by 3.2 per cent in the quarter but was still 1.3 per cent higher through the year.
- Net exports** (exports less imports) contributed 0.6 percentage points to real GDP growth in the quarter. Exports grew by 1.4 per cent, driven by strength in Non-rural commodity goods exports (up 2.4 per cent), Non-commodity goods exports (up 4.5 per cent) and Services exports (up 0.4 per cent), partially offset by a fall in Rural goods exports (down 4.3 per cent). Imports fell by 1.3 per cent, driven by falls in Consumption goods, Intermediate and other goods, Services and Capital goods.
- Inventories** detracted 0.5 percentage points from real GDP growth in the quarter. The detraction was driven by a rundown in Public authorities, Retail and Wholesale trade inventories.
- Industry gross value added (GVA)** grew in 12 of the 20 industries in the economy, with Mining, Health care and social assistance and Professional, scientific and technical services making the largest contributions to growth. Construction and Manufacturing were the largest detractors from growth.
- State final demand** rose in four of the eight states and territories in the quarter, with Western Australia (up 0.8 per cent), the Australian Capital Territory (up 0.8 per cent), Victoria (up 0.5 per cent) and Tasmania (up 0.3 per cent) all experiencing growth. State final demand was flat in New South Wales and Queensland, and fell in South Australia (down 0.2 per cent) and the Northern Territory (down 0.6 per cent).
- The **terms of trade** rose by 1.4 per cent in the June quarter to be 8.9 per cent higher through the year. The rise was driven by export price growth (up 2.5 per cent), slightly offset by import price growth (up 1.1 per cent). The **current account balance** was in surplus in the quarter at \$5.9 billion (1.2 per cent of GDP), reflecting a record trade surplus of \$19.9 billion and a narrowing of the net primary income deficit to \$13.9 billion. This was the first quarterly current account surplus in 44 years.
- Nominal GDP** increased by 1.2 per cent in the quarter to be 5.4 per cent higher through the year. Compensation of employees increased by 1.3 per cent in the quarter to be 5.0 per cent higher through the year, driven by growth in average earnings and employment. Average compensation per employee increased by 0.9 per cent in the quarter to be 2.5 per cent higher through the year. Gross operating surplus increased by 1.9 per cent in the quarter to be 9.4 per cent higher through the year, primarily driven by strength in Mining profits in the quarter.
- Labour productivity** (GVA per hour worked) in the market sector was flat in the quarter to be 0.6 per cent lower through the year.

Summary Tables

Table 1: Alternative measures of GDP (chain volume)

Per cent change	Quarter (s.a.)		tty		(orig.)
	Mar	Jun	Mar	Jun	2018-19
GDP	0.5	0.5	1.7	1.4	1.9
Expenditure-based GDP	0.5	0.4	1.8	1.5	2.3
Income-based GDP	0.5	0.6	1.4	1.4	1.7
Production-based GDP	0.6	0.5	1.8	1.5	1.8
Consensus expectations*		0.5		1.4	

*Median market expectations for real GDP growth.

Source: ABS Cat No. 5206.0 Tables 1, 24, 34 and Bloomberg.

Table 2: Expenditure components of GDP (chain volume)

	(Per cent change)			Cont. to growth (percentage pts)	
	Mar	Jun	tty	Mar	Jun
	New private final demand	-0.2	0.0	-0.4	-0.2
Household consumption	0.3	0.4	1.4	0.2	0.2
Dwelling investment	-2.2	-4.4	-9.1	-0.1	-0.2
New business investment	0.0	-0.4	-1.6	0.0	0.0
New building	4.6	-5.0	-3.8	0.1	-0.1
New engineering construction	-4.0	-4.7	-14.8	-0.1	-0.1
New machinery and equipment	-0.4	3.2	5.2	0.0	0.1
New public final demand	0.8	1.5	5.2	0.2	0.4
Domestic final demand	0.1	0.3	1.0	0.1	0.3
Changes in inventories				-0.1	-0.5
Gross national expenditure	0.0	-0.2	0.2	0.0	-0.2
Exports	1.9	1.4	2.9	0.4	0.3
Imports	-0.2	-1.3	-2.8	0.0	0.3
Net exports				0.4	0.6
GDP (E)	0.5	0.4	1.5		
GDP	0.5	0.5	1.4		

Source: ABS Cat No. 5206.0 Tables 2, 24 and Treasury.

Table 3: Production-based GDP (chain volume)

	(Per cent change)			Cont. to growth (percentage pts)	
	Mar	Jun	tty	Mar	Jun
	Ag, forestry & fishing	0.3	-2.1	-8.1	0.0
Mining	1.1	3.4	6.2	0.1	0.3
Manufacturing	0.1	-1.4	-3.0	0.0	-0.1
Construction	-0.9	-1.4	-6.9	-0.1	-0.1
Total services	0.8	0.7	2.8	0.6	0.5
Rental, hiring & real	-0.4	0.1	0.7	0.0	0.0
Transport, postal & w.housing	0.0	-0.3	-0.2	0.0	0.0
Retail trade	-0.1	0.0	0.2	0.0	0.0
Wholesale trade	1.0	-1.4	0.3	0.0	-0.1
Finance & insurance	1.0	0.2	2.2	0.1	0.0
GDP (P)	0.6	0.5	1.5		
GDP	0.5	0.5	1.4		

Source: ABS Cat No. 5206.0 Tables 2, 6 and 24.

Table 4: Income-based GDP (current prices)

	(Per cent change)		
	Mar	Jun	tty
Compensation of employees	1.3	1.3	5.0
Gross operating surplus	2.6	1.9	9.4
Private non-financial corporations and Financial corporations	3.7	2.4	12.8
Gross mixed income	-0.5	-0.2	-3.8
Average compensation per employee	0.5	0.9	2.5
Household disposable income	1.0	0.3	2.4
Real household gross disposable income	0.6	-0.3	0.6
Household saving ratio *	3.0	2.3	
Profits share of total factor income ^	29.2	29.4	
Wages share of total factor income ^	51.8	51.7	
Gross national income	1.6	1.7	5.8
Nominal GDP	1.6	1.2	5.4

Source: ABS Cat No. 5206.0, Tables 1, 7, 11, 20 and 24.

* shown as ratio, not percentage change.

^ shares of total factor income, not percentage change.

Table 5: Price measures (sa unless otherwise stated)

	(Per cent change)		
	Mar	Jun	tty
Chain price indexes (original)			
GDP	1.2	1.2	4.3
Domestic final demand	0.2	0.5	1.9
Household consumption	0.3	0.5	2.0
Consumer price index	0.0	0.6	1.6
Implicit price deflators			
GDP	1.1	0.7	3.9
Exports	2.7	2.5	13.0
Imports	-0.4	1.1	3.8
Terms of trade	3.1	1.4	8.9
Labour productivity (a)	-0.3	0.0	-0.6
Labour productivity (trend) (a)	-0.2	-0.1	-0.8
Non-farm nominal unit labour costs	0.0	1.3	3.5

(a) For the market sector

Source: ABS Cat No. 5206.0, Tables 1, 4, 5, 42 and ABS Cat No. 6401.0.

Table 6: State final demand (chain volume)

	(Per cent change)		
	Mar	Jun	tty
New South Wales	0.4	0.0	1.3
Victoria	0.1	0.5	1.9
Queensland	0.4	0.0	0.4
South Australia	-0.2	-0.2	0.4
Western Australia	-0.6	0.8	-0.1
Tasmania	1.1	0.3	3.1
Northern Territory	-2.1	-0.6	-13.2
Australian Capital Territory	-0.2	0.8	2.7
Australia	0.1	0.3	1.0

Source: ABS Cat No. 5206.0, Tables 2 and 25.

International Comparisons

International real GDP growth comparisons¹

	Quarter-on-Quarter				Year-on-Year				Year Average	
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-18	Dec-18	Mar-19	Jun-19	2018	2018-19
Australia	0.3	0.2	0.4	1.4	2.8	2.4	1.8	0.5	2.7	1.9
G7										
United States	0.7	0.3	0.8	0.5	3.1	2.5	2.7	2.3	2.9	2.5
Japan	-0.5	0.4	0.7	0.4	0.2	0.3	1.0	1.1	0.8	0.6
Germany	-0.1	0.2	0.4	-0.1	1.1	0.6	0.9	0.4	1.5	0.7
France	0.3	0.4	0.3	0.3	1.5	1.2	1.3	1.4	**1.7	1.3
United Kingdom	0.7	0.2	0.5	-0.2	1.6	1.4	1.8	1.2	1.4	1.4
Italy	-0.1	-0.1	0.1	0.0	0.5	0.0	-0.1	-0.1	0.9	**0.1
Canada	0.5	0.1	0.1	0.9	2.0	1.6	1.4	1.6	2.2	1.8
Euro area	0.2	0.2	0.4	0.2	1.7	1.2	1.2	1.1	1.9	1.3
OECD	0.3	0.2	0.6	0.5	2.2	1.7	1.7	1.6	**2.3	
Korea	0.5	0.9	-0.4	1.0	1.9	3.0	1.6	2.1	2.7	2.2
Taiwan	0.4	0.3	0.8	0.7	2.3	1.8	1.9	2.2	2.6	2.1
Hong Kong	0.1	-0.5	1.3	-0.4	2.8	1.2	0.6	0.5	3.0	1.3
Singapore	0.2	-0.2	0.9	-0.8	2.5	1.4	1.1	0.1	3.1	1.3
ASEAN-5										
Indonesia	na	na	na	na	*5.2	*5.2	*5.1	*5.0	5.2	5.1
Thailand	-0.2	0.9	1.0	0.6	3.2	3.7	2.8	2.3	4.1	3.0
Malaysia	1.5	1.3	1.1	1.0	4.4	4.7	4.5	4.9	4.7	4.6
Philippines	1.3	2.0	0.6	1.4	5.8	6.4	5.6	5.5	6.2	5.8
Vietnam	na	na	na	na	na	na	*6.8	*6.7	na	na
BRICs										
Brazil ²	0.5	0.1	-0.1	0.4	*1.3	*1.1	*0.5	*1.0	1.1	1.0
Russia ²	na	na	na	na	*2.2	*2.7	*0.5		2.3	
India	na	na	na	na	*7.0	*6.6	*5.8	*5.0	7.4	6.1
China	1.6	1.5	1.4	1.6	*6.5	*6.4	*6.4	*6.2	6.6	6.4
Ireland	2.0	0.3	2.4		7.2	3.7	6.3		8.2	
New Zealand²	0.4	0.6	0.6		2.7	2.5	2.5		2.9	

Current as at 03/09/2019

¹ Data are sourced from national statistical publications, OECD, Thomson Reuters and Treasury.

² The production measure of GDP (rather than the expenditure measure of GDP) is used, in accordance with the preference of national statistical agencies. Quarter-on-quarter and through-the-year data calculated using seasonally adjusted data unless otherwise noted. Year average growth and financial year averages calculated using original data, unless otherwise noted.

Financial year average data align with Australian financial year (September quarter to June quarter).

na = not available - country does not publish seasonally adjusted data

* Through the year results calculated from non-seasonally adjusted data

** Year average growth and financial year average growth calculated using seasonally adjusted data

Budget and RBA forecasts

Table 1. Budget and RBA forecast comparison (a)

	2018-19			2019-20		2020-21	
	Outcome	Budget	RBA SMP	Budget	RBA SMP	Budget	RBA SMP
Real GDP	1.9	2 1/4	2 1/4	2 3/4	2 1/2	2 3/4	3
Employment	2.6	2	2.6	1 3/4	1.8	1 3/4	1.9
Unemployment rate	5.2	5	5.2	5	5.2	5	5.1
Consumer price index	1.6	1 1/2	1.6	2 1/4	1.7	2 1/2	2.0
Wage price index	2.3	2 1/2	2.3	2 3/4	2.3	3 1/4	2.4

(a) Real GDP is year-average growth. Employment, the consumer price index and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate in the June quarter.

Note: Employment, the unemployment rate and the consumer price index were outcomes at the time of release of the RBA August 2019 SMP.

Source: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0, RBA August 2019 SMP and Treasury.

Table 2. Major economic parameters (a)

	Outcomes		Forecasts			Projections	
	2017-18	2018-19	2018-19	2019-20	2020-21	2021-22	2022-23
Real GDP	2.9	1.9	2 1/4	2 3/4	2 3/4	3	3
Employment	2.7	2.6	2	1 3/4	1 3/4	1 1/2	1 1/2
Unemployment rate	5.4	5.2	5	5	5	5	5
Consumer price index	2.1	1.6	1 1/2	2 1/4	2 1/2	2 1/2	2 1/2
Wage price index	2.1	2.3	2 1/2	2 3/4	3 1/4	3 1/2	3 1/2
Nominal GDP	4.8	5.3	5	3 1/4	3 3/4	4 1/2	4 1/2

(a) Year-average growth unless otherwise stated. From 2017-18 to 2020-21, employment and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter. The consumer price index is through-the-year growth to the June quarter.

Source: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0 and Treasury.

Table 3. International GDP growth forecasts (a)

	Outcomes	Forecasts		
	2018	2019	2020	2021
China	6.6	6	6	5 3/4
India	7.4	7 1/2	7 3/4	7 3/4
Japan	0.8	1	3/4	3/4
United States	2.9	2 1/4	2	1 3/4
Euro area	1.9	1 1/4	1 1/2	1 1/2
Other East Asia (b)	4.3	4 1/4	4 1/4	4 1/4
Major trading partners	4.2	4	4	4
World	3.6	3 1/2	3 1/2	3 1/2

(a) World and other East Asia growth rates are calculated using GDP weights based on purchasing power parity (PPP), while growth rates for major trading partners are calculated using goods export trade weights.

(b) Other East Asia comprises the Association of Southeast Asian Nations group of five (ASEAN-5), comprising Indonesia, Malaysia, the Philippines, Thailand and Vietnam, along with Hong Kong, South Korea, Singapore and Taiwan.

Source: National statistical agencies, Refinitiv, International Monetary Fund and Treasury.

Table 4. Domestic economy forecasts (a)

	Outcomes(b)		Forecasts		
	2017-18	2018-19	2018-19	2019-20	2020-21
Real gross domestic product	2.9	1.9	2 1/4	2 3/4	2 3/4
Household consumption	2.8	1.9	2 1/4	2 3/4	3
Dwelling investment	0.6	-0.4	1/2	-7	-4
Total business investment(c)	6.3	-1.3	1	5	4 1/2
<i>By industry</i>					
Mining investment	-3.9	-11.7	-10 1/2	4	4 1/2
Non-mining investment	10.0	2.0	4 1/2	5 1/2	4 1/2
Private final demand(c)	3.1	0.8	1 1/2	2 1/4	2 3/4
Public final demand(c)	4.7	4.3	5 1/2	3 1/4	3
Change in inventories(d)	0.0	-0.1	0	0	0
Gross national expenditure	3.5	1.5	2 1/2	2 1/2	2 3/4
Exports of goods and services	4.1	3.5	3 1/2	4	1 1/2
Imports of goods and services	7.1	-0.1	1 1/2	3	2 1/2
Net exports(d)	-0.6	0.8	1/2	1/4	- 1/4
Nominal gross domestic product	4.8	5.3	5	3 1/4	3 3/4
Prices and wages					
Consumer price index(e)	2.1	1.6	1 1/2	2 1/4	2 1/2
Wage price index(f)	2.1	2.3	2 1/2	2 3/4	3 1/4
GDP deflator	1.8	3.3	2 1/2	1/2	1
Labour market					
Participation rate (per cent)(g)	65.6	66.0	65 1/2	65 1/2	65 1/2
Employment(f)	2.7	2.6	2	1 3/4	1 3/4
Unemployment rate (per cent)(g)	5.4	5.2	5	5	5
Balance of payments					
Terms of trade(h)	1.9	6.1	4	-5 1/4	-4 3/4
Current account balance (per cent of GDP)	-2.8	-0.6	-1 3/4	-2 3/4	-3 3/4

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data unless otherwise indicated.

(c) Excluding second-hand asset sales from the public sector to the private sector.

(d) Percentage point contribution to growth in GDP.

(e) Through-the-year growth rate to the June quarter.

(f) Seasonally adjusted, through-the-year growth rate to the June quarter.

(g) Seasonally adjusted rate for the June quarter.

(h) The forecasts are underpinned by price assumptions for key commodities: Iron ore spot price falling over the year to reach US\$55 per tonne free-on-board (FOB) by the end of the March quarter 2020; metallurgical coal spot price falling over the year to reach US\$150 per tonne FOB by the end of the March quarter 2020; and the thermal coal spot price remaining at US\$91 per tonne FOB.

Note: The forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 61 and a US\$ exchange rate of around 71 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$67 per barrel. Population growth is assumed to average around 1.7 per cent per year over the forecast period.

Source: ABS cat. no. 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury.

Key Economic Indicators

	Latest data		Value	10-yr average annual growth (%)	Change from previous period (%)	Change from previous year (%)	General Trend
Real GDP	Jun-qtr	n	465.9 \$b	2.6	0.5	1.4	Moderating
Nominal GDP	Jun-qtr	n	496.6 \$b	4.7	1.2	5.4	Steady
Household Consumption							
Real household consumption	Jun-qtr	n	263.5 \$b	2.6	0.4	1.4	Moderating
Nominal retail sales	Jul-mth	n	27.4 \$b	3.4	-0.1	2.4	Weak
Motor vehicle sales (VFACTS, original)	Jul-mth		83,184	1.0	-29.4	-2.8	Weak
Westpac Consumer Confidence (index)	Aug-mth		100.0	102.0*	3.6 ^{^^}	-3.5 ^{^^}	Steady
Household saving ratio (per cent)	Jun-qtr	n	2.3	6.5*	-0.7 [^]	-0.9 [^]	Declining
Dwelling investment							
Real dwelling investment	Jun-qtr	n	24.8 \$b	2.7	-4.4	-9.1	Moderating
Housing finance (number of owner occupier loans)	Jun-mth		45,987	-2.3	-0.9	-12.4	Declining
Building approvals (number)	Jul-mth	n	12,944	-0.2	-9.7	-28.5	Declining
CoreLogic RP Data Daily Hedonic Home Value Index	Aug-mth	n	n/a	3.4	1.0	-5.9	Stabilising
Business investment							
Real new business investment	Jun-qtr	n	56.5 \$b	0.9	-0.4	-1.6	Subdued
Capital Expenditure Survey	Jun-qtr	n	29.2 \$b	0.2	-0.5	-1.0	Steady
Nominal corporate GOS (profits)	Jun-qtr	n	132.0 \$b	5.2	2.3	11.9	Increasing
Construction Work Done	Jun-qtr	n	48.8 \$b	1.0	-3.8	-11.1	Declining
NAB Business Survey - Conditions (net balance)	Jul-mth		+2	+6*	-2 ^{^^}	-11 ^{^^}	Below average
NAB Business Survey - Confidence (net balance)	Jul-mth		+4	+6*	+2 ^{^^}	-3 ^{^^}	Below average
AIG Performance of Services Index	Jul-mth		43.9	49.3*	-8.3 ^{^^}	-9.7 ^{^^}	Declining
Public final demand (new)	Jun-qtr	n	113.3 \$b	3.2	1.5	5.2	Increasing
Balance of Payments and External Sector							
Exports volumes	Jun-qtr	n	102.5 \$b	5.1	1.4	2.9	Increasing
Import volumes	Jun-qtr	n	96.1 \$b	4.3	-1.3	-2.8	Steady
Trade balance	Jun-mth		8036 \$m	-198.0*	1863.0 ^{^^}	6146.0 ^{^^}	Surplus
Current account balance (% of GDP)	Jun-qtr	n	1.2	-3.3*	1.4 [^]	3.9 [^]	Surplus
Terms of trade (index)	Jun-qtr	n	111.6	106.8*	1.4	8.9	Increasing
Prices							
Headline Consumer Price Index	Jun-qtr		114.8	2.1	0.6	1.6	Subdued
Trimmed mean - Consumer Price Index	Jun-qtr		115.9	2.2	0.4	1.6	Subdued
GDP deflator (index)	Jun-qtr	n	106.6	2.1	0.7	3.9	Steady
Wages							
Wage Price Index (index)	Jun-qtr		132.0	2.7	0.6	2.3	Subdued
Average Weekly Earnings (AWE series, bi-annual)	May-19		\$1,237.9	3.0	1.0	2.5	Steady
Labour Market							
Employment (LFS, number)	Jul-mth		12.9m	1.8	0.3	2.6	Expanding
Unemployment rate (%)	Jul-mth		5.2	5.5*	0.0 [^]	0.0 [^]	Steady
Participation rate (%)	Jul-mth		66.1	65.2*	0.1 [^]	0.5 [^]	Increasing
Productivity: GVA per hour worked, mkt sector (index)	Jun-qtr	n	100.1	1.5	0.0	-0.6	Weak
ANZ Job Ads (number)	Aug-mth	n	156,978	2.5	-2.8	-11.4	Weak
Interest rates							
Cash Rate (%)	Aug-mth		1.00	2.68*	0.00 [^]	-0.50 [^]	Historic low
Standard Variable Housing Rate - Owner occupied (%)	Jul-mth		4.94	6.12*	-0.21 [^]	-0.28 [^]	Low
Standard Variable Housing Rate - Investor (%)	Jul-mth		5.52	n/a†	-0.21 [^]	-0.27	n/a
Small Business Variable Rate, residential-secured, term (%)	Jul-mth		6.20	7.29*	-0.16 [^]	-0.24 [^]	Low

* 10-yr average value

** 10-yr average share of growth

n New release (past week)

~ Preliminary ratio based on previous quarter's GDP

^ Percentage point difference

† Data only goes back to August 2015

Monthly average due to frequency of historical series

^{^^} Level difference

ABS reference year is 2014-15.

Acronyms	Term	Simple definition	Jun-19 Qtr on Qtr	Through the year to Jun-19	2018-19
AENA	Average earnings on a national accounts basis	A measure of wage growth. Total compensation of employees divided by wage and salary earners. Does not include self-employed.	0.9	2.5	1.8
AWE	Average weekly earnings	Regular wages and salaries for employee jobs	-	2.5 (May-19)	-
AWOTE	Average weekly ordinary time earnings	Earnings of full-time workers in standard hours of work. Excludes overtime	-	3.1 (May-19)	-
CAB	Current account balance	Records trade flows, transfer payments and income flows between Australia and the rest of the world.	1.2	per cent of GDP (CAS) (Jun 19)	
COE	Compensation of employees	Sum of total remuneration paid to employees. Accounts for both employment and wage changes.	1.3	5.0	4.6
CPI	Consumer Price Index	Measures price level based on a change in prices of a basket of goods and services	0.6	1.6	1.6
DFD	Domestic final demand	Sum of household consumption, investment and government spending	0.3	1.0	1.7
GDI	Gross disposable income	All after-tax income available to households to spend or save	0.3	2.4	2.4
GDP	Gross domestic product	See <i>nominal GDP and real GDP</i>		-	
GFCF	Gross fixed capital formation	Another term for investment - includes both dwelling and business investment	-1.7	-4.0	-1.1
GMI	Gross mixed income	Profits of small unincorporated businesses	-0.2	-3.8	-0.1
GNE	Gross national expenditure	Total expenditure by Australian residents on final goods and services measured in real terms. Includes imports but excludes exports	-0.2	0.2	1.5
GNI	Gross national income	Total income earned by Australian factors of production (labour and capital)	1.7	5.8	5.0
GOS	Gross operating surplus	Corporate profits before depreciation, interest and tax	1.9	9.4	8.0
GVA	Gross value added	Value of goods and services sales by industry less cost of non-wage inputs used to produce them	0.5	1.6	1.9
HFCE	Household final consumption expenditure	Everyday spending by households on goods and services	0.4	1.4	1.9
MTAWE	Male total average weekly earnings	Regular wages and salaries for male employee jobs	-	2.1 (May-19)	-
Nominal GDP	Nominal gross domestic product	Total dollar value of goods and services produced, equal to real GDP times prices	1.2	5.4	5.3
NID	Net income deficit	Income flows between Australia and the rest of the world		-2.8 per cent of GDP (Jun 19)	
Real GDP	Real gross domestic product	Total volume of output in an economy, adjusts GDP for prices	0.5	1.4	1.9
Real GDI	Real gross domestic income	Adjusts real GDP for the terms of trade	0.8	3.5	3.3
Real GNI	Real gross national income	Adjusts real GDI for net income payable overseas	1.2	4.0	3.3
Real NNDI	Real net national disposable income	Adjusts real GNI for depreciation	1.4	4.4	3.4
SFD	State Final Demand	Total value of goods and services sold in a state. It includes consumption, investment and government expenditure. It does not include exports.		-	
Technical recession		Two or more consecutive quarters of negative economic growth		-	
TFI	Total factor income	Gross payments to factors of production (labour and capital)	1.4	5.8	5.4
ToT	Terms of trade	Ratio of export prices to import prices	1.4	8.9	6.1
Underlying inflation		Measures increases in general price level, removing effect of one-off or volatile price movements	0.4	1.6	1.7
WPI	Wage Price Index	Measures wage inflation. Measures wage growth for a fixed basket of jobs	0.6 (Jun-19)	2.3 (Jun-19)	2.3

National Accounts – Key concepts, definitions and acronyms

Concepts

Gross domestic product (GDP)

Gross domestic product (GDP) measures the goods and services produced in Australia.

There are three ways of measuring GDP: an **expenditure** approach, an **income** approach and a **production** approach. If measured accurately, each method should produce the same value of GDP. In practice, differences show up as statistical discrepancies in the National Accounts.

The headline GDP measure, **GDP(A)**, is the average of the three approaches.

Real versus Nominal

Real (chain volume) GDP is the volume of goods and services produced in Australia. Movements in real GDP reflect changes in the quantity of Australia's output, not price changes.

Nominal (current price) GDP is the dollar value of goods and services produced in Australia. Movements in nominal GDP reflect changes in both the volume and price of Australia's output.

GDP deflator is a measure of the price of Australia's output where the relationship is:

$$\underbrace{\text{Nominal GDP}}_{\text{value}} = \underbrace{\text{GDP deflator}}_{\text{price}} \times \underbrace{\text{Real GDP}}_{\text{volume}}$$

Growth rates

Through-the-year growth is how much the GDP level in one quarter has grown compared to the level in the same quarter in the previous year. For example, through-the-year growth to March quarter 2019 refers to how much higher this quarter's GDP level is compared to the March quarter 2018.

Year-average growth is the sum of the quarterly GDP levels across one year (e.g. 2017-18), relative to the sum of the quarterly GDP levels across the previous year (e.g. 2016-17).

Contributions to growth show how a component has contributed to growth in an aggregate. The contribution to growth depends on both the component's relative size and growth in the period. For example, the percentage point contribution of household consumption to aggregate GDP growth.

Seasonal adjustment

Seasonal adjustment is where raw or original data is adjusted to remove seasonal patterns in variables. This makes it easier to identify underlying changes that can be obscured by regular seasonal movements in the data. Treasury usually reports the main outcomes from the National Accounts as seasonally-adjusted data.

Definitions

Gross Domestic Product (GDP)

Gross domestic product (GDP)	Gross domestic product (GDP) measures the goods and services produced in Australia. There are three ways of measuring GDP: an expenditure approach, an income approach and a production approach. If measured accurately, each method should produce the same value of GDP. In practice, differences show up as statistical discrepancies in the National Accounts.
GDP Average GDP(A)	The headline GDP measure, GDP(A), is the average of the three approaches.
Statistical discrepancy	The statistical discrepancy is the difference between GDP(A) and each measurement approach.

Gross Domestic Product – Expenditure measure

Expenditure measure of GDP GDP(E)	Expenditure measure of GDP (GDP(E)) is the expenditure on all goods and services produced. GDP(E) = Household consumption + Investment + Government expenditure + Exports – Imports + changes in inventories
Household consumption	Household consumption, officially called Household Final Consumption Expenditure (HFCE), is the everyday spending by households on goods and services. Household consumption is separated into 17 main categories such as food, clothing, rent, electricity and gas, motor vehicles, health, education and recreation. These main categories can then also be grouped under essential and discretionary spending.
Investment or Gross fixed capital formation	Investment, officially called gross fixed capital formation, includes dwelling investment and business investment.
Dwelling investment	Dwelling investment measures private residential building activity. Around two thirds of total dwelling investment is comprised of the construction of new dwellings. Alterations and additions account for the remaining one third of investment activity.
New business investment	New business investment is the acquisition of new assets to aid in the production of goods and services in future periods. It includes investment in commercial buildings, engineering construction, machinery and equipment, intellectual property, and cultivated biological resources. New business investment includes only new activity, so it excludes businesses' exchanges of existing assets with other sectors, such as the public sector.
Ownership transfer costs	Ownership transfer costs is a component of investment that isn't referred to often. It consists of stamp duty, conveyancing costs and other costs associated with transferring ownership of an asset such as a house.
Government expenditure or Public final demand	Government expenditure, officially called new public final demand, measures government consumption and investment for all levels of government. This includes expenditure on wages, office supplies, health and social services assistance, defence and IT. It also includes spending by public corporations. New public final demand includes only new activity, so it excludes government's exchanges of existing assets with the private sector.
Net exports	Net exports is the value of exports to other countries minus the value of imports into Australia from other countries.
Changes in inventories	Changes in inventories captures the change in the stock of goods produced or purchased for re-sale, but which have not yet been sold.

Domestic final demand	The sum of household consumption, investment and government expenditure.
Gross national expenditure	The total expenditure within a given period by Australian residents on final goods and services. It is equal to domestic final demand plus changes in inventories. It includes expenditure on imports but excludes exports.

Gross Domestic Product – Income measure

Income measure of GDP GDP(I)	Income measure of GDP (GDP(I)) is the value of income generated from Australia's production. The income measure of GDP is usually presented in nominal terms, as opposed to real. $GDP(I) = \text{Compensation of employees (COE)} + \text{Gross operating surplus (GOS)} + \text{Gross mixed income (GMI)} + (\text{Taxes} - \text{Subsidies on production and imports})$
Compensation of employees (COE)	Compensation of employees (COE) is the wages, salaries, bonuses and other remuneration paid to employees. This differs to wage measures, such as the Wage Price Index, as it accounts for changes in employment and wages.
Gross operating surplus (GOS)	Gross operating surplus (GOS) is corporate profits before depreciation, interest and income tax.
Gross mixed income (GMI)	Gross mixed income (GMI) is the profits of small unincorporated businesses - it is a mix of profits and wages given the owners of the firm are also its employees.
Taxes less subsidies on production and imports	Taxes less subsidies on production and imports is government revenue from indirect taxes (such as GST) minus expenditure on industry assistance measures (such as for manufacturing).

Gross Domestic Product – Production measure

Production measure of GDP GDP(P)	Production measure of GDP (GDP(P)) is the production of all goods and services in Australia. $GDP(P) = \text{Gross value added for all industries} + (\text{Taxes} - \text{Subsidies on products})$
Gross value added (GVA)	Gross value added (GVA) is the value of goods and services sales by an industry less the cost of any non-wage inputs (materials and supplies) used to produce those goods and services (these are known as intermediate inputs).
Taxes less subsidies on products	Taxes on products include taxes on goods and services (e.g. sales tax), excises, taxes on international trade, taxes on gambling, etc. Subsidies on products are payments by government to producers.
Market sector GVA	Market sector GVA is a subset of aggregate GVA that aims to identify primarily private sector goods and services for which there is a market. It is calculated as total GVA less certain public sector industries such as public administration, education and health as well as ownership of dwellings which is largely modelled.
Labour Productivity	Labour productivity is the ratio of economic output per unit of labour. The unit of labour can be hours worked or number of employed persons.

Alternative measures of income

Average compensation of employees (AENA)	Average compensation of employees (AENA) is the national accounts measure of wages. It is calculated as compensation of employees divided by wage and salary earning employees. This is different to Labour Force employees which also includes self-employed persons.
Household gross disposable income	Household gross disposable income is all after-tax income available to households to spend or save. It includes income earned from production as well as income earned from interest, dividends and social assistances benefits (such as pensions and unemployment benefits).
Household saving ratio	The household saving ratio is the ratio of household net saving to household net disposable income. Household net saving is gross disposable income less household consumption and depreciation. Household net disposable income is household gross disposable income less the depreciation of assets.
Gross national income (GNI)	Gross national income (GNI) measures the amount of nominal income that Australian residents get from production. It also includes net incomes payable overseas (e.g. dividends paid to foreign companies).
Real gross domestic income (Real GDI)	Real gross domestic income (Real GDI) measures the purchasing power of the total incomes generated by domestic production. It is a measure of real GDP adjusted for the effect on real incomes of changes in Australia's terms of trade.
Real gross national income (Real GNI)	Real gross national income (Real GNI) is like real GDI but also accounts for net incomes payable overseas (e.g. dividends paid to foreign companies). It measures the amount of real income that Australian residents get from production.
Real net national disposable income (Real NNDI)	Real net national disposable income (Real NNDI) is like real GNI but also accounts for income lost to capital depreciation and net transfers of income overseas (e.g. foreign aid). It measures the amount of real income in Australia that is available to spend or save.

Measures of living standards

Real GDP per capita	Real GDP per capita is the ratio of real GDP to the Australian population. It adjusts growth in real GDP for growth in the population and is considered to be a measure of living standards.
Real gross domestic income per capita	Real gross domestic income (Real GDI) per capita measures the purchasing power of the total incomes generated by domestic production per person. It is a measure of real GDP per capita adjusted for the effect on real incomes of changes in Australia's terms of trade.
Real gross national income per capita	Real gross national income (Real GNI) per capita is like real GDI per capita but also accounts for net incomes payable overseas (e.g. dividends paid to foreign companies). It measures the amount of real income that Australian residents get from production per person.
Real net national disposable income per capita	Real net national disposable income (Real NNDI) per capita is like real GNI per capita but also accounts for income lost to capital depreciation and net transfers of income overseas (e.g. foreign aid). It measures the amount of real income per person in Australia that is available to spend or save.

Prices

Consumer Price Index (CPI)	The Consumer Price Index (CPI) is a measure of inflation. It measures the change in the price of a fixed basket of goods and services, consumed by households in capital cities.
Inflation	Inflation is an increase in prices. Typically, prices rise over time, but prices can also fall (deflation).
Underlying inflation	Measures of underlying inflation exclude items that have particularly large price changes. This is because large price changes can sometimes be due to one-off factors which are unrelated to broader economic conditions. Common measures of underlying inflation are: Trimmed mean: The average rate of inflation after 'trimming' away the items with the largest price changes (positive or negative). It is the weighted average of the middle 70 per cent of items. Weighted median: Calculated by ordering the basket of goods from slowest to fastest growing, and taking the price growth of the item in the middle.

Wages

Wage Price Index (WPI)	The Wage Price Index (WPI) is a measure of wage inflation. It measures changes in the price employers pay for labour due to market forces. It is not affected by changes in the quality or quantity of work performed. It is measured through a fixed basket of jobs to which employers pay wages and salaries each quarter. The WPI is only published as an index and not as a dollar level.
Average Earnings on a National Accounts basis (AENA)	Average Earnings on a National Accounts basis (AENA) is a measure of wages. It is calculated as compensation of employees divided by wage and salary earning employees. This is different to Labour Force employees which also includes self-employed persons. Unlike the WPI, it is affected by the composition of employment (e.g. AENA will increase if a higher-wage industry attracts workers from a lower-wage industry, even if the wage rates within the industries do not change). It is also affected by changes in average hours worked.
Average Weekly Ordinary Time Earnings (AWOTE)	Average Weekly Ordinary Time Earnings (AWOTE) captures earnings of full-time workers attributable to award, standard or agreed hours of work. It excludes overtime earnings.
Average Weekly Earnings (AWE)	Average Weekly Earnings (AWE) measures the level of average gross weekly earnings of employees. Earnings in AWE are broadly defined as current and regular payments in cash to employees for work done. Similar to AENA, it will be affected by the composition of employment and changes in average hours worked.
Male Total Average Weekly Earnings (MTAWE)	Male Total Average Weekly Earnings (MTAWE) measures the level of average earnings for Males. This is higher than the average for both Males and Females.

Labour Market

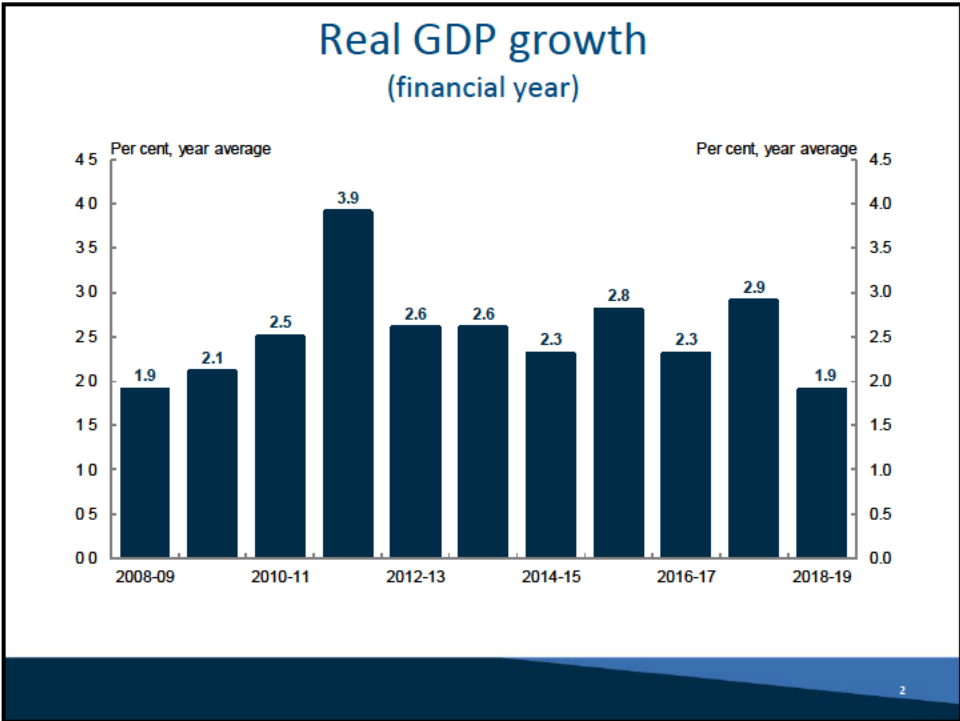
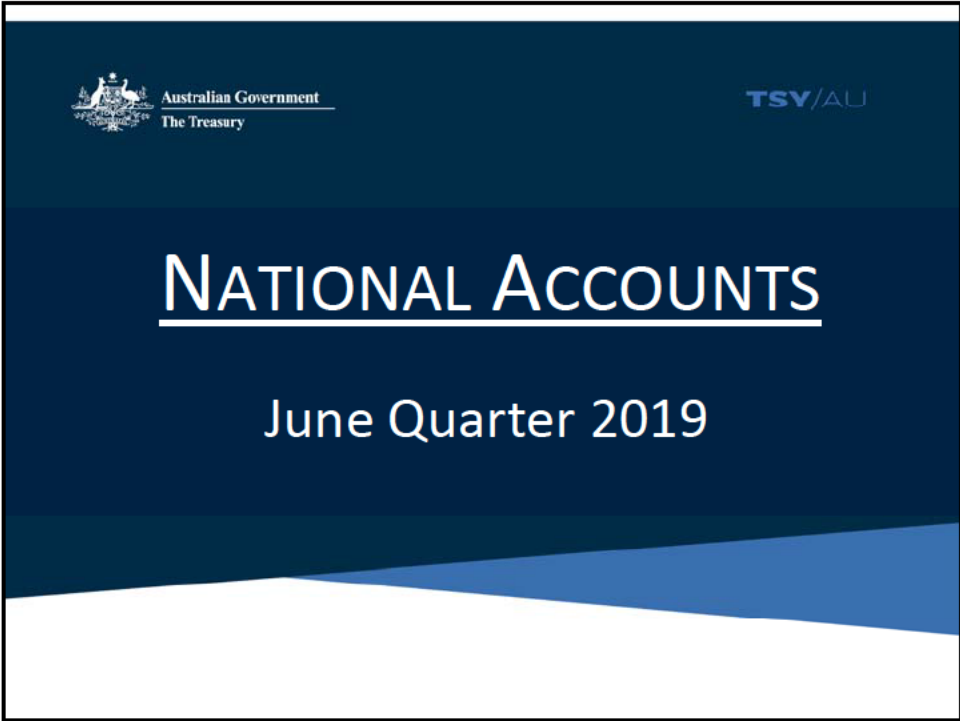
Labour Force Survey	The Labour Force Survey is a monthly survey that provides data on the labour market characteristics of Australians aged 15 and above, except members of the defence force. Sampling around 26,000 dwellings (approximately 50,000 persons), the survey gathers data on persons who are employed, underemployed, unemployed and not in the labour force. It also collects information on the age, sex, hours worked and the State or Territory these persons live in.
Participation	Those who are employed or looking for employment are participating in the labour force. For a given group, the participation rate is the labour force expressed as a share of the civilian population aged 15 years and over.
Employment	The Labour Force Survey measure of employment counts the number of employed persons. Note that this is not the number of jobs in the economy since people can hold more than one job. Employed persons, according to the Labour Force Survey, are those aged 15 years and over who worked for one hour or more during the survey reference week. Those employed persons who worked 35 hours or more during the week are employed full-time, while those employed part-time worked between one and 34 hours in the week.
Unemployment	Unemployment captures people who are not employed and are available and actively looking for work. The unemployment rate for any group is the number of unemployed persons expressed as a percentage of the labour force for that group.
Underemployment	Employed persons aged 15 years and over who want, and are available for, more hours of work than they currently have.
Labour productivity	Labour productivity is the ratio of economic output per unit of labour. The unit of labour can be hours worked or number of employed persons.
Hours worked	The hours worked by all employed persons.

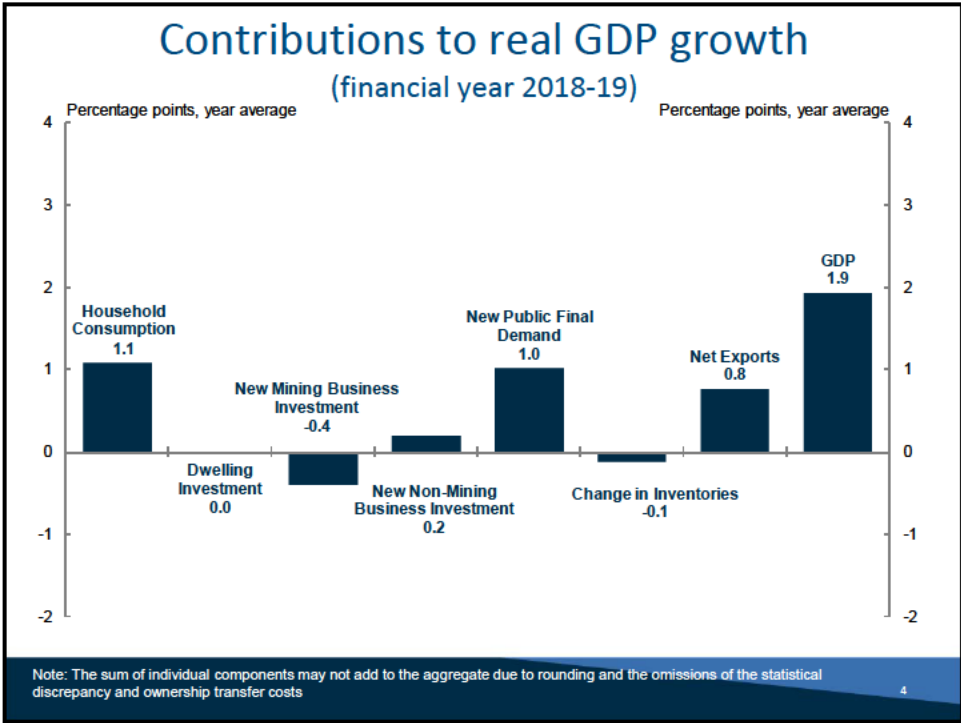
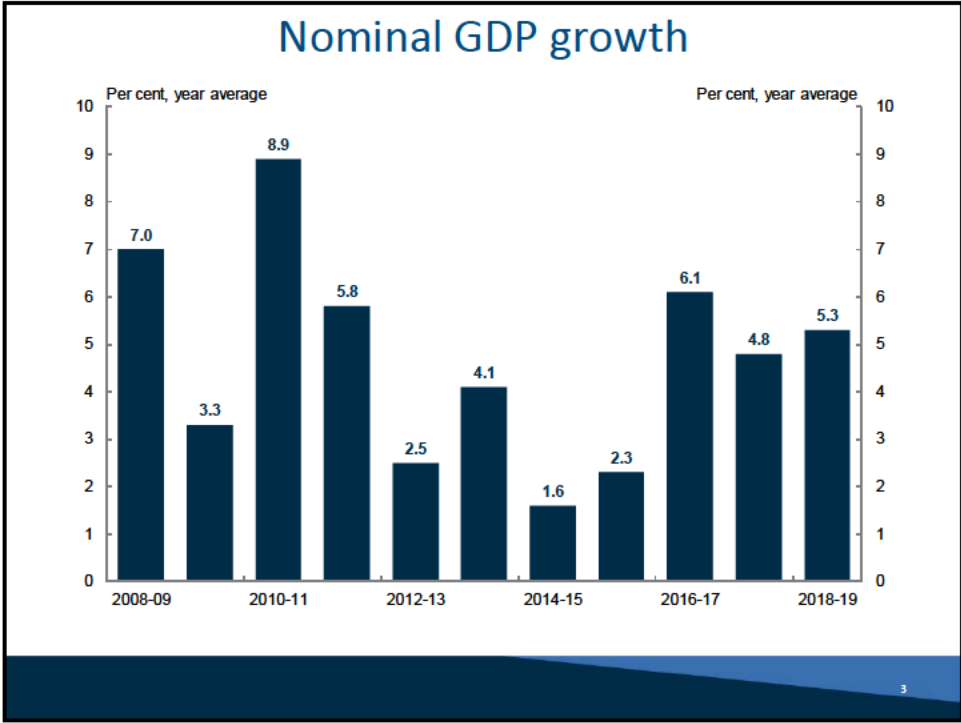
External Account

Terms of trade (ToT)	The terms of trade reflects the relative price of exports compared to imports. It is calculated as export prices divided by import prices.
Current account balance	The current account balance equals the sum of the trade balance, the net income balance and net current transfers (such as debt forgiveness and foreign aid). Australia typically runs a current account deficit (CAD).
Trade balance	The trade balance, also known as net exports, is the value of exports to other countries minus the value of imports into Australia from other countries.
Net income balance	The value of payments to non-residents less income from non-residents. It is largely comprised of investment income and also includes compensation of employees paid to foreigners. Australia typically runs a net income deficit (NID).

Acronyms

AENA	Average earnings on a national accounts basis
AWOTE	Average weekly ordinary time earnings
AWE	Average weekly earnings
CAD	Current account deficit
COE	Compensation of employees
CPI	Consumer Price Index
DFD	Domestic final demand
GDI	Gross disposable income
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GMI	Gross mixed income
GNE	Gross national expenditure
GNI	Gross national income
GOS	Gross operating surplus
GVA	Gross value added
HFCE	Household final consumption expenditure
MTAWE	Male total average weekly earnings
NID	Net income deficit
Real GDI	Real gross domestic income
Real GNI	Real gross national income
Real NNDI	Real net national disposable income
ToT	Terms of trade
WPI	Wage Price Index





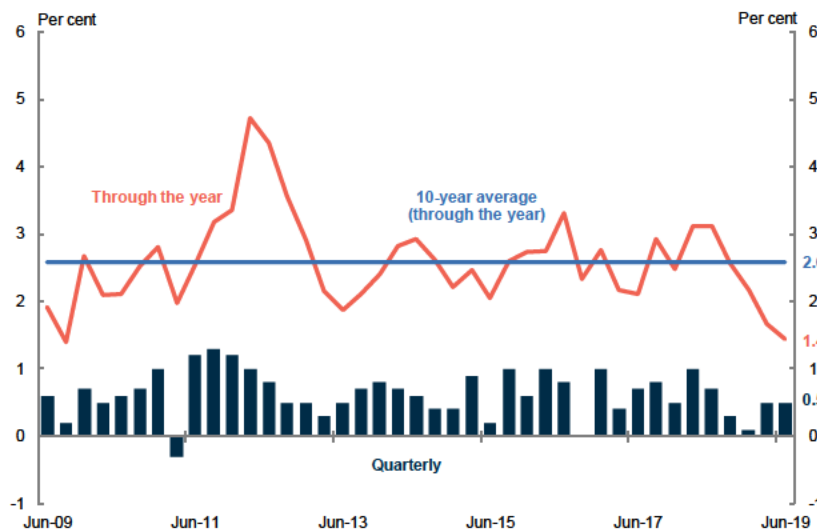
Major economic parameters

	2019-20	Outcomes
	Budget forecasts	2018-19
Real GDP	2 1/4	1.9
Employment	2	2.6
Unemployment rate	5	5.2
Consumer price index	1 1/2	1.6
Wage price index	2 1/2	2.3
Nominal GDP	5	5.3

Note: Year average unless otherwise stated. Employment, the wage price index and the consumer price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter.
Source: ABS cat. no. 5206.0, 6202.0, 6345.0 and 6401.0 and Treasury.

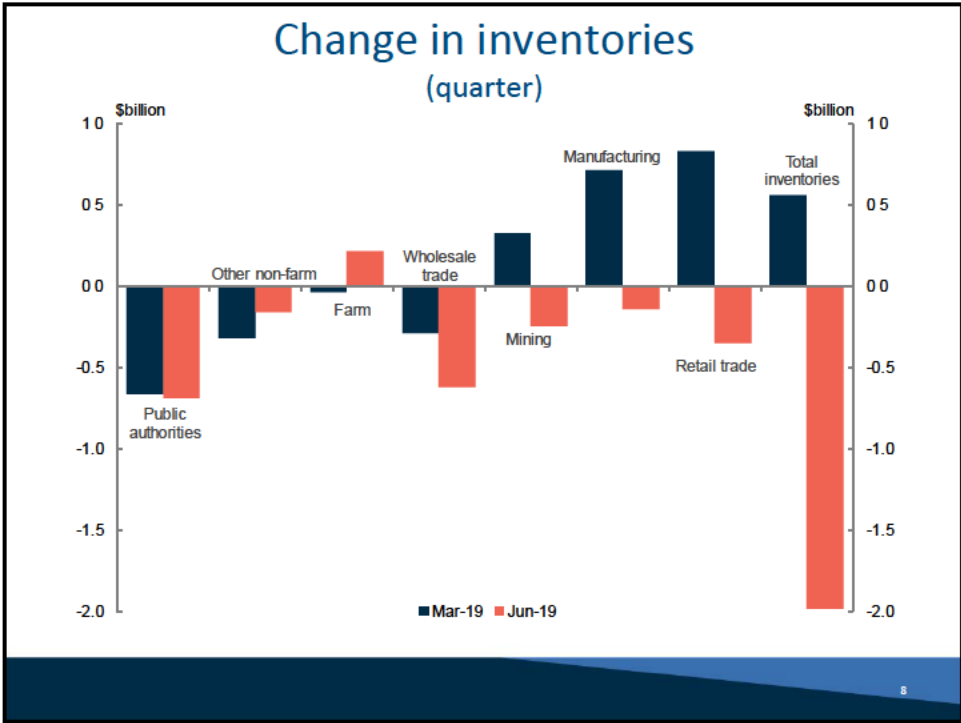
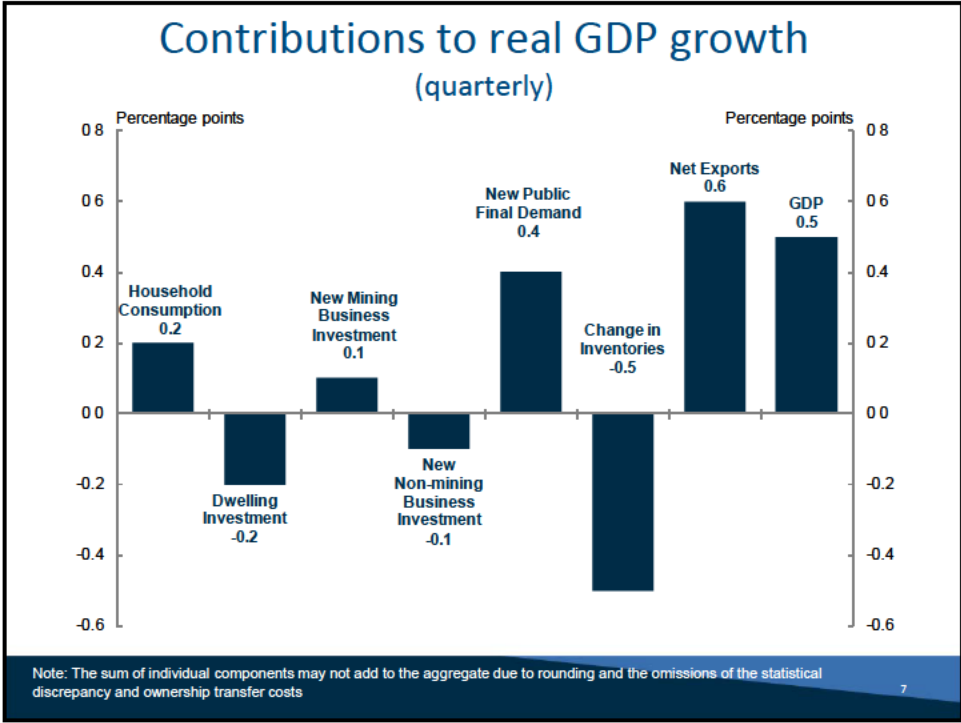
5

Real GDP growth

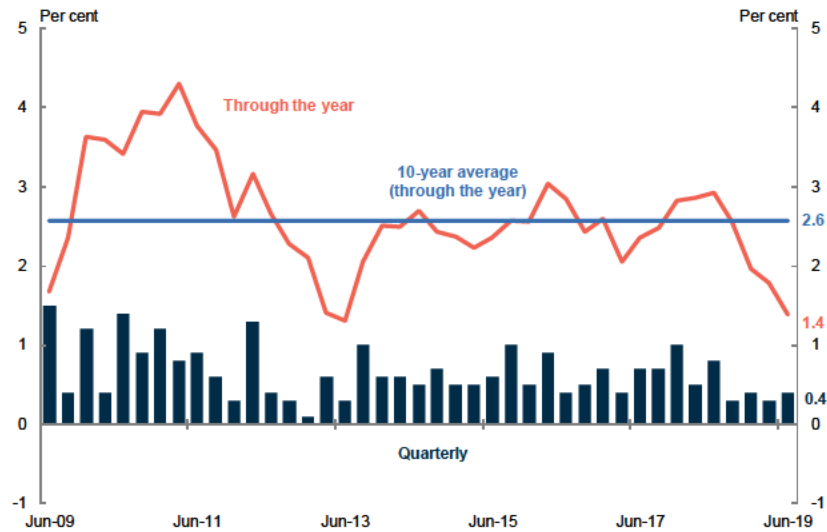


Note: Median market expectation for quarterly growth was 0.5 per cent (range: 0.2 per cent to 0.6 per cent).
Median market expectation for through-the-year growth was 1.4 per cent (range: 1.1 per cent to 1.7 per cent)

6

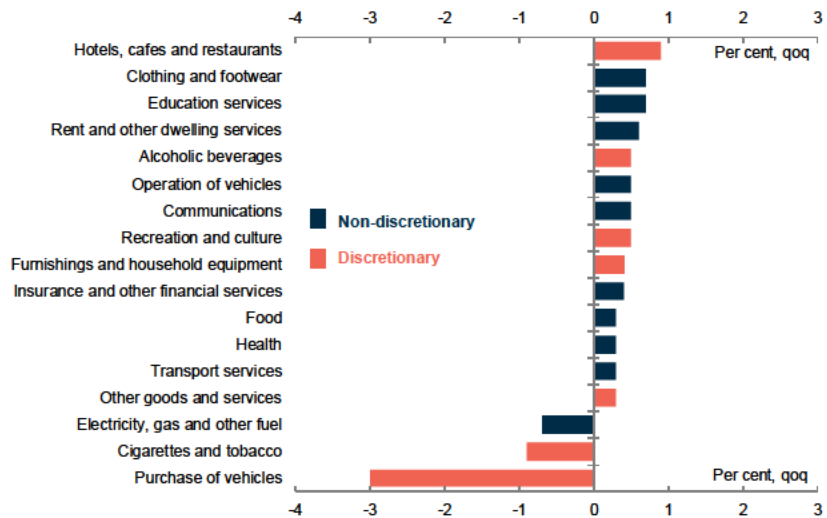


Household consumption



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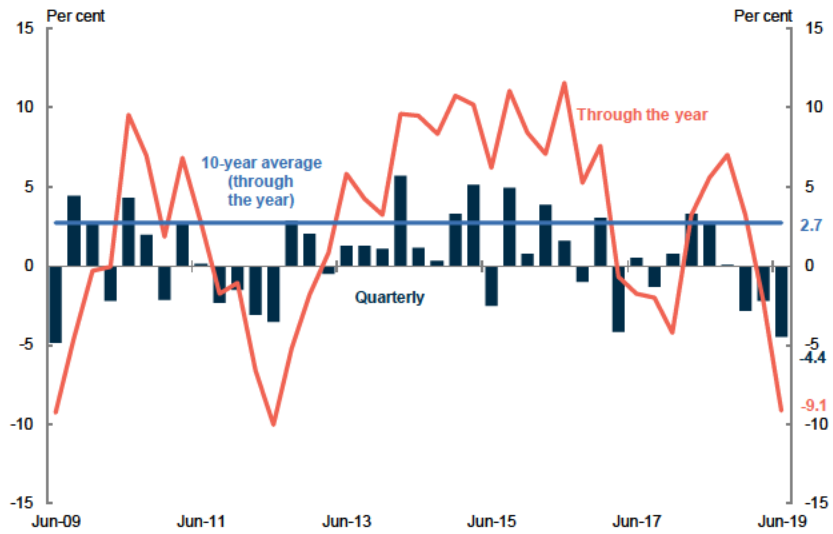
Consumption by category



Note: Discretionary consumption is as classified by Treasury

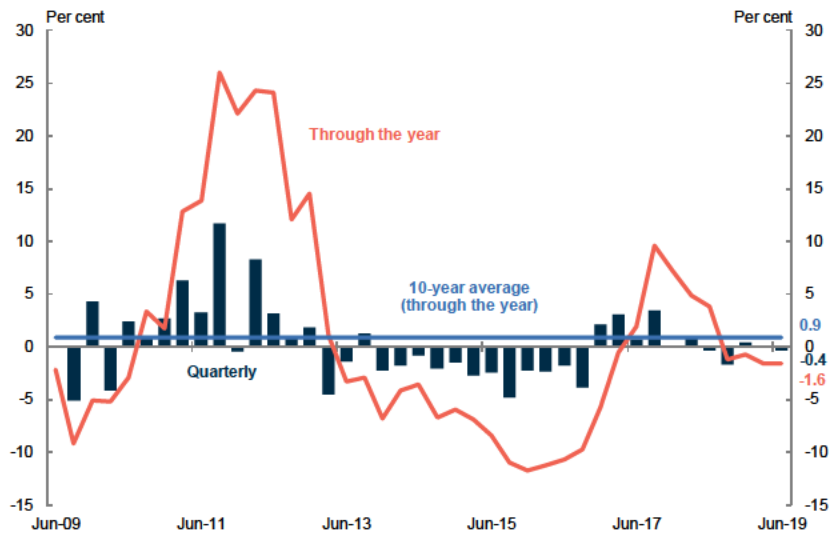
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Dwelling investment

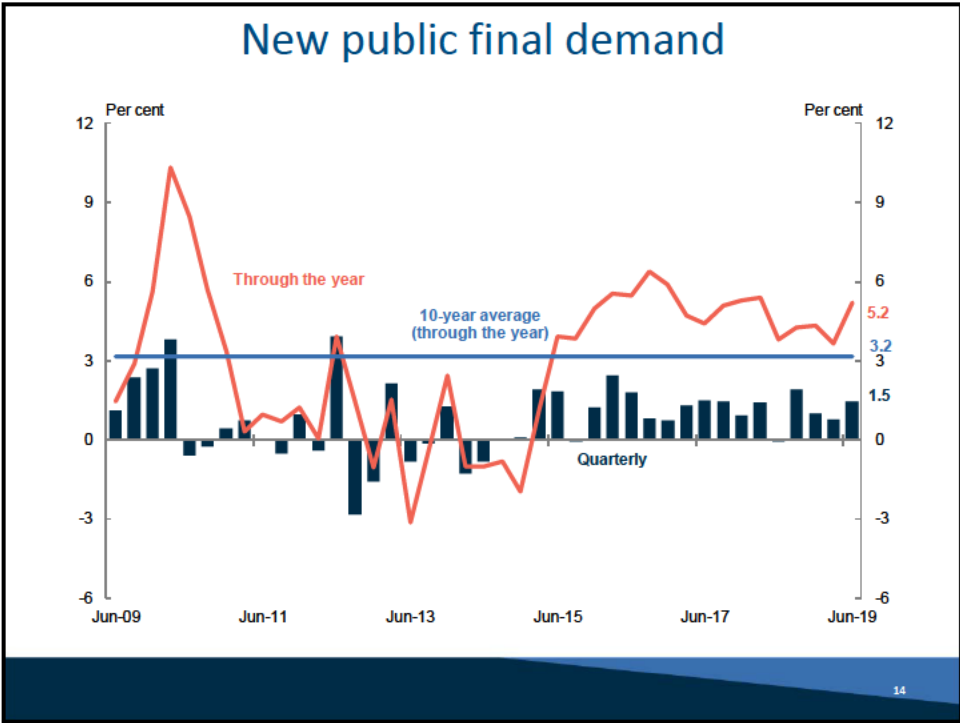
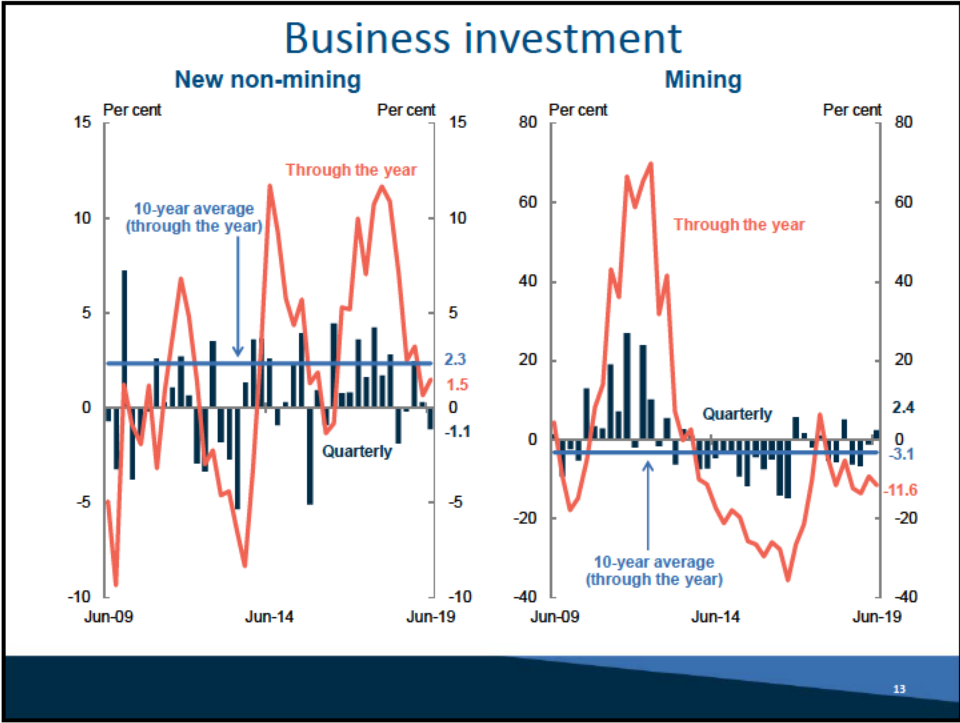


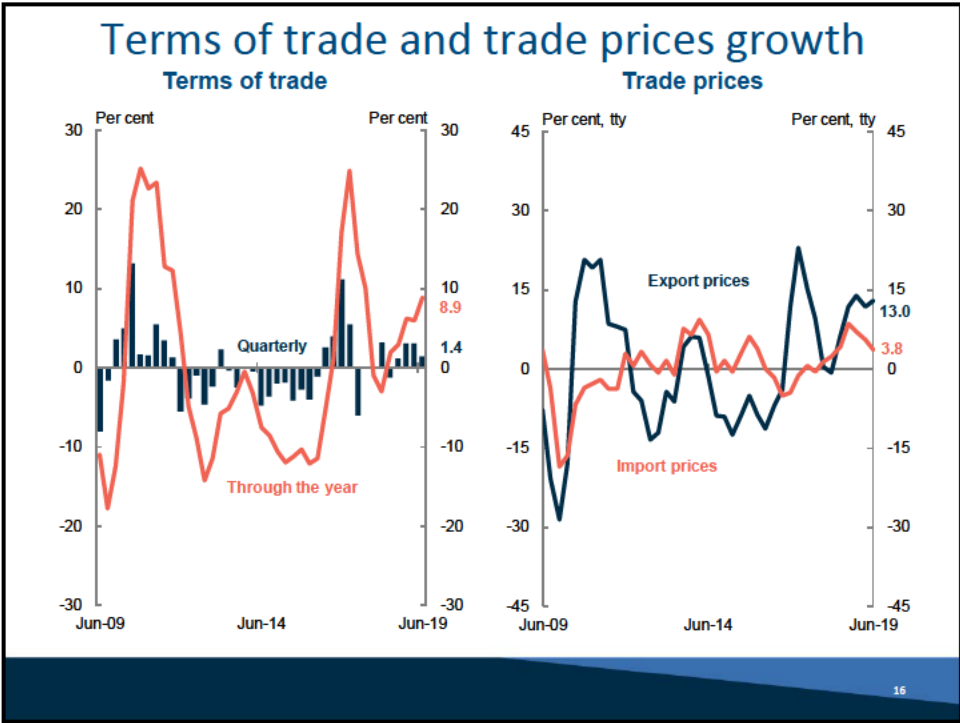
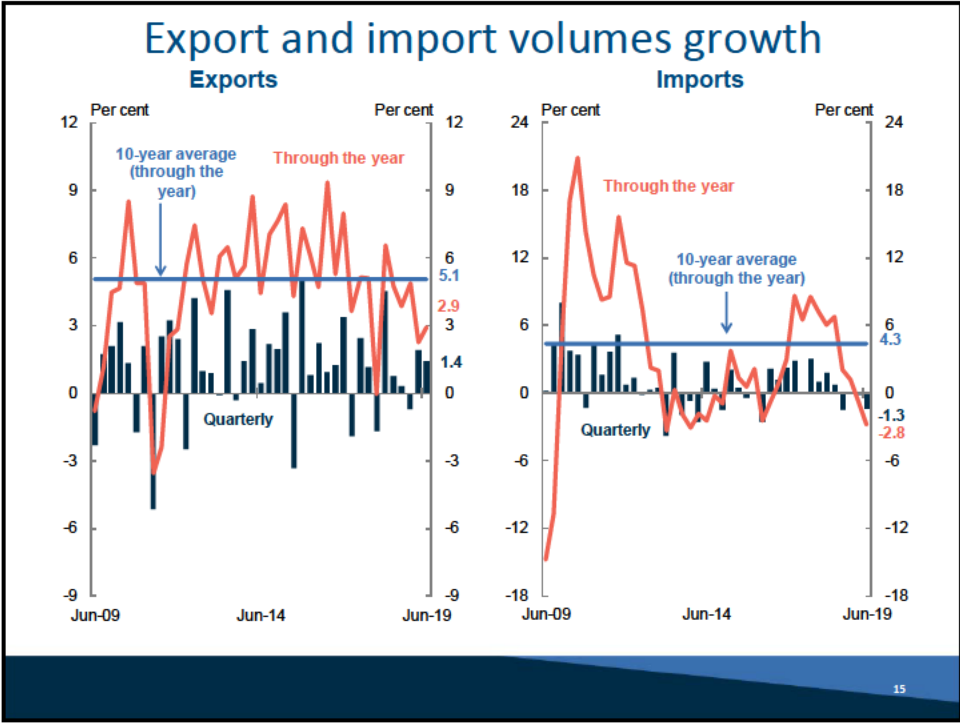
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New business investment

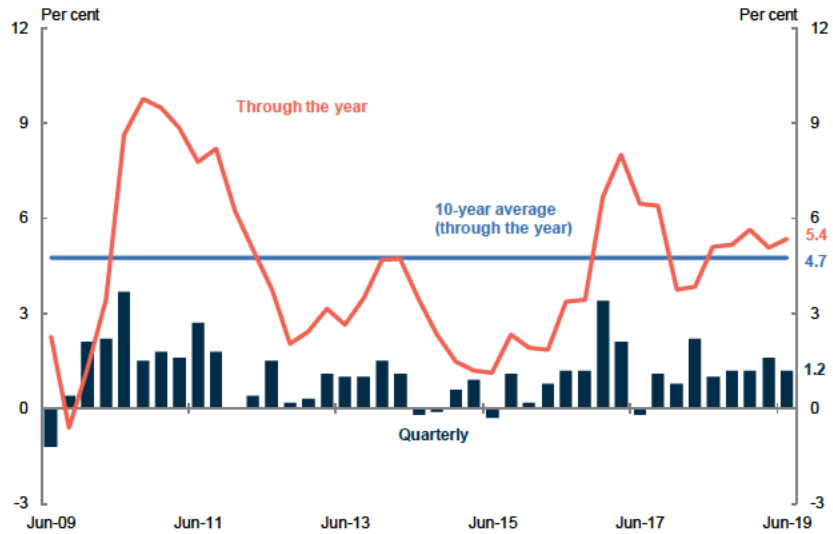


12





Nominal GDP



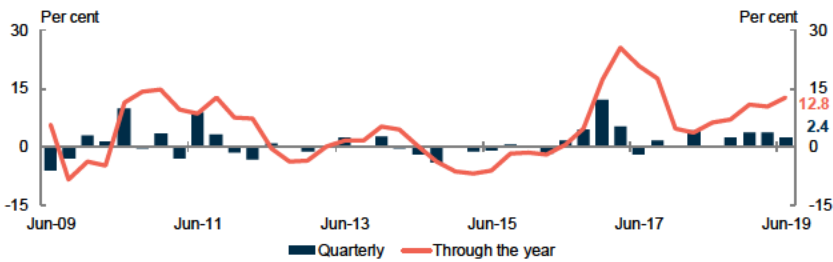
17

Earnings and incomes growth

Compensation of employees

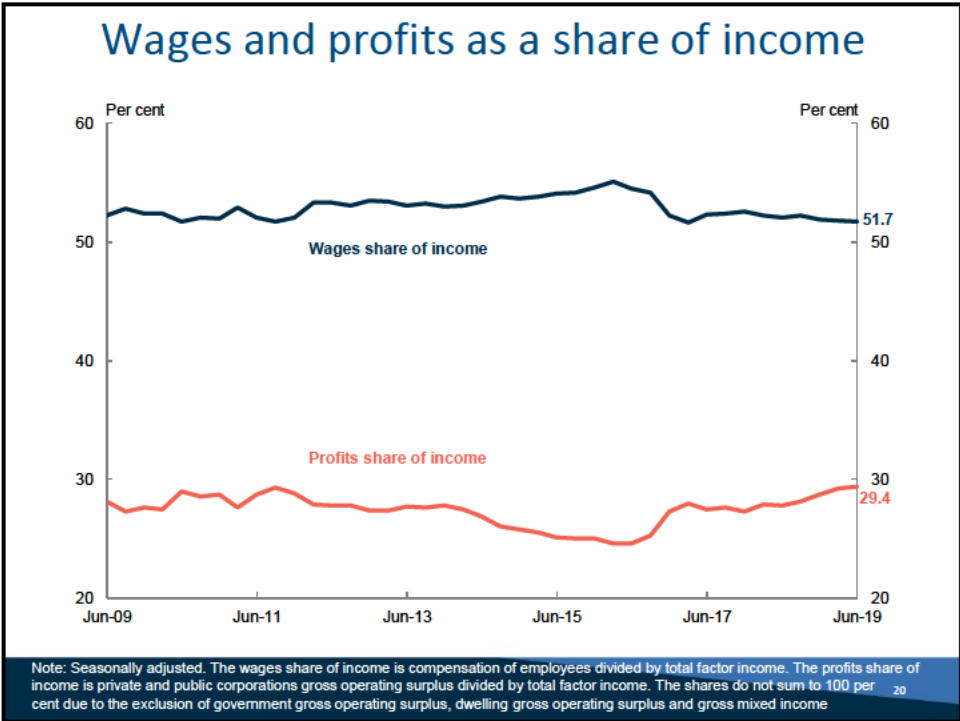
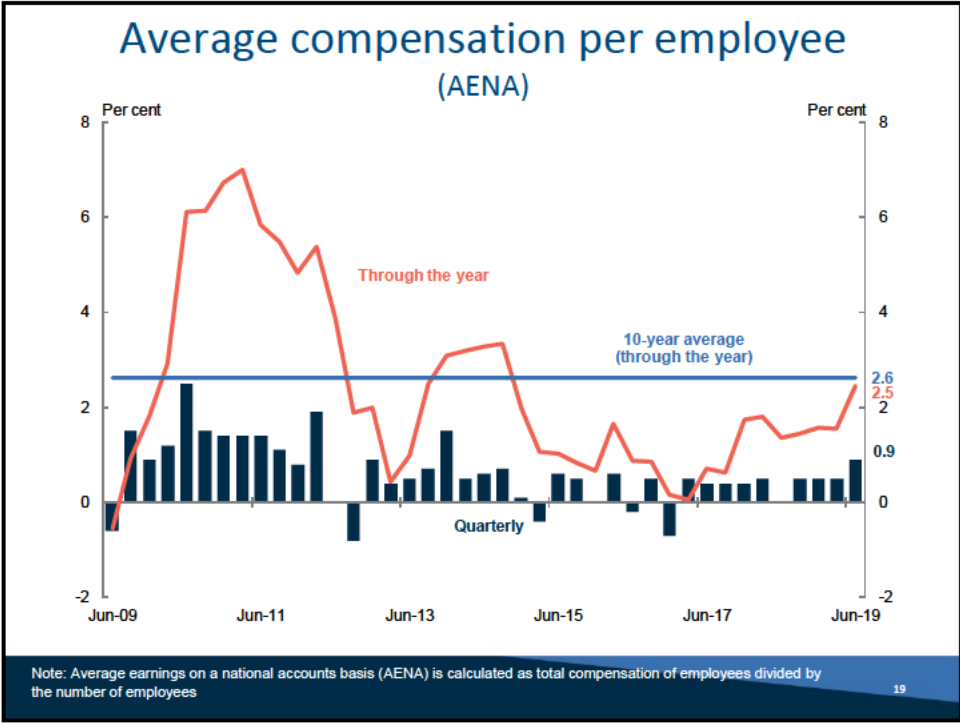


Company profits

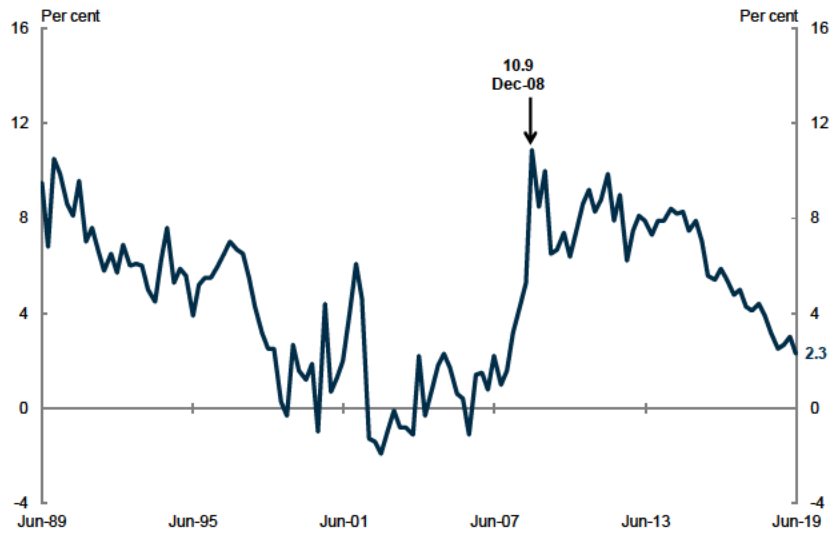


Note: Profit is the gross operating surplus (GOS) for private non-financial and financial corporations. GOS only includes the income derived from the production of goods and services and does not include depreciation, interest and income tax, foreign exchange or other revaluation gains and losses.

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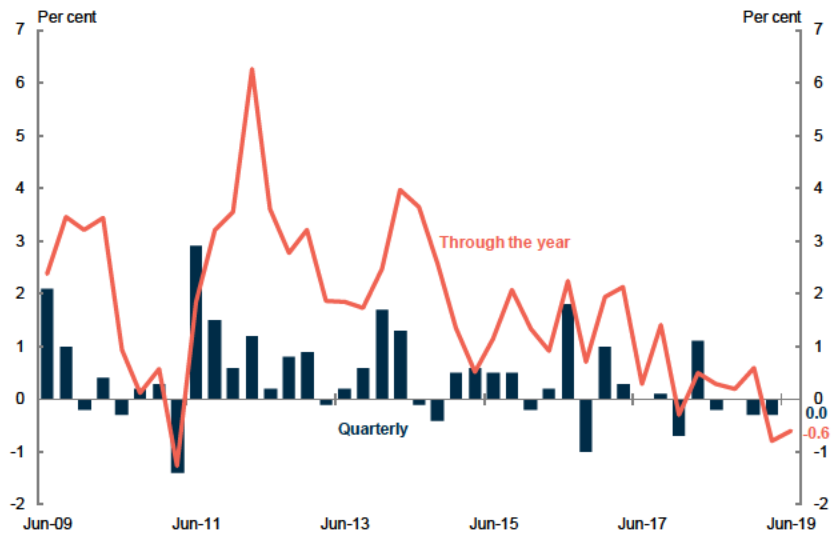
Household saving ratio



Note: The household saving ratio is the ratio of household net saving to household net disposable income

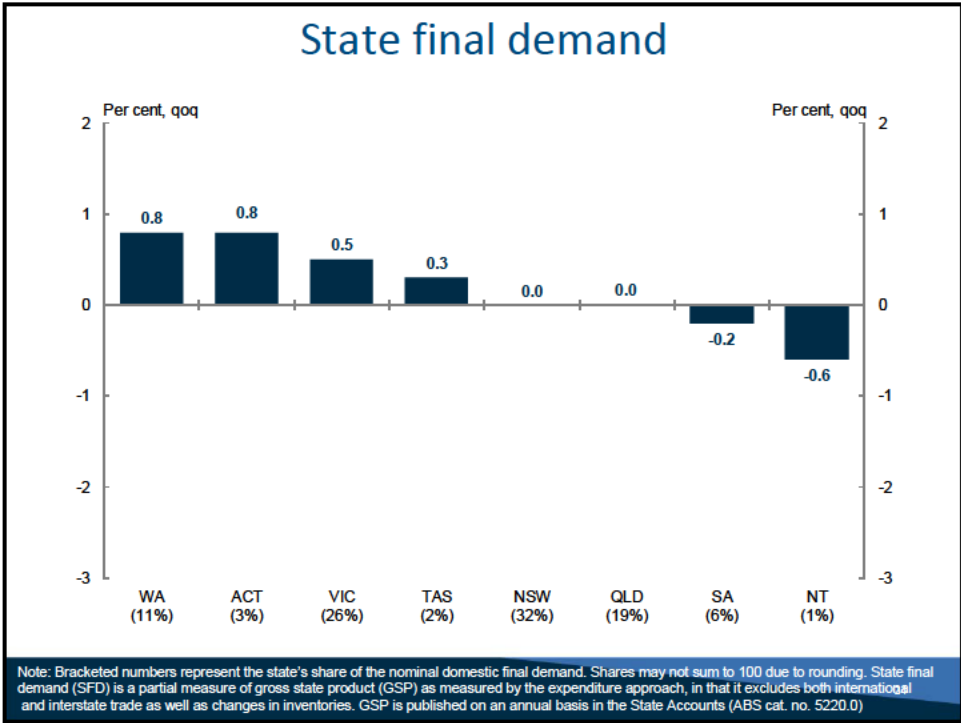
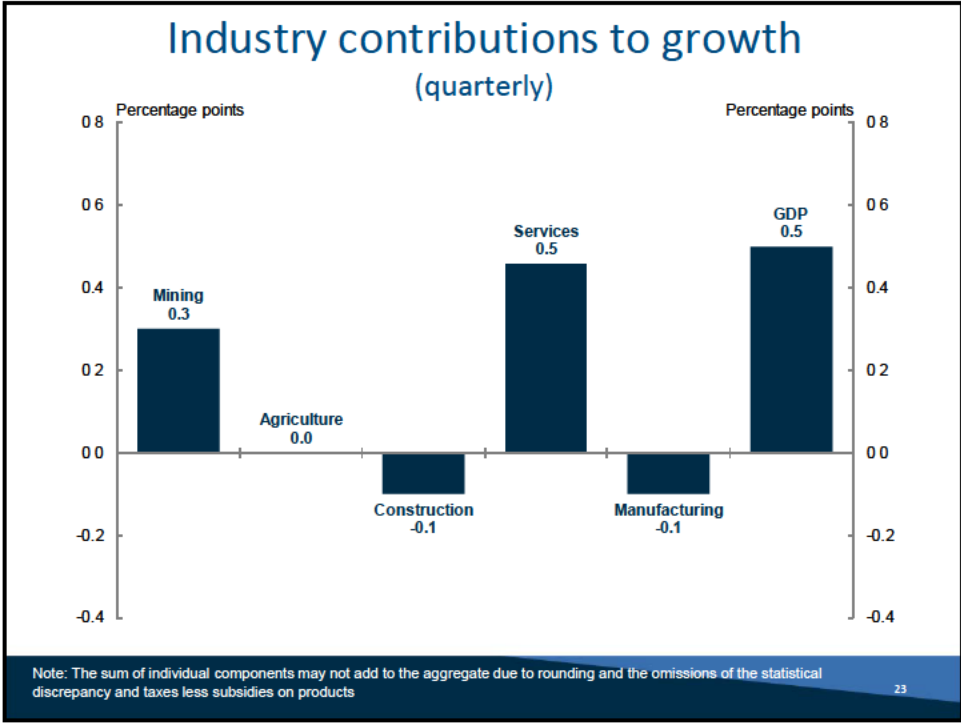
21

Productivity growth

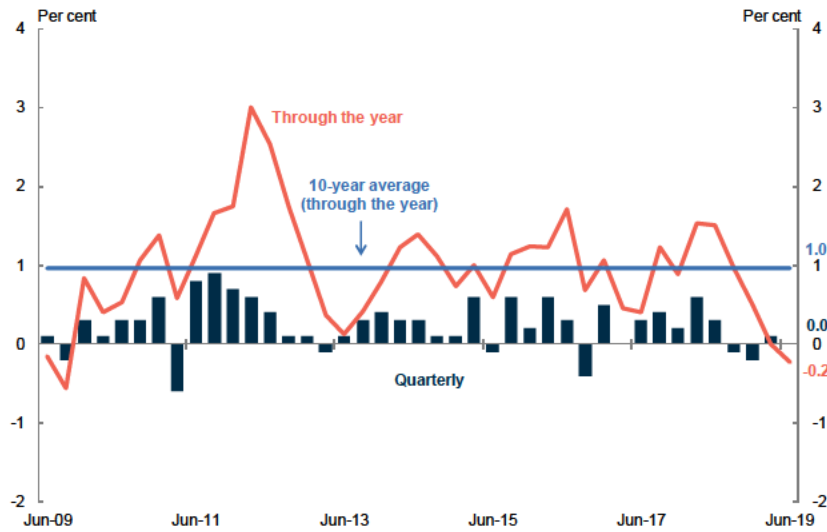


Note: Productivity is measured as gross value added per hour worked, market sector, seasonally adjusted

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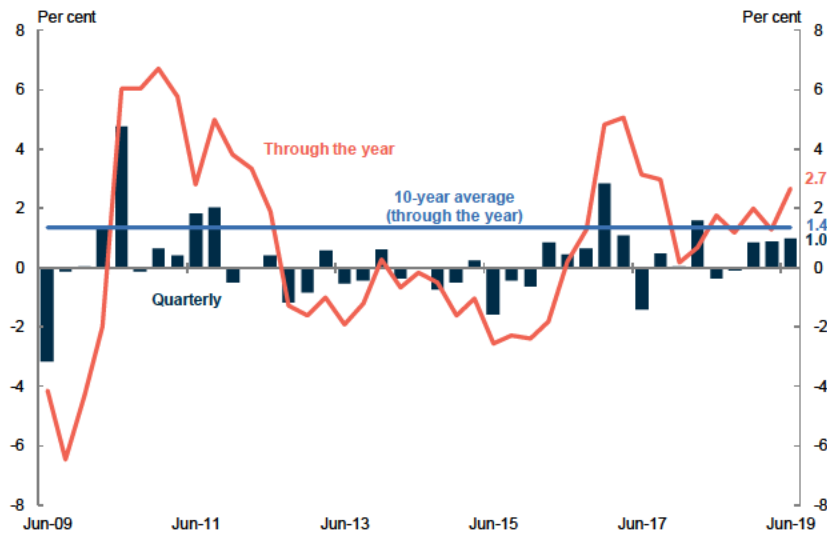


Real GDP per capita



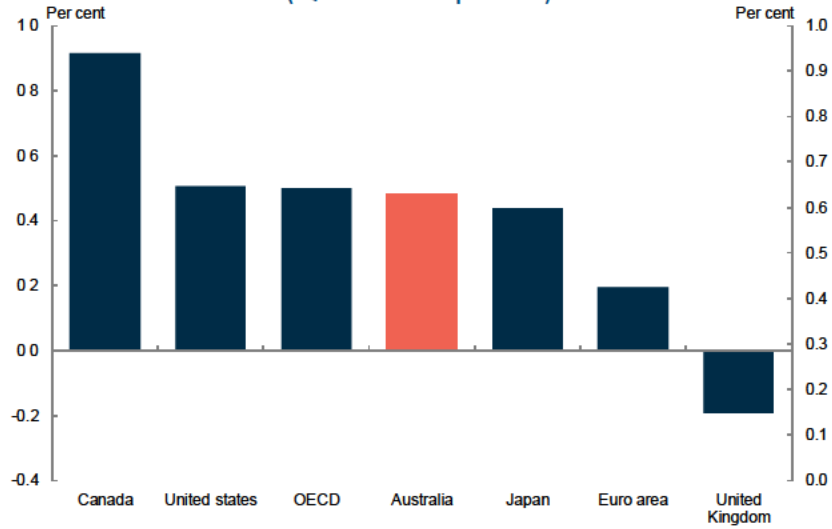
25

Real net national disposable income per capita



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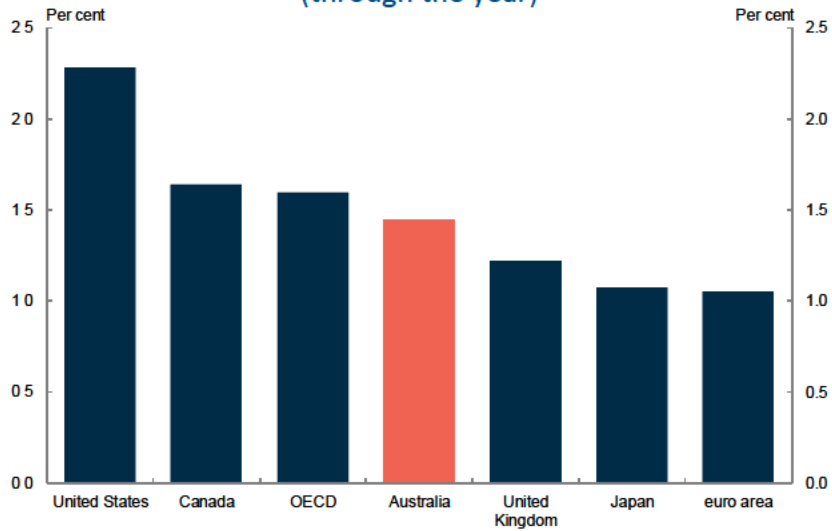
International real GDP growth comparisons (Quarter on quarter)



Note: All data is for June 2019
Source: National statistical agencies and Refinitiv

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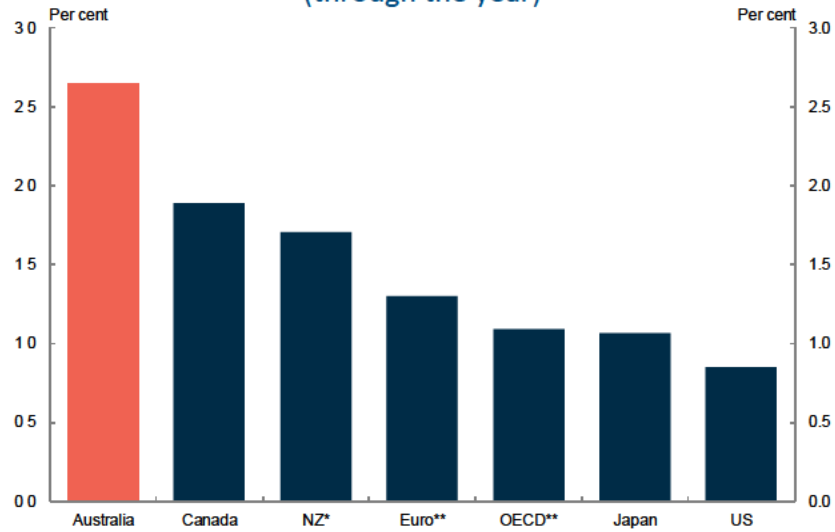
International real GDP growth comparisons (through the year)



Note: All data is for June 2019
Source: National statistical agencies and Refinitiv

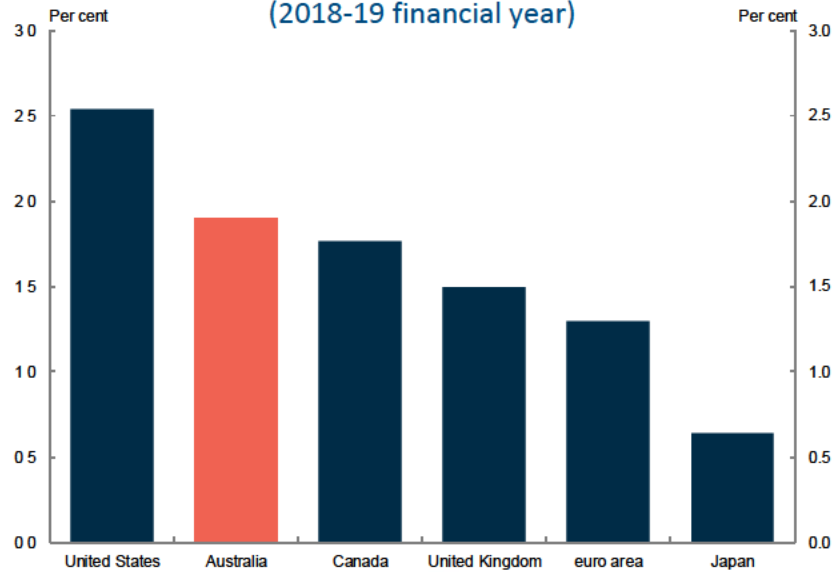
28

International employment growth comparisons (through the year)



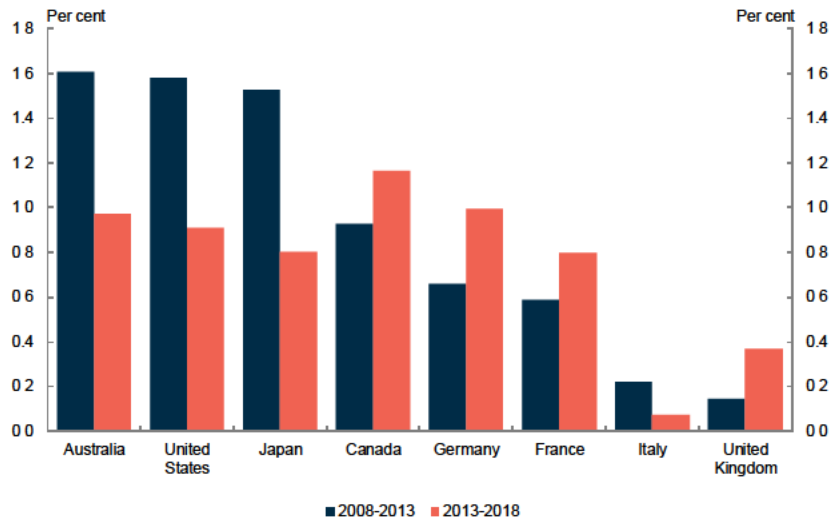
Note: *New Zealand employment growth is through the year to June quarter 2019. **Euro and OECD employment growth is through the year to March quarter 2019
Source: National statistical agencies and Thomson Reuters Datastream

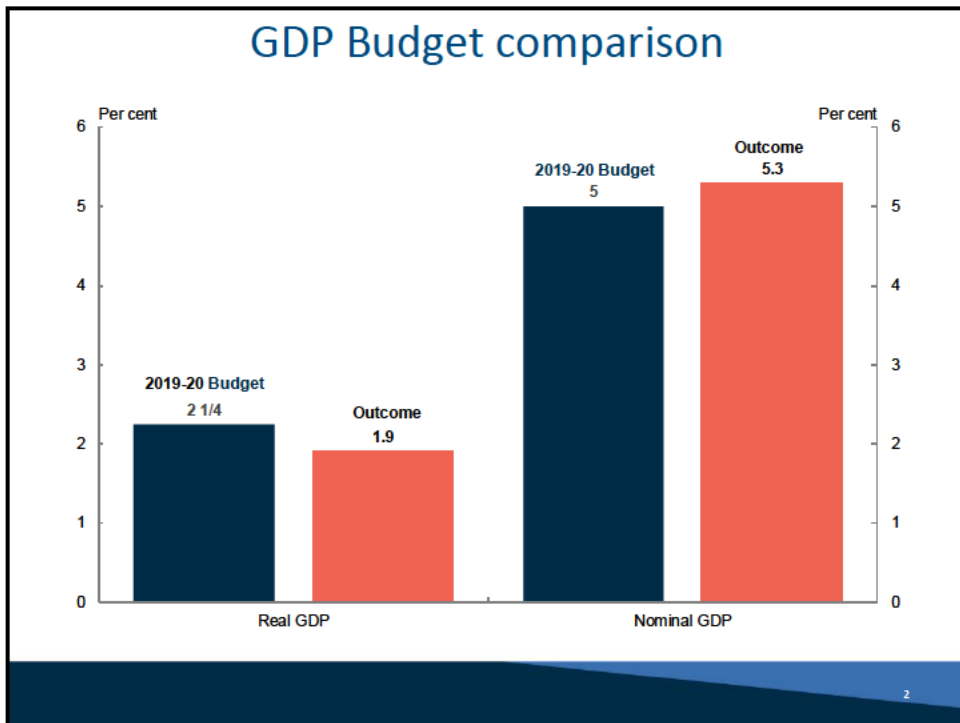
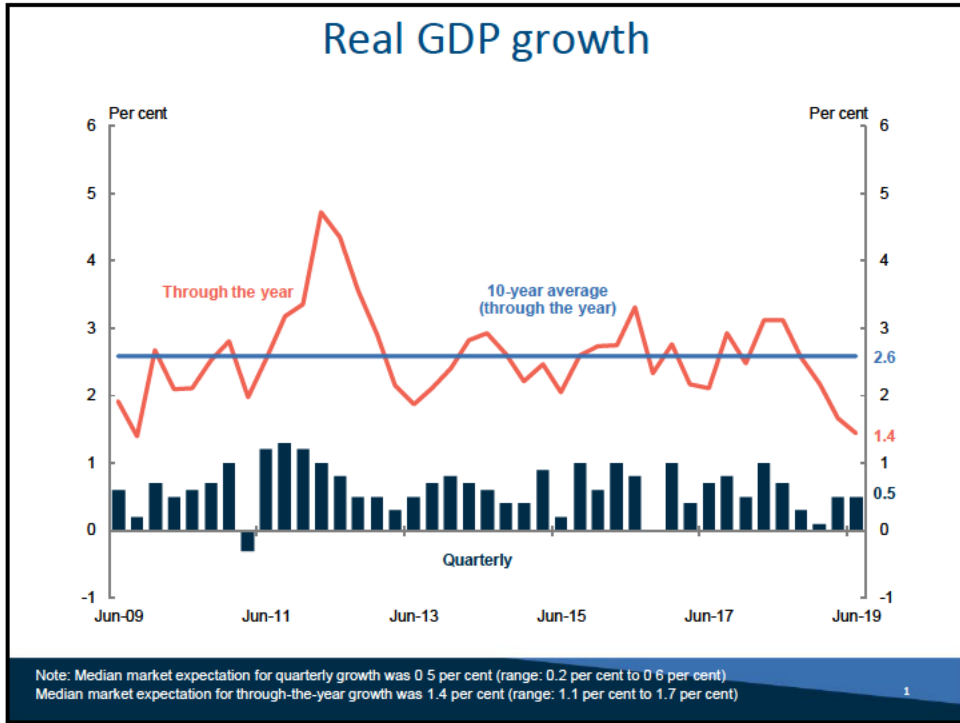
International real GDP growth comparisons (2018-19 financial year)

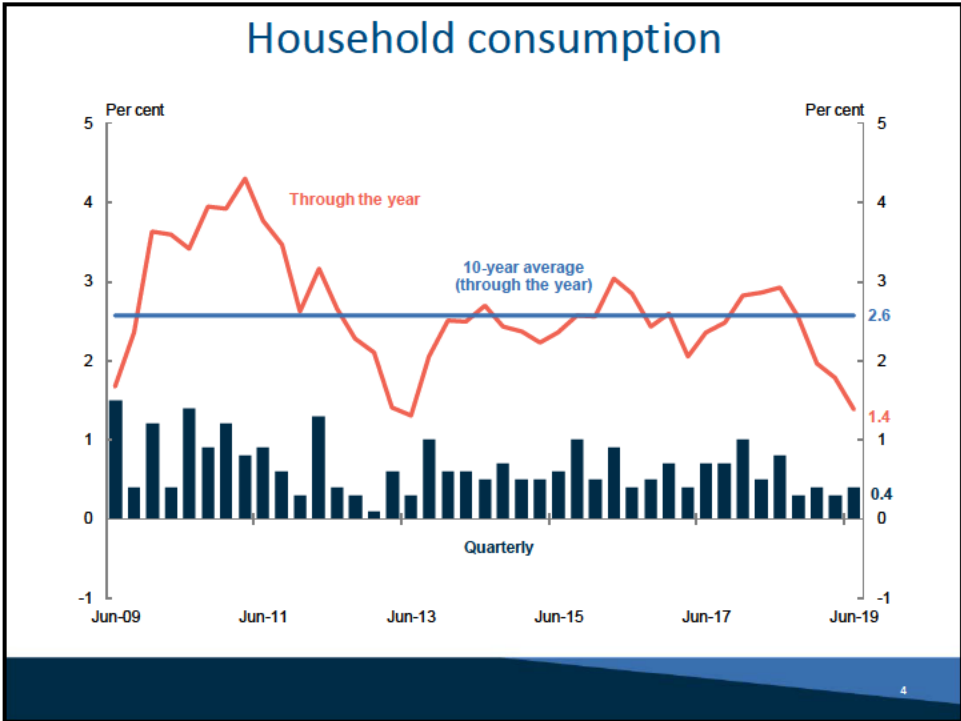
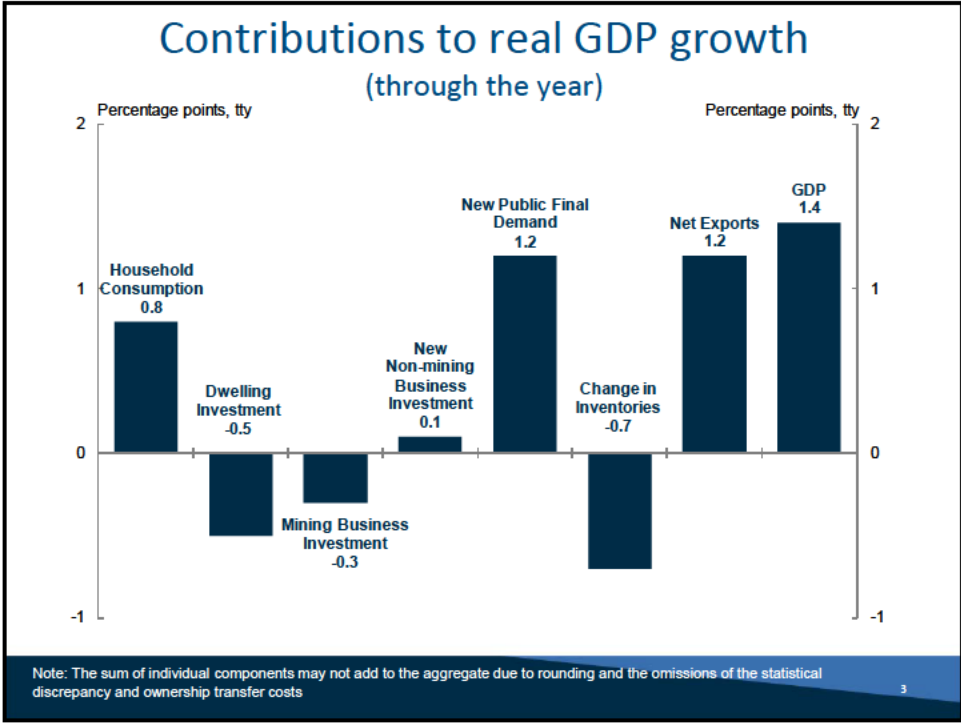


Note: Data is for the 2018-19 financial year. Data for the UK and euro area is seasonally-adjusted
Source: National statistical agencies and Refinitiv

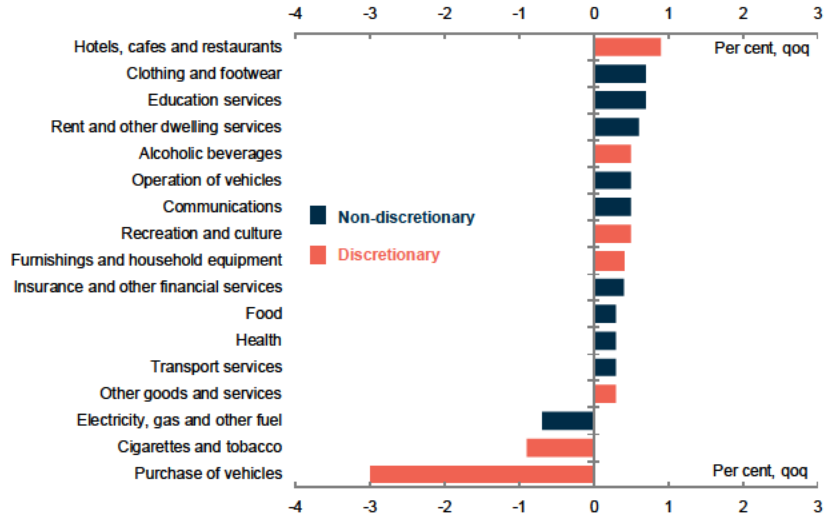
International productivity growth







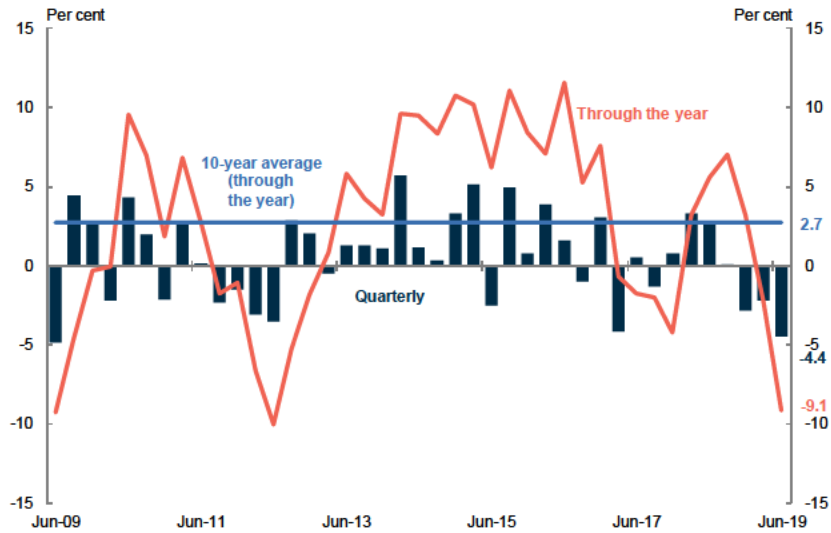
Consumption by category



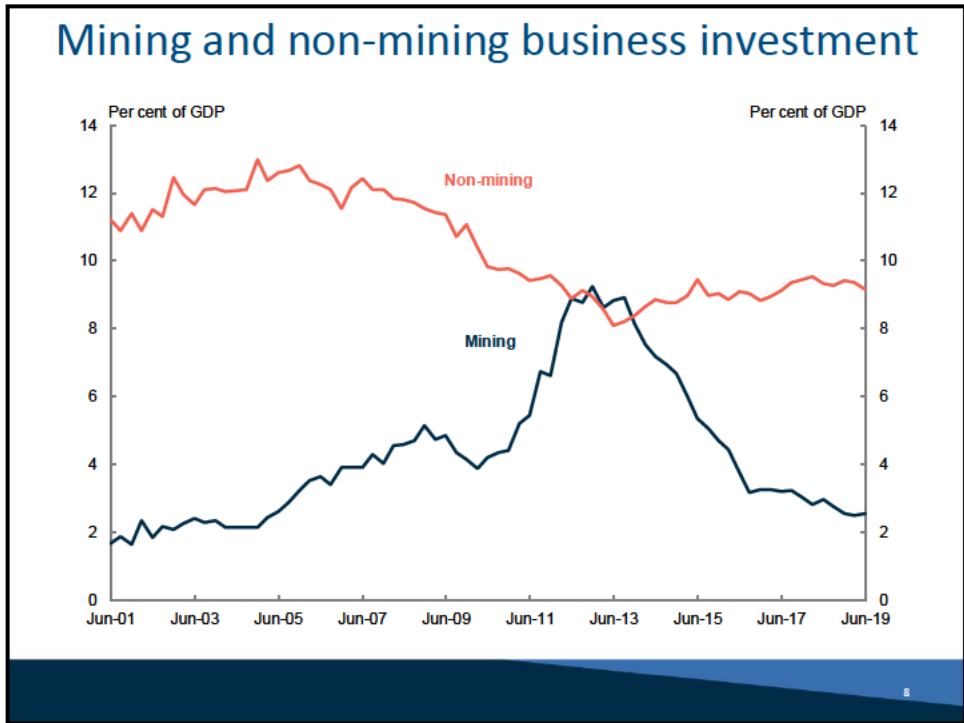
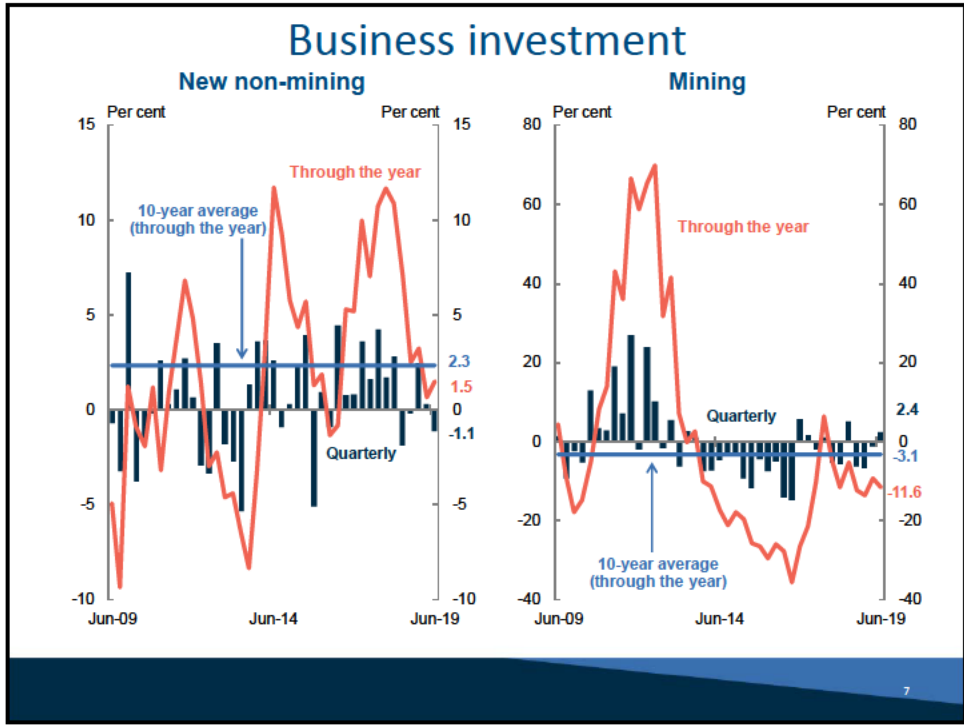
Note: Discretionary consumption is as classified by Treasury

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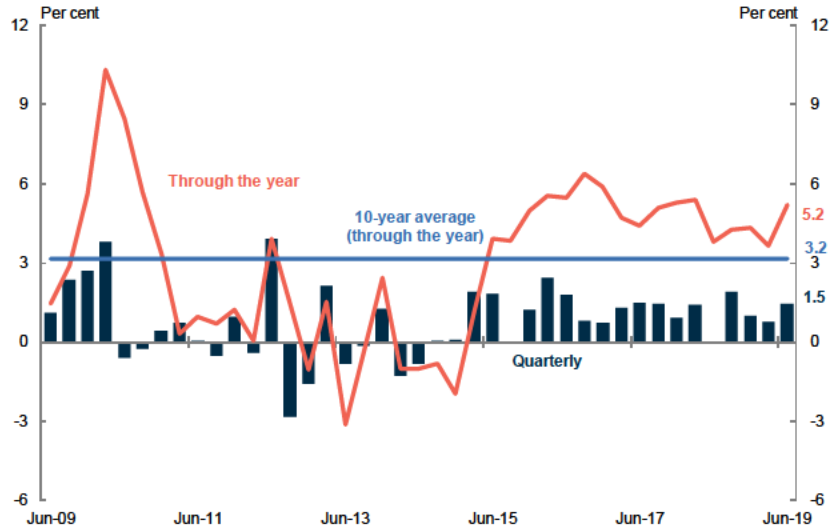
Dwelling investment



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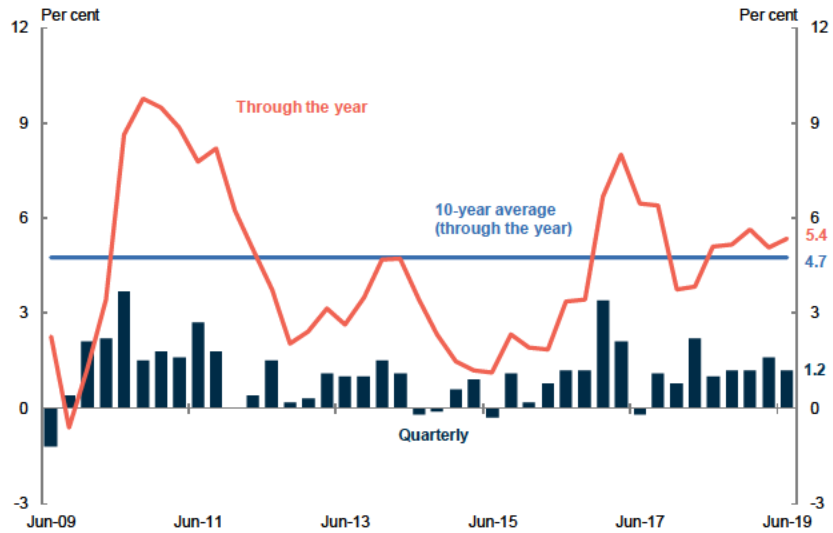


New public final demand



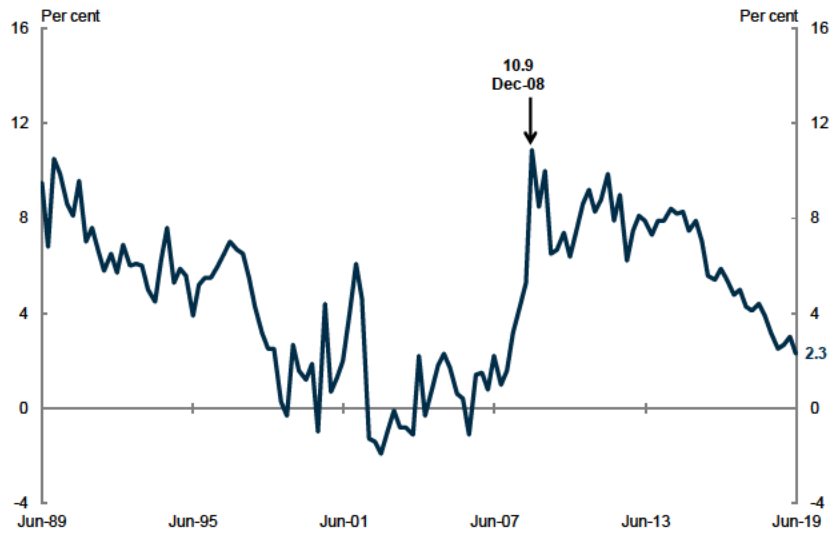
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Nominal GDP



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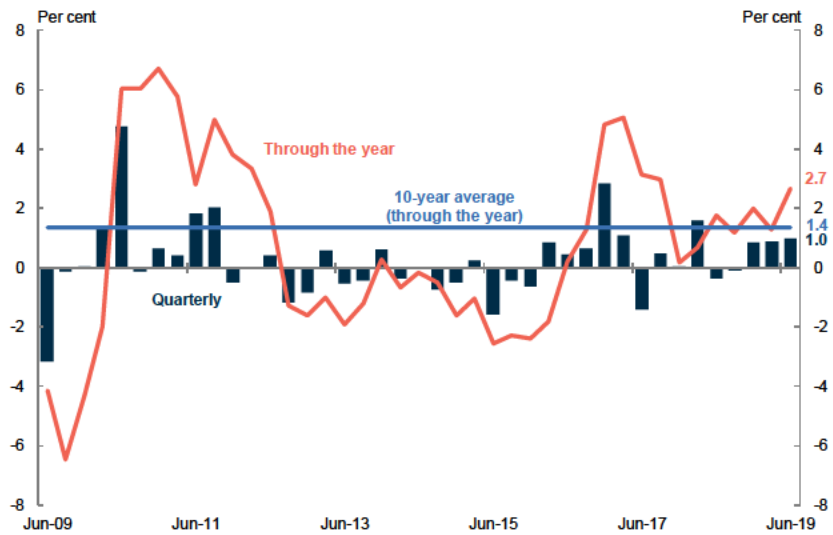
Household saving ratio



Note: The household saving ratio is the ratio of household net saving to household net disposable income

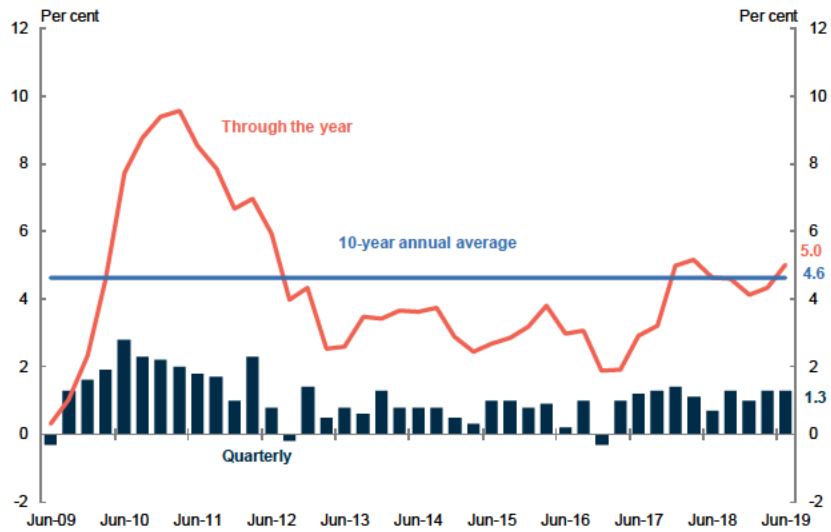
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Real net national disposable income per capita



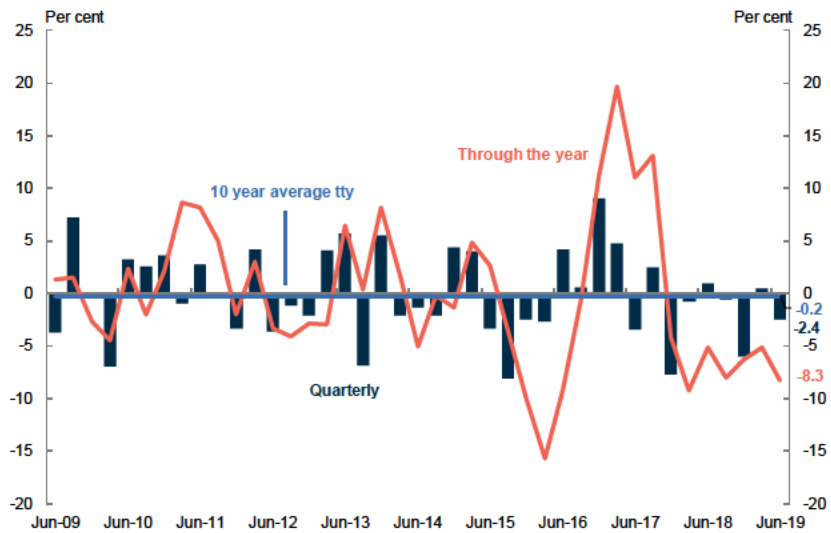
12

Compensation of employees

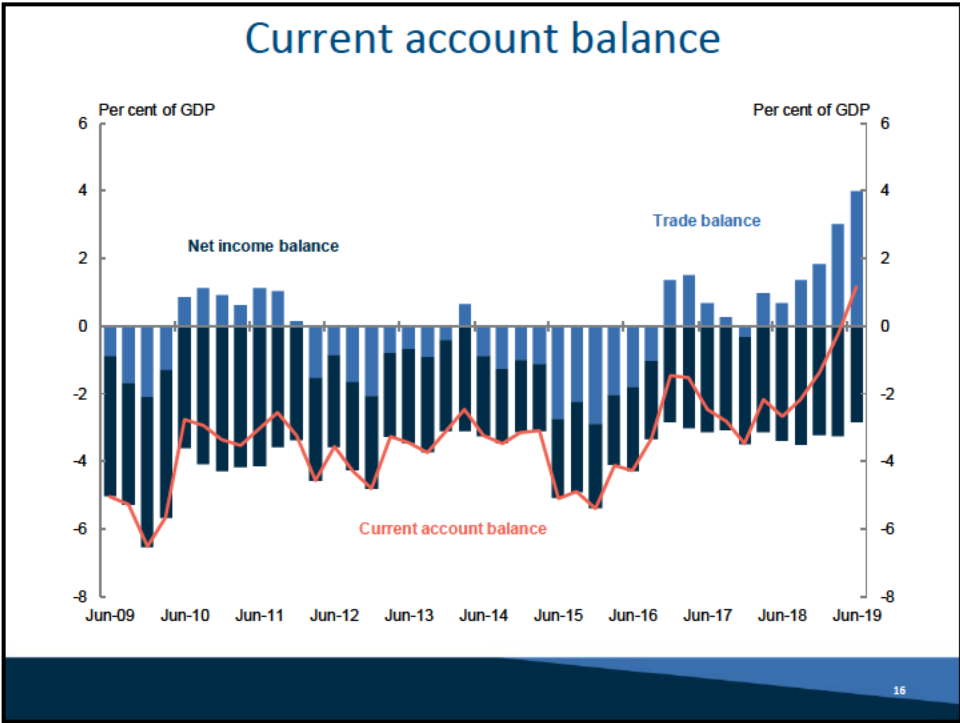
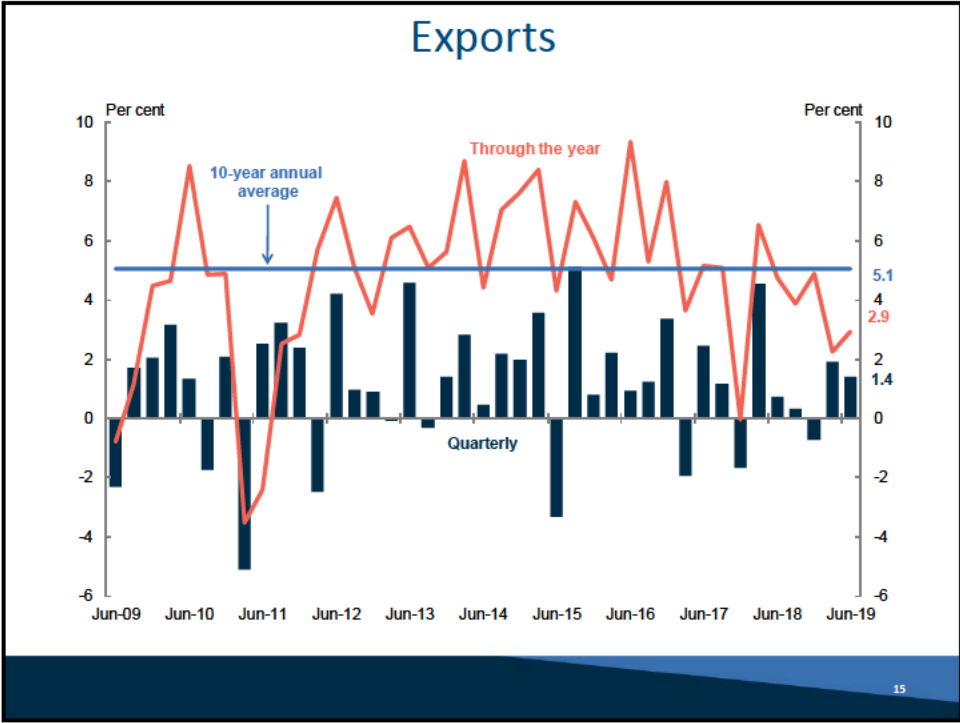


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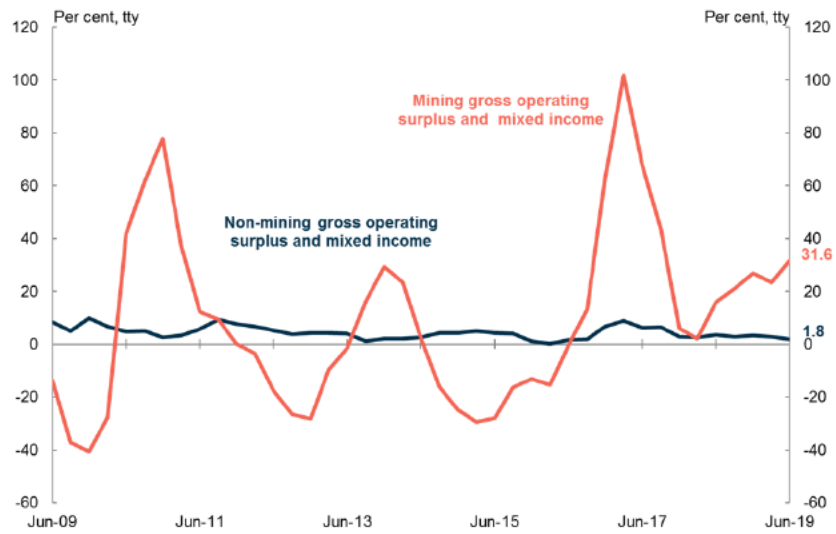
Farm GDP



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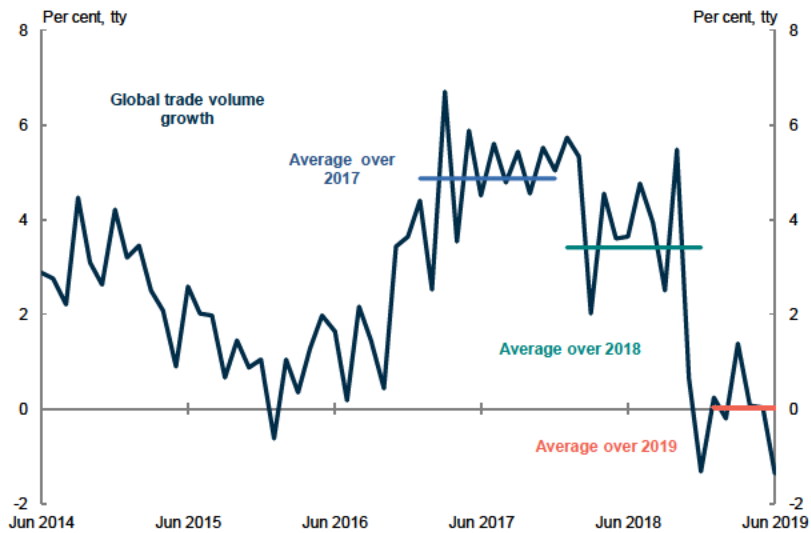


Mining and non-mining profits



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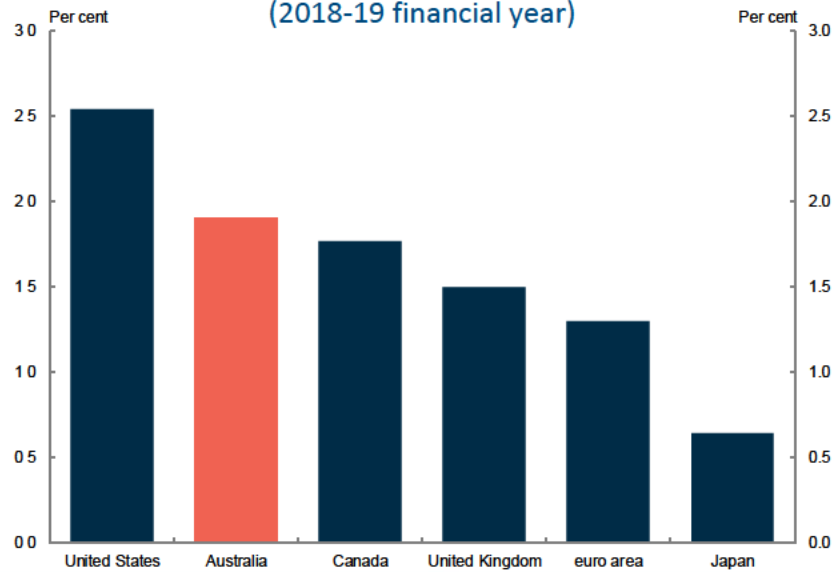
Global trade volumes



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International real GDP growth comparisons

(2018-19 financial year)



Note: Data is for the 2018-19 financial year. Data for the UK and euro area is seasonally-adjusted
Source: National statistical agencies and Refinitiv

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International real GDP growth comparisons

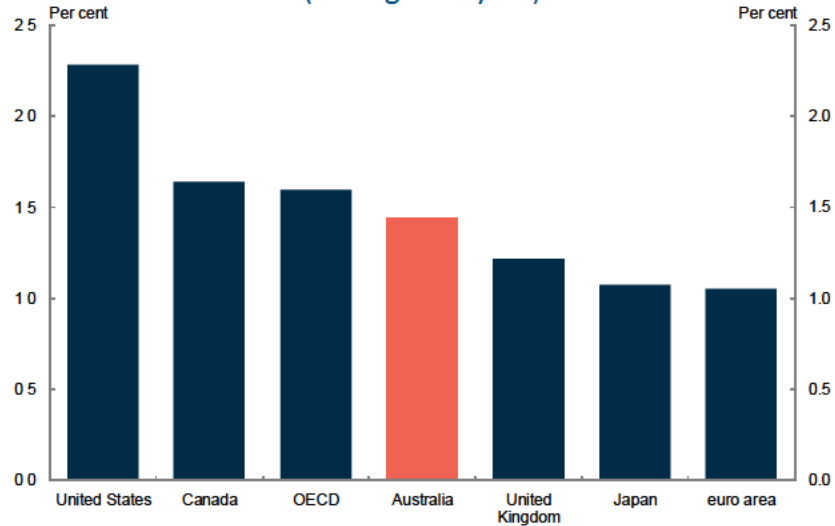
(Quarter on quarter)



Note: All data is for June 2019
Source: National statistical agencies and Refinitiv

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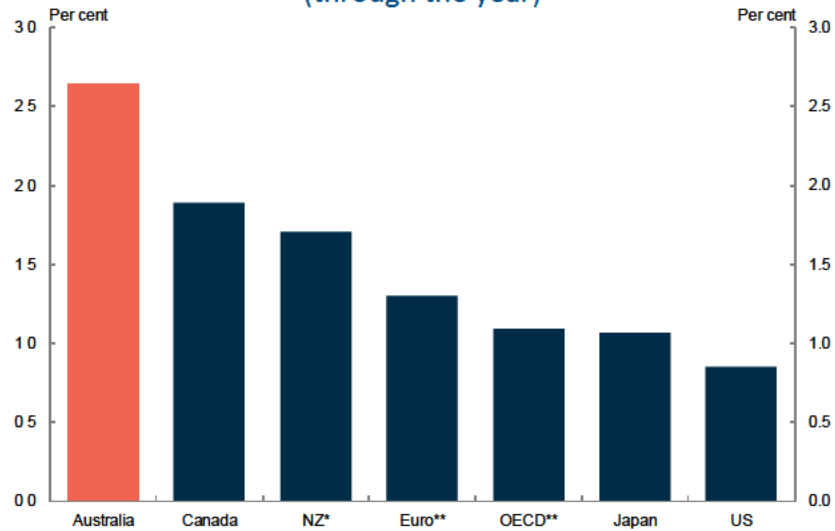
International real GDP growth comparisons (through the year)



Note: All data is for June 2019
Source: National statistical agencies and Refinitiv

21

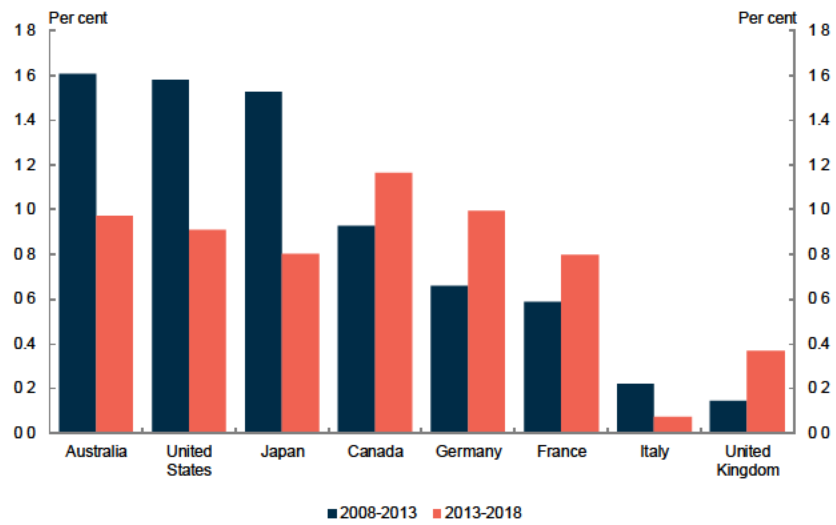
International employment growth comparisons (through the year)



Note: *New Zealand employment growth is through the year to June quarter 2019. **Euro and OECD employment growth is through the year to March quarter 2019
Source: National statistical agencies and Thomson Reuters Datastream

22

International productivity growth



s 22

From: s 22
Sent: Monday, 14 October 2019 3:08 PM
To: s 22
Subject: FW: Request - NATACCs charts [SEC=UNCLASSIFIED]

From: s 22
Sent: Tuesday, 3 September 2019 6:09 PM
To: s 22
Cc: Tsr DLOs ; MEG MECD Executive ; s 22
Subject: Request - NATACCs charts [SEC=UNCLASSIFIED]

Hi s 22

As discussed, the Division will likely have most of these in the works, but just to make sure, could the Office have the following charts for tomorrow please? I also note that you may have some others charts (beyond this list) that you will include in the pack.

Thanks again

s 22

- Real GDP – quarterly, tty
- Real GDP – Budget comparison
- Real GDP – components contribution to tty growth
- Consumption - quarterly, tty
- Consumption – categories
- Dwelling investment - quarterly, tty
- BI – mining and non- mining quarterly, tty
- BI – mining and non-mining as share of GDP
- New PFD - quarterly, tty
- Nominal GDP - quarterly, tty
- Nominal GDP - Budget comparison
- Household saving rate
- Real net national disposable income per capita - quarterly, tty
- COE - quarterly, tty
- Farm GDP - quarterly, tty
- Exports - quarterly, tty
- BOP – Current account balance, trade balance and NID
- GOS – mining and non-mining profits
- Global trade volumes (CPB through the year chart)
- International comparisons – real GDP growth 2018-19 annual average
- International comparisons – real GDP growth June quarter on quarter
- International comparisons – real GDP growth June through the year
- International comparisons - employment growth through the year

	Quarterly		Through the year	
	2019-Q1	2019-Q2	2019-Q1	2019-Q2
Australia	0.5	0.5	1.7	1.4
Austria	0.4	0.2	1.7	1.6
Belgium	0.3	0.2	1.3	1.2
Canada	0.1	#N/A	1.3	#N/A
Chile	0.0	0.8	2.0	2.0
Czech Republic	0.6	0.7	2.7	2.7
Denmark	0.1	#N/A	1.9	#N/A
Estonia	0.5	#N/A	4.6	#N/A
Finland	0.6	#N/A	0.9	#N/A
France	0.3	0.3	1.3	1.4
Germany	0.4	-0.1	0.9	0.4
Greece	0.2	#N/A	1.3	#N/A
Hungary	1.4	1.1	5.2	5.1
Iceland	0.6	#N/A	3.8	#N/A
Ireland	2.4	#N/A	6.3	#N/A
Israel	1.2	0.3	3.3	3.2
Italy	0.1	0.0	-0.1	0.0
Japan	0.7	0.4	1.0	1.1
Korea	-0.4	1.1	1.6	2.1
Latvia	-0.1	#N/A	3.2	#N/A
Lithuania	1.2	0.9	4.0	4.0
Luxembourg	0.3	#N/A	1.6	#N/A
Mexico	-0.2	0.1	0.1	0.6
Netherlands	0.5	0.5	1.9	1.8
New Zealand	0.6	#N/A	2.5	#N/A
Norway	-0.1	#N/A	1.4	#N/A
Poland	1.4	0.8	4.6	4.1
Portugal	0.5	0.5	1.8	1.7
Slovak Republic	0.7	0.4	3.4	2.5
Slovenia	0.8	#N/A	3.7	#N/A
Spain	0.7	0.5	2.4	2.3
Sweden	0.5	-0.1	2.0	1.4
Switzerland	0.6	#N/A	1.4	#N/A
Turkey	1.3	#N/A	-2.8	#N/A
United Kingdom	0.5	-0.2	1.8	1.2
United States	0.8	0.5	2.7	2.3
OECD	0.6	0.5	1.7	1.6

s 22

From: s 22
Sent: Tuesday, 3 September 2019 3:55 PM
To: s 22
Cc: MEG MECD Executive, s 22, Tsr DLOs; MEG MECD National Accounts Unit
Subject: RE: Request for additional products for the NATACCs pack [SEC=UNCLASSIFIED]

Hi s 22

I have just transferred over a spreadsheet with the market expectations as at 3:40 pm s 22

Kind regards,
s 22

From: s 22
Sent: Tuesday, 3 September 2019 2:51 PM
To: s 22
Cc: MEG MECD Executive, s 22, Tsr DLOs, s 22, MEG MECD National Accounts Unit
Subject: RE: Request for additional products for the NATACCs pack [SEC=UNCLASSIFIED]
Importance: High

Hi s 22

I have just transferred across a comprehensive set of econotes on already released data to this folder s 22

A big thanks to s 22 for pulling these together.

We will also send through an updated set of market expectations shortly – as discussed earlier, we were leaving this until mid-afternoon to allow for more of the market economists to update their expectations for the quarter following the data releases this morning.

Regards,
s 22

From: s 22 <@TREASURY.GOV.AU>
Sent: Tuesday, 3 September 2019 10:41 AM
To: s 22 <@TREASURY.GOV.AU>
Cc: MEG MECD Executive <MEGMECDE@TREASURY.GOV.AU>; s 22
s 22 <@TREASURY.GOV.AU>; Tsr DLOs <TsrDLOs@TREASURY.GOV.AU>
Subject: Request for additional products for the NATACCs pack [SEC=UNCLASSIFIED]

Hi s 22

As discussed, the Office has asked if the following charts can be pulled together for the NATACCs briefing pack tomorrow.

- International comparisons charts
- June quarter GDP growth, tty and qoq
 - [2018-19](#) annual growth

- Employment growth tty
- Productivity intl comparison

Additional chart

- Jobs per year (current Gov, Labor, Howard)

In addition to this, it would be good if the following could be provided **sometime this afternoon**:

- A folder s 22 with the relevant Econotes for the June quarter. Where available, please also include a separate folder of the econotes that are available for the September quarter.
- Bloomberg market expectations. Happy for this to just be the spreadsheet from Bloomberg.

Please let myself or s 22 know if you have any concerns or questions.

Thanks

s 22

s 22

From: s 22
Sent: Monday, 14 October 2019 3:10 PM
To: s 22
Subject: FW: Credit rating statements at Budget [SEC=UNCLASSIFIED]
Attachments: QB18-000035.docx; Press Release - S&PGRBulletin - Australian Budget Surplus Remains On Track.docx

From: s 22
Sent: Wednesday, 4 September 2019 9:15 AM
To: s 22
Cc: Grant, Angelia ; Berger-Thomson, Laura ; MEG MECD National Accounts Unit ; s 22
s 22 MEG MECD Executive
Subject: RE: Credit rating statements at Budget [SEC=UNCLASSIFIED]

Hi s 22

The statement from Fitch can be found on their website [here](#) and the statement from S&P is attached. We unfortunately have not been able to find the one from Moody's and David is away.

Please also find attached our latest QTB on sovereign credit ratings for additional information.

Kind regards

s 22

From: s 22 <@TREASURY.GOV.AU>
Sent: Wednesday, 4 September 2019 8:10 AM
To: s 22 <@treasury.gov.au>; s 22 <@treasury.gov.au>
Cc: Grant, Angelia <Angelia.Grant@TREASURY.GOV.AU>; Berger-Thomson, Laura <Laura.Berger-Thomson@TREASURY.GOV.AU>; MEG MECD National Accounts Unit <MEGMECDNAU@TREASURY.GOV.AU>
Subject: Fwd: Credit rating statements at Budget [SEC=UNCLASSIFIED]

Sent from my iPhone

Begin forwarded message:

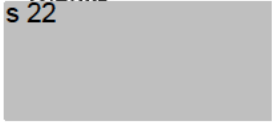
From: s 22 <@TREASURY.GOV.AU>
Date: 4 September 2019 at 8:02:54 am AEST
To: s 22 <@TREASURY.GOV.AU>
Cc: "Drage, David" <David.Drage@TREASURY.GOV.AU>; s 22 <@TREASURY.GOV.AU>
Subject: Credit rating statements at Budget [SEC=UNCLASSIFIED]

Hi s 22

Could we please get copies of the statements by the major credit rating agencies post this year's Budget?

Will need early this morning if possible.

Thanks
s 22



Office of the Hon Josh Frydenberg MP
Treasurer | Federal Member for Kooyong

Parliament House, Canberra ACT 2600 | +61 2 6277 7340

e s 22 [@treasury.gov.au](mailto:treasury.gov.au) s 22

w www.joshfrydenberg.com.au

AUSTRALIA SOVEREIGN CREDIT RATING

Key Message:

- Australia is currently one of only ten countries to be rated AAA (or equivalent) by all three major credit rating agencies. All three major agencies maintain a stable outlook on their credit ratings for Australia.
- Standard and Poor's (S&P) affirmed their AAA rating for Australia on 4 April 2019 and maintained a stable outlook, noting the Government has "demonstrated a willingness to implement reforms to sustain economic growth and ensure sustainable public finances."
 - S&P previously affirmed Australia's AAA rating on 21 September 2018 and revised its outlook from negative to stable. It expects the general government fiscal balance will return to surplus by the early 2020s and added that "we expect steady government revenue growth supported by the strong labor market and relatively robust commodity prices, to be accompanied by expenditure restraints".
 - On 6 July 2016, S&P put Australia's sovereign rating on negative outlook, concerned over the trajectory of government debt and the ability of the Parliament to implement the necessary budget repair measures.
- Moody's affirmed their AAA rating for Australia on 14 June 2018 and maintained a stable outlook, acknowledging the Government's "ongoing, repeated commitment to fiscal consolidation" and that "successive budgets that have aimed to restrain spending and raise revenues demonstrate this commitment".
- Fitch affirmed their AAA rating for Australia on 18 April 2019 and maintained a stable outlook, noting the "rating is underpinned by an effective policymaking framework that has supported 27 consecutive years of GDP growth in the face of substantial external, financial and commodity price shocks. A credible commitment to fiscal consolidation from a debt level that is broadly in line with the current 'AAA' median also supports the rating."
- Australia has been rated AAA by both Moody's and Standard & Poor's (S&P) since 2003, while Fitch upgraded Australia to AAA in November 2011.
- Australia's rating was downgraded twice during the 1980s, and both times when debt (measured by net debt as a percentage of GDP) was less than it is now.

QTB Number	QB18-000035	Adviser	s 22
Contact Officer	David Drage	Contact Number	
Division responsible	Macroeconomic Conditions Division Name		
Office Responsible	Treasurer	Date of Update	16 July 2019

AUSTRALIA SOVEREIGN CREDIT RATING

Background:

- S&P's affirmed Australia's AAA sovereign rating and maintained a stable outlook on 4 April 2019 and stated:
 - “The stable outlook on Australia reflects our expectation that the general government fiscal balance will return to surplus by the early 2020s. We expect steady government revenue growth – supported by the strong labor market and relatively robust commodity prices – to be accompanied by expenditure restraint.”
 - “We also expect property prices to continue their orderly unwind, and that this slowdown won't weigh heavily on consumer spending and the financial system's asset quality.”
 - “We could lower our ratings if we consider that it is unlikely for the general government balance to return to surplus over the next few years. Australia's weak external position means that its other credit factors, including fiscal factors, need to be strong to keep the sovereign rating at the highest level on our scale. A stronger fiscal position would also be a strong buffer to absorb the consequences of an abrupt weakening of the housing market and the vulnerabilities that such an event could bring to financial stability.”
 - “Along with its [Australia's] strong institutions, a credible monetary policy, and floating exchange-rate regime, Australia's public finances traditionally have been a credit strength for the sovereign rating. The fiscal position weakened following the global recession of 2008-09. The sharp drop in export commodity prices in 2011 sustained downward pressures on public finances, keeping the fiscal balance in deficit.”
- Moody's affirmed Australia's AAA sovereign credit rating and maintained a stable outlook on 14 June 2018 and stated:
 - “The factors supporting the rating affirmation include:
 - : Robust and stable GDP growth and strong growth potential relative to peers, denoting very high resilience to economic shocks;
 - : A moderate, albeit modestly rising, general government debt burden;
 - : Strong institutions that preserve macroeconomic and financial stability, although fragmentation in political representation is a hurdle to more effective fiscal consolidation.”
 - “The stable outlook on Australia's rating reflects Moody's expectation that, even in the event of shocks, possibly in the housing market and/or to the economy's access to external financing, the resilience of the economy supported by countercyclical macroeconomic policy would allow Australia's credit metrics to remain consistent with a AAA rating.”
 - “Evidence that the economy's resilience to negative shocks is diminishing would be likely to put downward pressure on the rating – particularly if it significantly curbed access to or raised the cost of international financing for the government or banks.”
 - “Moreover, indications that the hurdles to fiscal consolidation will be higher than we currently expect and last for longer, leading to a faster and more prolonged deterioration in fiscal metrics, would denote weaker institutional strength and would be likely to put downward pressure on the rating.”

Page 2 of 4

QTB Number	QB18-000035	Adviser	s 22
Contact Officer	David Drage	Contact Number	
Division responsible	Macroeconomic Conditions Division Name		
Office Responsible	Treasurer	Date of Update	16 July 2019

AUSTRALIA SOVEREIGN CREDIT RATING

- Fitch affirmed Australia’s AAA sovereign credit rating and maintained a stable outlook on 18 April 2019 and stated:
 - “Momentum in the economy has decelerated in the near term, but still compares well with 'AAA' peers. Fitch forecasts GDP growth will slow to 2.0% in 2019 from 2.8% in 2018, before rebounding to 2.5% in 2020.”
 - “Fiscal consolidation continues to be bolstered by buoyant commodity revenue, a strong labour market and sustained spending restraint.”
 - “General government gross debt is the 'AAA' median at 41.2% of GDP. A 22pp increase in government debt since 2010, due to sustained fiscal deficits, has eroded what was once a strength for Australia's credit profile relative to peers. Fitch forecasts debt-to-GDP to begin a downward trajectory in light of the improvement in fiscal performance.”
 - “Australia's net external debt-to-GDP ratio is among the highest within the 'AAA' category, at 53.6%. The heavy reliance on external funding leaves Australia exposed to shifts in capital flows and higher external financing costs.”

QTB Number	QB18-000035	Adviser	s 22
Contact Officer	David Drage	Contact Number	
Division responsible	Macroeconomic Conditions Division Name		
Office Responsible	Treasurer	Date of Update	16 July 2019

AUSTRALIA SOVEREIGN CREDIT RATING

Table 1: Countries rated AAA by all three ratings agencies

	Long-term Foreign Currency Rating as at 26 June 2019		
	<i>Moody's</i>	<i>S&P</i>	<i>Fitch</i>
Australia	Aaa	AAAu	AAA
Canada	Aaa	AAA	AAA
Denmark	Aaa	AAAu	AAA
Germany	Aaa	AAAu	AAA
Luxembourg	Aaa	AAA	AAA
Netherlands	Aaa	AAAu	AAA
Norway	Aaa	AAA	AAA
Singapore	Aaa	AAAu	AAA
Sweden	Aaa	AAAu	AAA
Switzerland	Aaa	AAAu	AAA

Note: u indicates unsolicited rating.

Source: Bloomberg.

Table 2: Australia – Sovereign rating history

<i>Date</i>	Fitch		S&P		Moody's	
	LT foreign currency	LT local currency	LT foreign currency	LT local currency	LT foreign currency	LT local currency
29/11/2011	AAA					
17/02/2003			AAA			
4/02/2003	AA+					
21/10/2002					Aaa	
29/07/1999						Aaa
17/05/1999			AA+			
25/01/1996	AA	AAA				
27/07/1992				AAA		
24/10/1989			(AA)			
29/08/1989					(Aa2)	
6/12/1986			(AA+)			
10/09/1986					(Aa1)	
6/06/1975			AAA			
15/10/1974					Aaa	
1/01/1961			BBB			

Note: Bold denotes an upgrade, brackets denote a downgrade.

Source: Bloomberg.

QTB Number	QB18-000035	Adviser	
Contact Officer	David Drage	Contact Number	
Division responsible	Macroeconomic Conditions Division Name		
Office Responsible	Treasurer	Date of Update	16 July 2019

Press Release: S&PGRBulletin: Australian Budget Surplus Remains On Track
2019-04-02 09:19:41.93 GMT

The following is a press release from S&P Global Ratings:

MELBOURNE (S&P Global Ratings) April 2, 2019--S&P Global Ratings said today that its credit rating on Australia (AAA/Stable/A-1+) reflects its expectation that the general government, including state and local governments, will return to surplus by the early 2020s.

When we revised our rating outlook in September 2018 based on a return to fiscal surplus, there was significant market uncertainty around Australia's political and future fiscal position. The federal budget released today supports our view that the government is on track to return to surplus.

The central government will achieve stronger fiscal outcomes than we anticipated in the near term because of robust commodity prices and terms of trade. This has helped to deliver higher revenue growth. At the same time, better labor market conditions have lowered expenditure outflows compared with previous budgets. These stronger outcomes have helped to fund new policy announcements in today's budget.

For further information, see our latest sovereign rating review, "Outlook On Australia Revised To Stable On Better Fiscal Prospects; Ratings Affirmed At 'AAA/A-1+'," published Sept. 21, 2018.

This report does not constitute a rating action.

AUSTRALIA

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Primary Credit Analyst: Anthony Walker, Melbourne + 61 3 9631 2019;
anthony.walker@spglobal.com

Secondary Contact: KimEng Tan, Singapore (65) 6239-6350;

kimeng.tan@spglobal.com

The article with statistical information is available in full at www.standardandpoors.com. Registration is free. To access the full article, select "Ratings Actions" in the left navigation under Ratings Resources, then choose the Press Releases tab.

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(END) Dow Jones Newswires
April 02, 2019 05:19 ET (09:19 GMT)- - 05 19 AM EDT 04-02-19

s 22

From: s 22
Sent: Monday, 14 October 2019 3:06 PM
To: s 22
Subject: FW: Employment growth [SEC=PROTECTED, DLM=Sensitive]
Attachments: 190904 - OECD employment figures.xlsx

From: s 22
Sent: Wednesday, 4 September 2019 10:36 AM
To: s 22
Cc: MEG MECD Executive ; s 22 Tsr DLOs ; MEG MECD National Accounts Unit ; MEG MECD International and Trade Analysis Unit ; Quinn, Meghan ; s 22
Subject: RE: Employment growth [SEC=PROTECTED, DLM=Sensitive]

Hi s 22

The spreadsheet we used is attached.

Cheers.

s 22

From: s 22 <[redacted]@TREASURY.GOV.AU>
Sent: Wednesday, 4 September 2019 10:33 AM
To: s 22 <[redacted]@TREASURY.GOV.AU>; s 22 <[redacted]@TREASURY.GOV.AU>
Cc: MEG MECD Executive <MEGMECDE@TREASURY.GOV.AU>; s 22 <[redacted]@TREASURY.GOV.AU>; Tsr DLOs <TsrDLOs@TREASURY.GOV.AU>; MEG MECD National Accounts Unit <MEGMECDNAU@TREASURY.GOV.AU>; MEG MECD International and Trade Analysis Unit <MEGMECDITAU@TREASURY.GOV.AU>; Quinn, Meghan <Meghan.Quinn@TREASURY.GOV.AU>; s 22 <[redacted]@treasury.gov.au>
Subject: RE: Employment growth [SEC=PROTECTED, DLM=Sensitive]

Thanks s 22

Are you able to send the spreadsheet or table?

Thanks

s 22

From: s 22 <[redacted]@TREASURY.GOV.AU>
Sent: Wednesday, 4 September 2019 10:30 AM
To: s 22 <[redacted]@TREASURY.GOV.AU>; s 22 <[redacted]@TREASURY.GOV.AU>
Cc: MEG MECD Executive <MEGMECDE@TREASURY.GOV.AU>; s 22 <[redacted]@TREASURY.GOV.AU>; Tsr DLOs <TsrDLOs@TREASURY.GOV.AU>; MEG MECD National Accounts Unit <MEGMECDNAU@TREASURY.GOV.AU>; MEG MECD International and Trade Analysis Unit <MEGMECDITAU@TREASURY.GOV.AU>; Quinn, Meghan <Meghan.Quinn@TREASURY.GOV.AU>; s 22 <[redacted]@treasury.gov.au>
Subject: RE: Employment growth [SEC=PROTECTED, DLM=Sensitive]

Hi s 22

If you take the 16 countries with the June quarter result, and you compare them with the 20 countries who only have March quarter results so far, Australia has the fourth highest employment growth.

Saying that, these two periods are not comparable – so we would suggest not using this comparison.

Cheers,

s 22
International and Trade Analysis Unit | Macroeconomic Conditions Division
Macroeconomic Group | The Treasury
Phone: s 22

From: s 22 <[redacted]@TREASURY.GOV.AU>
Sent: Wednesday, 4 September 2019 10:21 AM
To: s 22 <[redacted]@TREASURY.GOV.AU>
Cc: MEG MECD Executive <MEGMECDE@TREASURY.GOV.AU>; s 22 <[redacted]@TREASURY.GOV.AU>; Tsr DLOs <TsrDLOs@TREASURY.GOV.AU>; MEG MECD National Accounts Unit <MEGMECDNAU@TREASURY.GOV.AU>; MEG MECD International and Trade Analysis Unit <MEGMECDITAU@TREASURY.GOV.AU>; Quinn, Meghan <Meghan.Quinn@TREASURY.GOV.AU>; s 22 <[redacted]@treasury.gov.au>
Subject: RE: Employment growth [SEC=PROTECTED, DLM=Sensitive]

Thanks s 22 – much appreciated.

Can we also have Australia's rank amongst the OECD countries for the latest data point available? So 16 countries would be the June 2019 figures and the remainder would be March figures.

Thanks
s 22

From: s 22 <[redacted]@TREASURY.GOV.AU>
Sent: Wednesday, 4 September 2019 10:13 AM
To: s 22 <[redacted]@TREASURY.GOV.AU>
Cc: MEG MECD Executive <MEGMECDE@TREASURY.GOV.AU>; s 22 <[redacted]@TREASURY.GOV.AU>; Tsr DLOs <TsrDLOs@TREASURY.GOV.AU>; MEG MECD National Accounts Unit <MEGMECDNAU@TREASURY.GOV.AU>; MEG MECD International and Trade Analysis Unit <MEGMECDITAU@TREASURY.GOV.AU>; Quinn, Meghan <Meghan.Quinn@TREASURY.GOV.AU>; s 22 <[redacted]@treasury.gov.au>
Subject: RE: Employment growth [SEC=PROTECTED, DLM=Sensitive]

s 22
Hi

We would suggest this phrase:

'Of the 16 OECD economies to have reported their June quarter results so far, including the United States, France and Canada, Australia has the strongest through the year employment growth.'

s 22

From: s 22 [redacted] <[redacted]@TREASURY.GOV.AU>
Sent: Wednesday, 4 September 2019 9:33 AM
To: s 22 [redacted] <[redacted]@TREASURY.GOV.AU>
Cc: MEG MECD Executive <MEGMECDE@TREASURY.GOV.AU>; s 22 [redacted]
s 22 [redacted] <[redacted]@TREASURY.GOV.AU>; Tsr DLOs <TsrDLOs@TREASURY.GOV.AU>
Subject: Employment growth [SEC=PROTECTED, DLM=Sensitive]

Hi s 22 [redacted]

As discussed, is our employment growth the strongest in the OECD? Equally how we are ranked or some other comparison would be useful.

Thanks
s 22 [redacted]

