Welcome to QETA Newsletter 7 2014.

QETA CALENDAR 2014

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<td>28 April</td>
<td>Econopak 1 2014 Published</td>
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<td>19 May</td>
<td>Economic Society RBA Breakfast with Jonathan Kearns</td>
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<td>17 July</td>
<td>UQ Student Economics Day 10.00am – 2.00pm</td>
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<td>18 July</td>
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<td>21-25 July</td>
<td>Economics Week</td>
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<td>21-25 July</td>
<td>UQ School of Economics Student Economics Competition</td>
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<td>2-3 October</td>
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QETA NEWS

1. MEMBERSHIP 2014
Our membership for 2014 has reached 150 – an increase over the 143 members from 2013. This is pleasing for the Management Committee. There are still about 30 schools teaching Economics that are not members of QETA. If you know an economics teacher who is not a member, please invite them to join QETA and receive the benefits that membership offers.

2. UNIVERSITY STUDENT DAYS 2014
Advance notice that the annual University Student days will be held on 17th and 18th July. UQ Day is Thursday 17th July and QUT Friday 18th July. Details will be sent to all members and schools in South East Queensland in mid-May!

3. ECONOMIC SOCIETY BREAKFAST WITH RBA 19TH MAY
The Economic Society (Qld) is holding a Breakfast on 19th may 2014 at the Brisbane Polo Club. The guest speaker is the RBA’s Jonathan Kearns, Head of the Economic Analysis Department of the RBA and the topic is “Current Conditions in the Australian Economy”. The cost is $50 per person, and it starts at 7.15am, finishing at 8.30am. QETA is a member of the Economic Society and this enables all our members to attend at member’s rate. See details in the Professional learning Notices.

PROFESSIONAL LEARNING

ECONOMIC SOCIETY RBA BREAKFAST
On the morning of Monday, 19 May, The Economic Society of Australia (QLD) will host Dr. Jonathan Kearns for a discussion of ‘Current Economic Conditions’. Venue is the Brisbane Polo Club. Cost $50 per person.
Jonathan Kearns is Head of Economic Analysis Department at the Reserve Bank of Australia. Prior to this, he was Head of Economic Research Department and Deputy Head of Domestic Markets Department. He has published research on international finance and international macroeconomics. He holds a PhD in Economics from the Massachusetts Institute of Technology and a Bachelor of Economics (Hons) from the Australian National University.
The event will feature a breakfast followed by Dr. Kearns presentation and a Q&A session.
See the attached flyer for details.

**Study programs to Asia:** Cambodia, Malaysia and Indonesia.

In June and July, AEF is delivering three study programs designed for primary and secondary school teachers, school leaders and other education professionals. Study programs provide contemporary, cultural and historical perspectives of our Asian neighbours and include opportunities to build intercultural understanding of our nearest neighbours. They include:

**Cambodia: Past and Present Study Program, 29 June to 10 July**
Learn about this historically and culturally rich country and engage with the people of Cambodia. Included is a visit to the Angkor/Khmer Empire of c.802–c.1431. [Apply now.](#)

**Malaysia Unplugged Study Program, 29 June to 11 July**
Experience the political nerve centre of Putrajaya in Kuala Lumpur and on to Sarawak, known for its natural wonders, protected national parks and home to 28 ethnic groups. Scholarships are available. [Apply now.](#)

**Discover Indonesia Study Program, 6 July to 13 July**
From Jakarta to Yogyakarta explore traditional and contemporary Indonesian culture. Build your understanding of the country's education system and its people. [Apply now.](#)

Go to [Study programs to Asia](#) for more information.

**RESOURCES**

1. **FROM THE FEDERAL TREASURY**

**Economic Roundup Issue 1, 2014**
The following articles are included in the Economic Roundup Issue 1 of 2014.

- Is the global financial safety net at a tipping point to fragmentation?
- On a highway to help: multilateral development bank financing and support for infrastructure
- The incidence of company tax in Australia
- Whole-of-government benefits framework – standard business reporting case study

[Read more.](#)

**International economic cooperation – Is it at risk?**
The global economic backdrop is changing. These changes inevitably have implications for the global environment and architecture in which international economic cooperation occurs and hence on how we consider domestic policy choices.

A transcript of the speech is now available on the [Treasury website](#).

**Are the Bretton Woods institutions still relevant for the emerging market economies?**
**Address to the Reinventing Bretton Woods Conference**
Today, I want to look at the cornerstones of the international architecture and the reason we are here—the IMF and World Bank Group—to consider how well they serve us.

The global economic backdrop has undoubtedly changed significantly since these institutions were established. The centre of global gravity, which had been shifting from Asia to the West since the Industrial Revolution, is now returning to the Asia-Pacific region. Along with this shift we are also seeing a dispersion. The world is no longer unipolar with a clear single centre; the centres of growth are increasingly spread across a range of hubs.

A transcript of the speech is now available on the [Treasury website](#).

**Arrangements for an Asia Region Funds Passport**
The Asia Region Funds Passport (the passport) is an APEC initiative which aims to create a regulatory arrangement for the cross-border offer of collective investment schemes in participating economies. The passport will enable fund operators in passport member economies to offer eligible schemes to retail investors in other member economies under a streamlined process.

The passport working group (Australia, Korea, New Zealand, the Philippines, Singapore and Thailand) has prepared this consultation paper to seek views from the public on the details of the proposed arrangements. This follows the signing of a statement of intent on the passport by finance ministers from Australia, Korea, New Zealand and Singapore in September 2013, committing to jointly issue such a paper.

Following this consultation, economies who decide that they want to be passport member economies will work to finalise the arrangements by early 2015 with a view to the passport commencing in 2016.
The passport was a recommendation of the 2009 report, *Australia as a Financial Centre: building on our strengths* by the Australian Financial Centre Forum chaired by Mr Mark Johnson, AO. Australia is represented on the passport working group by officials from Treasury and the Australian Securities and Investments Commission.

Read more

2. FROM THE ABS

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3. FROM THE IMF

IMF Survey : **Recovery Strengthening, but Requires Stronger Policy Effort** The strengthening of the recovery from the Great Recession in the advanced economies is a welcome development, according to IMF staff. But the latest World Economic Outlook also emphasizes that growth remains subpar and uneven across the globe.


IMF World Economic Outlook (WEO) - Recovery Strengthens, Remains Uneven, April 2014 Global activity has broadly strengthened and is expected to improve further in 2014–15, according to the April 2014 WEO, with much of the impetus for growth coming from advanced economies. Although downside risks have diminished overall, lower-than-expected inflation poses risks for advanced economies, there is increased financial volatility in emerging market economies, and increases in the cost of capital will likely dampen investment and weigh on growth. Advanced economy policymakers need to avoid a premature withdrawal of monetary accommodation. Emerging market economy policymakers must adopt measures to changing fundamentals, facilitate external adjustment, further monetary policy tightening, and carry out structural reforms. The report includes a chapter that analyzes the causes of worldwide decreases in real interest rates since the 1980s and concludes that global rates can be expected to rise in the medium term, but only moderately. Another chapter examines factors behind the fluctuations in emerging market economies’ growth and concludes that strong growth in China played a key role in buffering the effects of the global financial crisis in these economies.


IMF Survey : **Governments Must Press Ahead With Spending Reform** In many countries, public finances remain on edge as economies struggle to return to pre-crisis levels of economic growth, highlighting the need for growth-supporting fiscal reforms.


http://www.imf.org/External/Pubs/FT/GFSR/2014/01/index.htm

IMF Survey : **Global Financial Stability Improved, Still Challenged** Over the past six months, financial stability has broadly improved in advanced economies and has deteriorated in emerging economies, according to the International Monetary Fund’s latest Global Financial Stability Report.


IMF Survey : **Lagarde: Three Hurdles to Clear for Faster, Better Growth** Global policymakers will have to overcome a trio of hurdles if the world economy is to successfully generate more rapid and
sustainable growth, IMF Managing Director Christine Lagarde tells a media briefing at the start of the IMF-World Bank Spring Meetings.

IMF Policy Paper: Managing Director’s Global Policy Agenda to the International Monetary and Financial Committee Summary: Global activity is strengthening, but the recovery is uneven and remains too weak for comfort, with geopolitical tensions injecting new concerns. Key challenges include risks from a lasting rise in capital flow volatility for emerging and frontier economies and very low inflation in advanced economies, especially the euro area. Creating a more dynamic, job rich global economy remains our collective goal. For this, policymakers should manage the recovery more actively and reinforce their cooperation to minimize negative spillovers and promote financial stability.

IMF Survey: IMF Policy-Steering Body Aims for Balanced, Job-Rich Global Economy With the global economy strengthening, the IMFC stressed that countries should shift their focus from the short term to the medium term, with special emphasis on carrying out structural reforms that will support sustainable, balanced, and job-rich growth.

IMF Survey: Inequality Seriously Damages Growth, IMF Seminar Hears Growth and inequality are mutually incompatible, participants agreed at a high level seminar held during the IMF-World Bank meetings, but they differed sharply about the priorities to address the rise in inequality over recent decades.

4. FROM WORLD BANK
Economic Updates Forecast Growth
It’s that time of year when World Bank economists predict the performance of the world’s regions. Find out how much the developing world is expected to grow.

The Longer the World Waits to Address Climate Change, the Higher the Cost
"The IPCC makes crystal clear that time is of the essence. The sooner we start to tackle the problem, the better our chances of fixing it and, importantly, the lower the cost."—Rachel Kyte, April 13

5. FROM THE RBA
Draft copies of papers presented at the Reserve Bank of Australia 2014 Conference – Financial Flows and Infrastructure Financing - on 20 and 21 March 2014 have been published on the Bank’s website.

The Reserve Bank of Australia has released the following Research Discussion Paper:
* RDP 2014-02, ‘Fiscal Policy and the Inflation Target’, by Peter Tulip

The Reserve Bank of Australia has released the following Research Discussion Paper:
* RDP 2014-03, ‘Household Saving in Australia’, by Richard Finlay and Fiona Price

A speech delivered by Dr Guy Debelle to the Economic Society of Australia in Canberra, is available on the Reserve Bank website.

The Reserve Bank of Australia has released the Minutes of the April 2014 Monetary Policy Meeting of the Reserve Bank Board.

6. FROM THE BUSINESS SPECTATOR
Weekend Economist: Conditional confidence
The uneven nature of economic growth and volatile investment spending pose serious questions for emerging economic optimism.

The real 'cost' of making an effort

A more credible emissions reduction target of 19 per cent would be a blip on Australia's economic radar, and would eventually deliver a net benefit.

House prices 'flashing red': Barclays

Davies says Aust household debt has hits a record 177% of annual disposable income.

In jobs strife for the short or long run?

Job losses continue to dominate the headlines, but changing demographics indicate that the long-term challenge is a lack of workers rather than a lack of jobs.

Few free trade favours from Fortress Japan

Australia's agreement with Japan has left farmers out in the cold, sealing little improvement for the biggest exporting sectors.

Business confidence slips in March: NAB

Survey shows business conditions edge up in the month but remain subdued.

Australian manufacturing: From dying industry to dream factory?

Lower tariffs and cheaper imports have battered the manufacturing industry, but a new report suggests a shift to high value-added production could save the sector from extinction.

Job ads lift in March: ANZ

Lender says labour demand is strengthening, unemployment peak may be close.

Growing pains in the housing market's transition phase

Slowing momentum should curb any enthusiasm about a rise in household lending, but it's too soon to tell whether investor activity is becoming exhausted, or if the market is shifting to sustainable levels of growth.

Consumer sentiment lifts in April: WBC

Index edges higher against lender's expectation of a stronger rebound.

Prepare for a sharp house price punishment

As demographics turn against the housing market and a terms-of-trade boom recedes, foreign buyers and SMSFs are unlikely to fill the gap. There's every chance values will fall painfully.

Japan FTA merits are lost in translation

Views on the Australia-Japan FTA are sharply divided, but deciding if it's a net win for Australia puts the spotlight on bilateral agreements and their impact on the development of regional trade blocs.

Few free trade favours from Fortress Japan

Australia's agreement with Japan has left farmers out in the cold, sealing little improvement for the biggest exporting sectors.

What the world needs now

The global recovery is becoming broader and stronger but acute risks haven't disappeared. As demand improves, it's time to support growth with greater focus on supply.

The truth about unemployment in Australia

A spurious analysis of labour force data may lead many analysts to conclude that the Australian economy is improving, but a closer look will reveal quite a different conclusion.

Is China really the second most powerful economy in the world?
In GDP terms, China may be the world's second-largest economy but a new report by S&P shows exactly why Japan is still an economic powerhouse.

Hockey must work an economic miracle
On so many issues, Treasurer Hockey is between a rock and a hard place. Keeping growth alive will be an extraordinary achievement.

Weekend Economist: Healthy households
Like in the US, Australian household spending is constrained by a lack of big investment. But optimists should rest assured, we have some crucial advantages.

The clock is ticking on Australia's housing boom
Frenzied speculation continues to drive up house prices in Sydney and Melbourne, with a bust increasingly on the cards. The timing has never mattered more for Australia's anaemic economy.

A shadow of debt hangs over the global economy
Stronger growth in the US and eurozone is a cause for optimism, but historically high levels of public debt, an uneven recovery and emerging market risks will test fiscal policymakers.

A steep bill for Australia's lost youth
Australia's youth unemployment has tripled since 2008 and much-needed economic potential is being lost day by day. The implications cannot be neglected.

Business conditions rebound in Q1: NAB
Confidence remains elevated in March quarter despite a slight fall, while business conditions post best performance in 18 month.

New car sales fall in March
Australian Bureau of Statistics data shows a fall in new car sales for the month.

7. FROM MONEY SMART AT ASIC
Don't put all your eggs in one basket
We explain why diversifying your investments and spreading your risk makes sense.

Rent to buy deals
Find out if rent to buy deals are all they are cracked up to be.

The power of compound interest
See how compound interest can power up your savings when you use our compound interest calculator.

Buy a virtual phone
Get your teenagers to practice buying a mobile phone using MoneySmart Teaching's Consumer Rights' digital resource.

8. FROM BUSINESS COUNCIL
Conclusion of Free Trade Agreement Negotiations with Japan
The Business Council of Australia has released a statement from President Catherine Livingstone welcoming the conclusion of free trade agreement negotiations with Japan.

In the statement, Ms Livingstone said the conclusion of the negotiations is a major milestone and that the agreement will reinvigorate and strengthen an already critical bilateral relationship by providing a modern commercial framework for increased trade and investment.

9. FROM ASIALINK
**Essay: Reaching out to Asia's rich**
The population growth of Asia's middle class may be impressive but their disposable income is not. Tejpavan Gandhok argues that the Australian economy would benefit from focusing on Asia's millionaires.
[Read more](#)

10. **FOOD AND FIBRE: NEW LEARNING ACTIVITIES.**
Ten Food and Fibre learning activities support the Australian Curriculum for Design and Technologies, and for Economics and Business, and address the cross-curriculum priority of Asia and Australia's engagement with Asia and the general capability of Intercultural understanding.

Through the Design and Technologies Food and Fibre resources students learn about sustainable farming, water management, and food across the Asia region. The Economics and Business resources include studies in the prices of food, imports and exports, and the manufacturing of clothes in Asia.

View the [Food and Fibre resources](#).

11. **FROM US FEDERAL RESERVE BANK**
**The Fed's Toolbox**
In this lesson, students learn that the Federal Reserve System uses its monetary policy tools to influence the level of reserves in the banking system. Students participate in a simulation to demonstrate how the Fed uses open market operations to achieve its dual mandate of price stability and maximum employment. Students also learn about other monetary tools: the discount rate, reserve requirements, and interest on reserves—a recent monetary policy tool. Finally, students apply their knowledge of monetary policy to suggest possible Federal Reserve policy responses to proposed economic conditions.

[WEBSITE](#)

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