

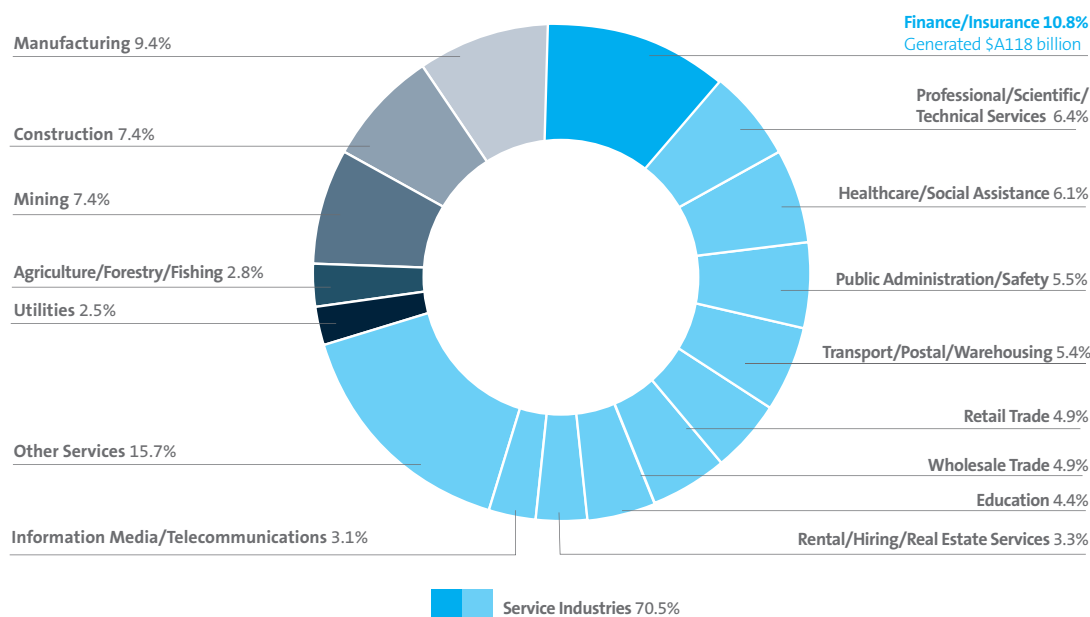


Financial sector – the largest contributor to Australia’s economy

The financial sector is the largest contributor to Australia’s national output, employment and economic growth, generating more than 10 per cent of Australian output, according to the latest publication of Australian Bureau of Statistics (ABS) – Australian System of National Accounts.¹ Australia’s financial sector continues to grow more rapidly than most other sectors of the economy, benefiting from significant structural reforms and strong and resilient economic growth over the past two decades. Australia has one of the most sophisticated and advanced financial sectors in the Asia-Pacific region. The sector has been underpinned by a highly skilled, multi-lingual labour force, world-class regulatory framework, and competitively-priced business infrastructure.

- Finance and insurance overtook the manufacturing sector in 2006 as the largest sector in Australia’s economy.² The sector directly generated 10.8 per cent or A\$118 billion of real gross value added for the fiscal year 2008-09. This contribution is up from 8.4 per cent or A\$50 billion two decades ago.
- The finance and insurance industry is a major driver of Australia’s economic growth, contributing almost four times that of agriculture, forestry and fishing (A\$31 billion) and around 50 per cent more than mining (A\$81 billion), two traditional contributors to Australia’s economic wellbeing. The increasing significance of finance and insurance over the past two decade has also aided growth in related sectors such as information and telecommunications, and other business services.
- In terms of growth, Australia’s finance and insurance sector is one of the country’s highest performing industries, achieving an average growth rate of 4.0 per cent between 1988-89 and 2008-09. This is above the combined average for all industries (3.2 per cent) and all services industries (3.5 per cent).
- The sector employs directly around 400,000, or 3.7 per cent of total employment.³ Indirectly, the sector employs a much larger number of people, by ways of legal, accounting, property, information technology, administration and other services.
- Australia is now a service-based economy, with services industries accounting for more than 70 per cent or around A\$780 billion of total real gross value added. The contribution rate was up from 66 per cent two decades ago.

Australia’s Real Gross Value Added by Industry – 2008-09^a



a. Annual total to June 2009.

Sources: Australian Bureau of Statistics, cat. no. 5204.0, Australian System of National Accounts, Table 5; Austrade

1. There are a number of significant changes in this latest ABS issue. This is the first release of Australian System of National Accounts based on the new international standards System of National Accounts 2008 and Balance of Payments and International Investment Position Manual, sixth edition, and to the new industry classification Australian and New Zealand Standard Industrial Classification, 2006 and Standard Economic Sector Classification of Australia, 2008. These changes have resulted in revisions to the entire national accounts time-series. To find out more details of the latest changes, please refer to the release of Australian System of National Accounts (5204.0) 2008-09, page 2; 2. ABS cat. no. 5204.0 Australian System of National Accounts, Table 05. Gross Value Added (GVA) by Industry, Time Series Workbook; 3. ABS cat. no. 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Table 04. Employed persons by Industry – Trend, Seasonally Adjusted, Original, Time Series Workbook.