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### Newsletter #80

Economic Society of Australia,  
New South Wales Branch,  
**May 2021**  
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Dear friend,

Welcome to our May newsletter. Read on for information about upcoming economics events and activities.

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## News

The latest NEP poll asked whether the budget should push for an unemployment rate beginning with 4. You can read the results of the survey below.

Budget strategy: how low should the budget attempt to push unemployment?

**Exclusive. Top economists back budget push for an unemployment rate beginning with '4'**



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[Peter Martin, Crawford School of Public Policy, Australian National University](#)

Australia's top economists have overwhelmingly backed a decision by Treasurer Josh Frydenberg to [reset the budget strategy](#) so that it prioritises achieving an unemployment rate of between 4% and 5% over reducing debt.

Australia hasn't had an unemployment rate below 5% since 2011.

It hasn't had an unemployment rate below 4% since the [early 1970s](#).

Unemployment rate, per cent



[ABS labour force survey](#)

The new wording of the [fiscal strategy](#) required in the budget as part of the Charter of Budget Honesty will commit the government to quickly drive down unemployment until the unemployment rate is between 4% and 5%

Only when the unemployment rate is sustainably within that band will the strategy switch to a focus on reducing government debt as a share of GDP.

*Read more:*

[Josh Frydenberg has the opportunity to transform Australia, permanently lowering unemployment](#)

The existing wording, introduced in last year's budget in response to the COVID crisis, only commits the government to drive down unemployment until the rate is "comfortably below 6%".

Treasurer Frydenberg spelled out the new strategy in an address to the Australian Chamber of Commerce and Industry on [Thursday](#) saying both the treasury and the Reserve Bank now believed the so-called non-accelerating inflation rate of unemployment was lower than 5%

"In effect, both the bank and treasury's best estimate is that the unemployment rate will now need to have a four in front of it," he said.

### Like it was under Menzies

The Reserve Bank was limited in its ability to cut interest rates further, meaning greater weight would have to be placed on the budget to bring unemployment down to between 4% and 5%.

The exact wording of the new strategy will be unveiled on budget night, May 11.

The increased ambition means the government plans to usher in an era of sustained low unemployment not seen since the prime ministerships of Robert Menzies, Harold Hold, John Gorton and William McMahon.

### Backed by 6 in 10 leading economists

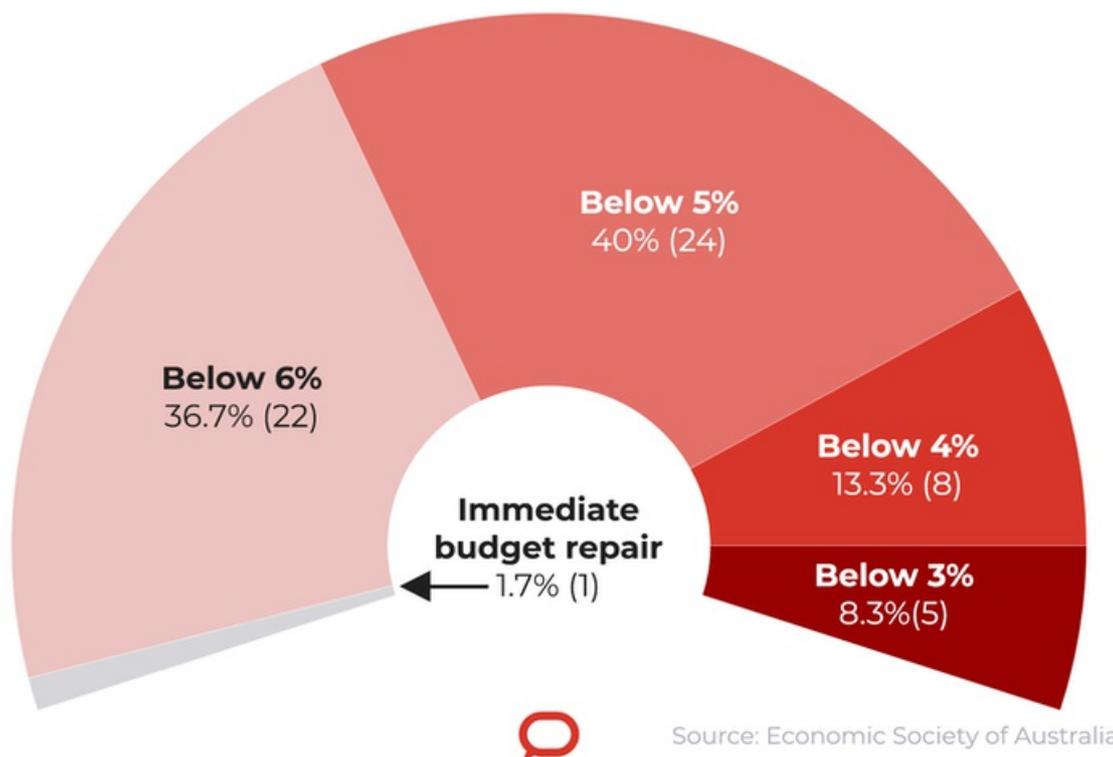
Of the 60 leading Australian economists surveyed by the Economic Society of Australia and The Conversation ahead of the announcement, more than 60% wanted the target strengthened to an unemployment rate below 5%.

Some 21% (13 of the 60 surveyed) want the target strengthened to an unemployment rate below 4%.

Five want the target strengthened to an unemployment rate below 3%.

## Responses from 60 economists to the question:

"The budget strategy should commit the government to use fiscal policy to quickly drive down the unemployment rate until it is comfortably..."



The Conversation, [CC BY-ND](#)

Only one of the 60 top economists surveyed wanted an immediate tightening of the budget regardless of the unemployment rate.

Tony Makin, a former International Monetary Fund and treasury economist who was critical of Australia's stimulus program during the [global financial crisis](#) says the present ultra-low interest rate settings are more than enough to drive unemployment as low as it

can get without stoking runaway inflation.

He says the extra government debt that would be created by a push for even lower unemployment would put Australia's credit rating at risk and push up interest rates and the Australian dollar, making Australian exports less competitive.

### 'Unusual opportunity'

The economists chosen by the Economic Society to take part in the survey are recognised leaders in fields including microeconomics, macroeconomics, economic modelling and public policy.

Among them are former and current government advisers, former heads of government departments and agencies, and a former member of the Reserve Bank board.

Labour market specialist Sue Richardson said Australia faced an unusual opportunity to test how low unemployment can go before a tight labour market produces unacceptable stresses.

### US unemployment got down to 3.5%

The combination of reduced temporary migration, very low inflation and inflation expectations and a relaxation in the focus on containing the size of government debt made this a rare moment.

Consultant Nikki Hutley said if the experience of the [United States](#) before COVID was any guide, Australia might be able to get its unemployment rate down to 3.5% without stoking accelerating inflation.

With interest rates at such low levels, investing in Australia's economic future could not be a better decision.

### Taking pressure off the Reserve Bank

Economist Saul Eslake said it wasn't unreasonable for the treasurer to have proposed a threshold of an unemployment rate "comfortably below 6%" before beginning budget repair last year, given that at that time the conventional wisdom was that unemployment was headed to 10%.

But now both the [Treasury](#) and the [Reserve Bank](#) have made it clear unemployment can be forced lower without stoking inflation, "four point something" is realistic.

Inflation figures released on Wednesday showed one of the most reliable measures of inflation, known as the "trimed mean", at an [all-time low](#).

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#### **Read more:**

[Jobs for men have barely grown since the COVID recession. What matters now is what we do about it](#)

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Another reason for the government to delay winding back debt was that it would give the Reserve Bank an opportunity to lift interest rates sooner, giving it greater ability to cut interest rates to fight downturns in the future.

A report released by the [Parliamentary Budget Office](#) on Wednesday said reducing the government's debt-to-GDP ratio to pre-pandemic levels would take decades, "even under relatively optimistic scenarios".

But it added that debt servicing costs should remain subdued as the existing debt was borrowed at historically low interest rates.

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#### **Read more:**

[Should the government keep running up debt to get us out of the crisis? Overwhelmingly, economists say yes](#)

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Macquarie University's Geoffrey Kingston said it was the wrong time to be thinking about either an unemployment or a debt target. What mattered, this year more than most, was the composition of government spending.

This meant better supplies of the Pfizer and Moderna vaccines, more facilities for mass vaccinations and safer quarantine.

Peripheral programs such as subsidising airfares to holiday destinations at a time when it remained imprudent to encourage air travel were much less important — even if they helped fight unemployment.

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**Peter Martin**, Visiting Fellow, [Crawford School of Public Policy, Australian National University](#)

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## Virtual ACE 2021

ACE2021

**It is our pleasure to invite you to the Australian Conference of Economists (ACE) 2021 to be held from 12 to 14 July 2021 as a fully virtual event.**

ACE 2021 will celebrate over 100 years of welfare economics and will bring together like-minded individuals to explore concepts of allocation, utilisation and distribution of our resources as they relate to the wealth and wellbeing of individuals and our society. The conference program will feature presentations on research and/or policy papers that deal with **Wealth, Wellbeing and other issues in economics**.

Be sure to add ACE 2021 to your calendar and join us in this celebration of a centenary of learnings and achievements. We look forward to reconnecting with many of our members, as well as new and returning faces.

[VISIT THE DEDICATED ACE2021 WEBSITE](#)

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## Upcoming Events

The Young Economist Network are working behind the scenes to bring you the ever popular **Trivia Night**. Please hold the date of Wednesday 23 June in the meantime.

Please also keep an eye out for webinar events from other ESA Branches. The Central Council [Calendar](#) has all this information.

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## Upcoming Webinars

What the Budget Means for Women

Join our three incredible panellists – Nicki Hutley, Danielle Wood and Danielle Woolley - as we discuss what the Federal Budget means for women.

Putting a gender lens on the Budget, we will cover a range of issues including superannuation, the gender pay gap, paid parental leave, violence against women and social policy issues.

Feel free to include your question for our panellists when you register.

The session will be facilitated by Dr Kar Mei Tang, Chair of the NSW Women in Economics Network.

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## About our Speakers



**Nicki Hutley** is a highly experienced economist, with broad-based expertise in both macroeconomics and microeconomic policy gained over more than three decades in financial and investment markets and in economic consulting. She is particularly interested in the intersection of economy, society and environment.

After many years in the corporate world, including most recently as a partner with Deloitte Access Economics, Nicki is now an independent economist and keynote speaker. She also consults with **Social Outcomes**, developing social impact programs and finance solutions as well as measuring impact using triple bottom line Cost Benefit Analysis. In 2020, Nicki was appointed as a Councillor for the **Climate Council** and admitted as an expert faculty member (economics) to **SingularityU Australia**. Nicki is a council member for the **Economics Society of Australia** (NSW), and a Board member for **One Million Women** and the **Financy Women's Index**. Nicki is also a frequent commentator in the media and is a regular guest on both The Drum and The Project.



**Danielle Wood** is the CEO of the Grattan Institute. She believes in the power of public policy to make Australia a better place. Danielle has published extensively on economic reform priorities, budget policy, tax reform, generational inequality and reforming political institutions. She is a sought-after media commentator and speaker on policy issues.

Danielle previously worked at the ACCC, NERA Economic Consulting and the Productivity Commission. She holds an Honours degree in Economics from the University of Adelaide and Masters degrees in Economics and Competition Law, from the University of Melbourne.

Danielle is the National President of the Economic Society of Australia and co-founder and former Chair of the Women in Economics Network.



**Danielle Woolley** is a Partner in KPMG Australia working with clients in the Government and Human Services sectors. Prior to joining KPMG in early 2019, Danielle had worked for 25 years in the NSW Government across social, economic and environmental portfolios. Danielle has held senior executive roles at the NSW Department of Premier and Cabinet with responsibility for driving whole-of-government priorities in areas such as domestic and family violence, child sexual abuse, refugee resettlement, counter terrorism, energy security and affordability and the transformation of Western Sydney under the Western Sydney City Deal. She also worked for 10 years in the Department of Family and Community Services in the areas of child protection, out-of-home care and adoption and five years in the Environment Protection Authority.

Since 2018, Danielle has been a Board member of Cemeteries and

Crematoria NSW. Danielle has qualifications in Economics and Law from the University of Sydney.

## Registration and Joining this Webinar

To register please book online below. The link to join this webinar will be included in your auto-generated invoice email - please look out for this and keep it safe until the webinar is due to be broadcast. Note, these emails sometimes get caught in spam folders. The timing of this event is AEST (Sydney/Canberra/Melbourne).

**Members - remember to login so that you can register free of charge.**

## Partner Events

The Federal Budget 2021-22: A post-Budget briefing

Resuming a long-standing tradition, Secretary Kennedy will brief ABE members and guests about the architecture of the 2021-22 Federal Budget including forecasts, measures, impacts. This will be our first post-pandemic event presented in a venue. Take advantage of the opportunity to meet with colleagues over lunch. Dr Kennedy has agreed to field questions from the audience.



### Details

Time: 12:30 pm - 2:00 pm

Venue: Four Seasons Sydney, 199 George Street, The Rocks

Cost: \$165 members, \$195 for non-members, \$1850 table of 10 guests

Registration in advance is essential

Register and pay online [here](#)

Dr Kennedy has agreed to take questions from the audience.  
Enquiries: [info@abe.org.au](mailto:info@abe.org.au) or call 0419 256 339

### Steven Kennedy

Dr Kennedy was appointed Secretary to the Treasury in September 2019. Prior to this appointment, Dr Kennedy was Secretary of the Department of Infrastructure, Transport, Cities and Regional Development between September 2017 and August 2019. During his nearly 30 years in the public service, Dr Kennedy has held other senior positions including Deputy Secretary at the Department of the Prime Minister and Cabinet; Deputy Secretary at the Department of Industry, Innovation and Science; Deputy Secretary at the Department of the Environment; Deputy Secretary at the Department of Climate Change and Energy Efficiency, and Head of Secretariat for the Garnaut Climate Change Review – Update 2011.

Dr Kennedy began his public service career in 1992 as a cadet at the Australian Bureau of Statistics. Prior to joining the public service, he trained and worked as a nurse.

Dr Kennedy is a member of the Reserve Bank Board, Council of Financial Regulators, Trans-Tasman Council on Banking Supervision, Board of Taxation, New Zealand Treasury Board, the Sir Roland Wilson Foundation and the Centre for Market Design Advisory Board. He is also the Institute of Public Administration Australia (IPAA) ACT President.

Dr Kennedy was awarded a Public Service Medal in 2016 for outstanding public service in the area of climate change policy. Dr Kennedy holds a PhD and a Masters in Economics from the Australian National University, and a Bachelor of Economics (First Class Honours) from the University of Sydney.

If you're not a current member of ABE, join now and remain financial through until June 2022. Take advantage of free and discounted places at our events. Join online at the event registration page

**Australian Business Economists (ABE)** aims to encourage greater understanding of economic issues by fostering debate in the financial markets, business and commercial sectors and across the community in general. Visit us at: [abe.org.au](http://abe.org.au)

### Australian Business Economists

email: [info@abe.org.au](mailto:info@abe.org.au) web: [abe.org.au](http://abe.org.au) phone: 0419 256 339

Critical Junctures/Critical perspectives – a call for new voices in tax reform

The COVID-19 pandemic has upended societies worldwide. It has exposed the consequences of economic stratification with the poor and marginalised disproportionately bearing the economic impact of the pandemic, the consequences of lockdown responses (such as the shut-down of Melbourne's public housing towers) and the burden of disease.

COVID-19 has also been more likely to affect groups at the intersection of economic and social disadvantage. The effects of the pandemic have fallen unequally on women. It has further entrenched gender pay/wealth gaps, with women more likely to have lost their job and to have undertaken additional care. Affected groups also include low-paid migrant workers on the COVID front line; Indigenous people especially vulnerable to COVID due to a higher likelihood of co-morbidities and restricted access to essential services; and LGBTIQ+ individuals who are potentially more vulnerable to COVID-related lockdown measures being statistically more likely to face additional physical and mental health issues.

The pandemic has also exposed the impact of a continued neglect of public institutions and declining investment in public goods – be it with under-resourced and overwhelmed health systems or decimated local supply chains.

In Australia, the bipartisan political response has paired massive government spending with declining revenue (both as a consequence of the pandemic reducing the income and consumption tax base as well as deliberate policy decisions to cut personal income tax rates and introduce tax concessions).

It is likely that the fiscal pressure from these developments will ultimately require fundamental tax reform. That is, the impact of COVID-19 on fiscal systems worldwide is exactly the type of crisis often thought necessary to precipitate major tax reform.

At such a critical juncture, it is essential to open the discussion of tax reform to new voices and new perspectives. The technical subject matter of taxation (and the general public apathy towards this perceived technical detail) means that certain groups and epistemic communities can dominate tax policy formation, development and implementation. This is despite the stakes being so high – taxation is one of the primary means to address wealth and income inequality in a political system that is tied to a market-based economy.

This symposium seeks to open the debate on reform to new voices and new perspectives that are able to challenge the status quo. It invites papers from scholars from all disciplines (for example, law, politics, economics, sociology) to offer critical perspectives on taxation. Topics might include (but are not limited to):

- The role of taxation in addressing wealth and income inequality
- Taxation and gender inequality
- The differential impact of tax policy on marginalised groups such as Indigenous people, migrant and refugee communities and LGBTIQ+ groups
- The role of taxation in addressing environmental issues.

The symposium will be hosted online from Melbourne and be held from **15-16 July 2021**. Eligible participants will be invited to submit their written papers for possible inclusion in a special issue of the *Australian Tax Review* in 2022.

The symposium offers the opportunity for scholars from diverse disciplines to be paired to respond to a common issue. Scholars might choose to do so themselves through submitting a joint abstract or express an interest in being paired with a scholar from another discipline when they submit their abstract. In the latter case, an effort will be made (subject to constraints) to link scholars whose abstracts are accepted with others who may wish to, and be suitable to, collaborate on the topic. Papers from early career scholars and people from traditionally underrepresented backgrounds are especially welcome to apply. Due to logistical and other considerations, the call for papers is primarily (but not exclusively) directed at participants in Australia and New Zealand.

Enquiries and abstracts of no more than a page should be submitted to [kathryn.james@monash.edu](mailto:kathryn.james@monash.edu). The deadline for submission of abstracts is 7 March 2021.

[READ MORE](#)

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## Reading and Listening

Catch up on ESA Central Council's National Webinar Program [here](#).

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## Careers and Graduate Opportunities

Advertising an economics position on the ESA website is a good way to get wide exposure for a role. If you would like to advertise a role on the website, please contact our [administrator](#) for more information. There is a small fee of \$110 inc GST.

Current opportunities are listed below.

Associate Director, Applied Economics

### About the Role

The **Associate Director, Applied Economics** will lead project teams to develop highly effective advice, based on economic analysis, to inform strategy, policy and investment decisions that facilitate the delivery of major initiatives. This will include developing compelling, innovative and fit-for-purpose materials to communicate complex economic concepts and the results of data analysis.

Want to know more? Please refer to the [Role Description](#)

### About the Branch

The Economic Development Branch in Investment NSW provides strategic economic analysis and advice to inform strategy, policy and investment decisions across the agency and NSW Government.

### About you

We are looking for an Associate Director who can successfully:

- 'tell a story with data' and communicate complex economic concepts to build a compelling case, developing options and influencing decision makers
- lead projects that include economic research and analysis on a wide range of industry, regional and economic issues, and create the fit-for-purpose materials, including business cases, that make the results accessible and valued
- develop effective relationships with key stakeholders to ensure analysis is robust and coordinated.

### Required knowledge, skills & experience

- Tertiary qualifications in economics, commerce or other related fields undertaking significant economic analysis or equivalent knowledge.
- Extensive experience in applying economic principles, undertaking research projects, developing and evaluating policy and strategy options, and clearly communicating complex economic analysis in various forms.
- Demonstrated project management, stakeholder engagement and policy development skills.

### Interested in applying?

To learn more about the role and the application process through I work for NSW please [click here to apply now](#).

**Salary:** Clerk Grade 11/12. Package includes base salary (\$128,473- \$148,578) plus superannuation and leave loading.

**Closing date: Sunday, 9 May 2021 (11:59 PM)**

### About Investment NSW

To learn more, please visit our website: <https://www.investment.nsw.gov.au/about-investment-nsw/>

Economist, Researcher, Executive Officer

Blueprint Institute is growing quickly. We are always on the look out for talented and value-aligned individuals who are passionate about public policy. If you are interested in hearing more about upcoming opportunities at Blueprint Institute, please get in touch at [admin@blueprintinstitute.org.au](mailto:admin@blueprintinstitute.org.au)

Blueprint Institute is currently looking for the following:

#### Researcher

An early career professional with 1+ year(s) experience to join our team as a Researcher. The ideal candidate will have a strong economics and/or public policy background (at the Honours or Masters level). Current students will be considered. Professional experience working in a policy setting (e.g., an internship in a policy research institute, the public service, or consulting to the public sector) would be beneficial.

[Read more](#)

#### Executive Officer

An early to mid-career professional with relevant experience to join our team as an Executive Officer.

The ideal candidate will have experience in event management, or Executive Assistant experience and an interest in public policy. Professional experience working in a policy setting (e.g., a policy research institute, the public service, a political office, or consulting to the public sector) is desirable. Experience liaising with the media is an advantage. For example, we could envisage hiring a driven and outgoing individual, passionate about events and public engagement, who has worked as an events and/or media manager for an organisation that is actively engaged in public policy or as a staffer in a political office.

[Read more](#)

#### Economist

An early to mid-career professional with 2+ years experience to join our team as an Economist.

The ideal candidate will have strong economics training (at the Honours or Masters level), experience in economics or public policy, and a demonstrated commitment to policy outcomes. Professional experience working in a policy setting (e.g., a policy research institute, the public service, or consulting to the public sector) is a must. For example, we could envisage hiring a high performer who has worked at Treasury for a couple of years, and is keen for a change of scenery. But many alternative paths could yield a suitable candidate.

[Read more](#)

## 2022 Graduate Program

- Fast-track your career in the Northern Territory
- Apply your degree and develop practical skills
- Continue learning and build professional networks

*Applicants must have completed in the past three years, or be due to complete in 2021, a degree in accounting, business (specialising in accounting, commerce or economics), data analytics, environmental science, finance, international relations, intergovernmental relations, law, marketing and communications, mathematics, social science or statistics.*

There are multiple graduate positions available in Darwin, Northern Territory through the Department of the Chief Minister and Cabinet (CMC) and Department of Treasury and Finance (DTF). Applicants have the opportunity to identify their preferred agency at time of completing the application form. Applicants can select both agencies on their application form.

CMC is the lead central agency whose primary role is to support the Chief Minister, Cabinet and other government stakeholders in the delivery of government's priorities.

DTF is a key central agency that provides advice to government.

**Close date:** 21st May 2021

For further information please contact [08 8999 1695](tel:0889991695) or visit [Graduates.nt.gov.au](http://Graduates.nt.gov.au)

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