

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: AET 1261

Topic: Sectors of the economy maintaining growth during the GFC

Hansard Page: 15 (Thursday 16 Feb)

Senator Waters asked:

Thank you, Chair. Thanks very much for your interesting information so far. I have some questions related to the importance of the mining industry and its impact on other sectors. During the GFC, which sector of the economy played a more important role in maintaining growth and employment in the economy? In your view, was it agriculture, mining, manufacturing or services?

Dr Gruen: We would have to go back and look at contributions, but certainly mining output fell quite sharply over some period of the global financial crisis. In fact, another kind of confirming evidence that the mining sector was not a big contributor in helping Australia avoid recession, at least through the early part of 2009, is the fact that the unemployment rate in Western Australia, which of course has a much higher share of mining than any other state, went up by nearly double the national average. It came from a lower base, but the extent to which it went up was nearly double the national average. So, although later in the period demand from China certainly helped, there was an important period in 2009 when mining output fell precipitously. I cannot tell you the others.

Senator Waters: Could you take the others on notice.

Dr Gruen: We can.

Senator Waters: Thank you.

Answer:

Over the period spanning the key quarters of the Global Financial Crisis (September quarter 2008 to March quarter 2009), each of the sectors made a similar contribution to growth, except for manufacturing which detracted from growth. Mining contributed 0.2 percentage points to growth over the period, while agriculture, forestry and fisheries contributed 0.1 percentage points and services made a small positive contribution."

Over the same period, the largest contribution to employment growth was from the services sector. This sector contributed 0.5 percentage points to employment growth over this period.