

Australia's economy essay

[Finance](#), [Investment](#)



Australia's economy is extremely developed and currently ranked 13th in a GDP ranking of the world's largest economies. The estimation of Australia's 2012 GDP was at \$1. 532 trillion U. S. dollars according to the International Monetary Fund. Australia's economy has been growing increasingly at around three percent per annum for the last 10 years. The Australia's population (total) has progressively grown for the last few years and by 2012, was approximately 22. 72 million, like that of most developed nations, is ageing due to sustained low fertility and increasing life expectancy, which by 2012, was at 82 years. This has led to proportionally fewer children (less than 15 years of age) in the population.

The Australian population median age has increased by 4. 3 years over the last years, to 37. 3 years at 2013. Between 2012 and 2013, the median age remained steady at 37. 3 years. Through its history, Australia has had to depend on foreign savings to finance its development. This investments inflow has showed up as a current account debit that averaged 2. 5 % of GDP. The economy has experienced continuous growth, very low public debt, contained inflation, and a stable and strong financial system. By 2013, Australia had experienced more than 10 years of constant economic growth, averaging 3. 5% a year. The high dollar of Australia has hurt the manufacturing sector, whereas the service's sector is the largest portion of the Australian economy, about 70% of GDP and 75% of jobs (World Bank Group 1).

Australia has benefited from a dramatic flow in its terms of trade in last 10 years, stemming from rising worldwide commodity prices. Australia is an important exporter of energy, food and natural resources. Australia's diverse

and abundant natural resources attract high levels of foreign investment, which include wide reserves of coal, natural gas, copper, iron, uranium, gold and renewable energy sources. A sequence of major investments, for example, the Gorgon Liquid Natural Gas project of US\$40 billion, has meaningfully expanded the resource's sector hence growth of the economy. Australia being an open market with minimal limitations on imports of goods and services, exports of goods and services (percentage of GDP) in Australia as last measured in 2012, was at 21. 26 (World Bank Group 1).

GNI per capita, Atlas method (current U. S\$) for the last 10 years has on rise and by 2012, was standing at \$59, 260. Agriculture; value added (percentage of GDP) in Australia as last measured in 2012, was at 2. 42 according to the World Bank. Economic activities on agriculture include hunting, fishing and forestry as well as livestock production and cultivation of crops. The value added is the net production of a sector after computation of all outputs and deducting intermediate inputs. According to the World Bank, inflation; GDP deflator (annual %)-in Australia was at 2. 16 in 2012. Inflation measurement by the annual growth rate of the GDP implied deflator shows the rate of price variation in the economy as a whole.

Industry investment, nevertheless, is at very high levels. It did drop somewhat during the financial crisis in 2008, but it has increased sturdily again over the period ahead, driven significantly by the mining sector.

Exports have improved at a solid pace at last 10 years. Together with higher export prices, this has indicated that the trade account of the BOP has moved sturdily back into surplus, an uncommon condition for Australia.

Employment has been growing sturdily; actually, more strongly than would

generally be related with current rates of increase in GDP, and the rate of unemployment has fallen meaningfully since mid-2009, to around 5¼ percent (Bateman, et al. 41).

Gross capital formation (percentage of GDP) in Australia as last measured in 2012 was at 27.96, according to the World Bank. Gross capital formation (gross domestic investment) entails of expenditures on additions to the fixed assets of the economy plus net fluctuations in the level of inventories.

Foreign direct investment, net outflows (percentage of GDP) in Australia was 1.04 in 2011. The highest value over the past 10 years was 3.42 in 2006, whereas its lowest value was -4.55 in 2005.

The Australian Government is committed on an open, flexible economy, which has been the main factor in Australia's trade performance and strong economic over the last 10 years (Bateman, et al. 49). Government remain the principal providers of education services and health to the majority of Australians; and, as in other advanced economies, are accountable for traditional public services and social security benefits, social and economic infrastructure support for cultural activities.

Conclusion Australia has delivered a great growth performance over the past years. That benefit surged from a long procedure of economic reform and disciplined economic strategies. Although there is important variation in growth across industries, the welfares of growth are spread extensively across the countries and the income distribution of the population. It is rational to expect that more growth lie ahead. Nevertheless, with the economy currently operating close to its capacity, it will take additional

improvement in output and disciplined strategies for this growth to be sustained.

Works cited

Bateman, Hazel, et al. "Financial Competence and Expectations Formation: Evidence from Australia." *Economic Record* 88. 280 (2012): 39-63.

World Bank Group, ed. *World Development Indicators 2012*. World Bank Publications, 2012. Print.

Appendices