

Australia's strong recovery from pandemic leads...

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Australia's strong recovery from pandemic leads the way

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Defying the doubters, the Australian economy has once again displayed its strength.

Growth is up, unemployment is down and this week S&P Global Ratings, a leading international credit rating agency, upgraded Australia and reaffirmed our AAA status.

The economic recovery was “quicker and stronger” they said, unemployment “driven down surprisingly fast” and the Morrison Government’s fiscal and health response was “swift and decisive”.

The economy remains resilient and S&P do not “expect small outbreaks or short ‘circuit-breaker’ lockdowns to derail our expected fiscal recovery”.

Remarkably, Australia is one of only three countries to receive an upgrade from S&P this year and one of only nine countries to have a AAA credit rating from the three leading rating agencies.

This matters to families and businesses because the stronger a nation’s credit rating, the lower the cost of borrowing for their Government and their bank.

As the Prime Minister heads overseas this week to meet with G7 leaders, he goes with the knowledge Australia has outperformed all major advanced economies over the course of the last year.

Germany, France, the United Kingdom and Japan all saw their economies contract over

the March quarter, while Australia’s economy expanded.

Our economy is now bigger than it was going into the pandemic, nine months earlier than expected in last year’s Budget.

Growth over the last three quarters at 8.7 per cent is the strongest seen in Australia in more than half a century.

The labour market has recovered five times faster than what Australia experienced after the 1990s recession.

More than 150,000 people have come off unemployment benefits since the end of JobKeeper, and today, there are more people in work in Australia than before COVID began.

A feat not achieved by any other major advanced economy.

The unemployment rate has fallen to 5.5 per cent, and since the peak of this crisis, more than 900,000 jobs have been created.

A third of these new jobs have been taken up by young people aged 15-24 and 57 per cent have gone to women.

In Western Australia alone, 110,000 new jobs have been created.

Youth unemployment in Australia today is the lowest in 12 years, underemployment is the lowest in seven years and this week job ads increased for the 12th straight month, with the survey showing more than 213,000 jobs available.

What is particularly significant about this positive economic data is the fact the private sector is leading the recovery.

Household consumption has increased by 14 per cent since June, the strongest period of growth on record. As

restrictions have been eased, people have returned to work, and tax cuts have put more money into families’ pockets; spending has risen strongly, including in cafes, restaurants

and hotels. Motor vehicle sales topped 100,000 in May.

A bumper crop saw farm output increase to its highest level in seven years.

HomeBuilder drove housing investment to its highest level in around 17 years.

New machinery and equipment was up more than 10 per cent in the March quarter, the highest level in 18 years.

Schibello Coffee, a family-owned business I visited recently is a case in point. Using the expanded instant asset write off we announced in last year’s Budget, they have bought a new roaster and expanded their production line, enabling them to compete for larger contracts for which they are looking to take on more staff. This is an example of a business backing itself to invest, hire and grow.

But despite the strong momentum we have seen across the economy, there is no room for complacency and we must secure the economic recovery.

This is why in this year’s Budget we announced over \$40 billion of new COVID-related economic support, including tax relief for more than 10 million Australians, record business investment incentives, expanded and extended skills programs and record spending on infrastructure.

The pandemic remains a threat, as indicated by the recent COVID outbreak in Victoria.

Indeed, since the initial



nationwide lockdown, Victorians have been subject to more than 140 days of lockdown, compared with an average of just six days across the other States and Territories.

Kids not in school, families apart and businesses closed; the impact has been severe. These are difficult days for the nation, and the world, as we continue to confront a once-in-a-century pandemic. But when we reflect on what more than 25 million Australians have achieved over the last year on both the health and the economic front, it is quite remarkable.

We are not yet out of this crisis, but working together, we will get there and be stronger on the other side.

Josh Frydenberg is the Federal Treasurer