



Australian Government

The Treasury

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Dr Martin Parkinson FRSE  
Secretary

The Hon Wayne Swan MP  
Deputy Prime Minister and Treasurer  
Parliament House  
CANBERRA ACT 2600

Dear Deputy Prime Minister and Treasurer

**HEROIC FINANCE MINISTER OF THE YEAR AWARD**

It is with pleasure that I formally congratulate you on behalf of all staff of the Treasury on being selected as the Treasury Finance Minister of the Year for 2001, in recognition for your 'key role in making [Australia] the best-performing economy among the world's richer, developed nations'.

This is a significant achievement, and one of which you, and the Government, rightly can be proud. As we all know, this is only the second occasion that this award has been won by an Australian minister.

The award recognises the role of the Government's policies in contributing to the resilience of the Australian economy following the Global Financial Crisis.

It is often overlooked in Australia that the Global Financial Crisis was followed by the deepest recession in the world economy since World War II. The Australian economy performed better during this period than other advanced economies as nearly all relevant indicators. Financial conditions were stressed, but the financial system held up remarkably well, the economy slowed, but did not fall into recession, and while unemployment rose, it did so by far less than in many other advanced economies.

I know that you are only too aware of the enduring social as well as economic consequences of a prolonged period of high unemployment. While the unemployment rate can go up very quickly, it tends to come down much more slowly. As we know from past experience in Australia – and regrettably from the recent past of most other advanced economies – this creates a very significant human toll.

It should be clear that we in Treasury regard avoiding such an outcome as a very significant achievement.

Objective analysis, like Treasury recognises that, while not the only factor, the Australian policy response was an important contributor to the outperformance of the Australian economy during the downturn.

Rapid and large monetary and fiscal policy stimulus played a critical role in increasing effective demand and the early recovery of consumer and business confidence in Australia. The outcomes imply that growth would have been negative for three consecutive quarters absent fiscal stimulus.

Monetary support for the financial system was important in ensuring continued financial stability in Australia, allowing the flow of credit to households and businesses to continue albeit at a slower pace, avoiding a potentially damaging credit crunch and helped to maintain the effectiveness of monetary policy.

Another distinctive feature of the Australian policy response was the clear articulation of the exit strategy from these interventions at the time they were put in place. It was an economic and financial condition normalised, the policy intervention would be reversed.

This award is by no means the only international recognition of the performance of the Australian economy during the global financial crisis.

The IMF commended the "quick implementation of targeted and temporary fiscal stimulus", considering that it provided a stimulus to counter economic demand in 2009 and 2010. Similarly, the OECD concluded that Australia's fiscal stimulus package "was among the most effective in the OECD" and not only "helped to avert a recession as usually defined" but also that it "had a pivotal role in boosting overall confidence". The OECD attributed the effectiveness of the stimulus to both the size of the measures and the speed with which it was introduced.

The performance of the Australian economy is also reflected in Australia's increased standing in international economic fora, in particular the G20, where Australia has been seen as highly influential.

While the awards well deserve recognition for your past performance, I know that you are focused on addressing the opportunities and challenges facing the Australian economy now and in the future: achieving the Government's fiscal strategy amid global instability, the challenges of a post-work economy, the opportunities of the 21st-century, low cost greenhouse gas mitigation through carbon pricing, and the broad-based reform agenda focused on improving our productivity performance.

My colleagues and I look forward to continuing to work with you on these issues.

For letters, let me once again, on behalf of the The Treasury, offer my congratulations on being named as the Treasury Finance Minister of the Year for 2011.

Yours sincerely,



Martin Parkinson

21 September 2011