

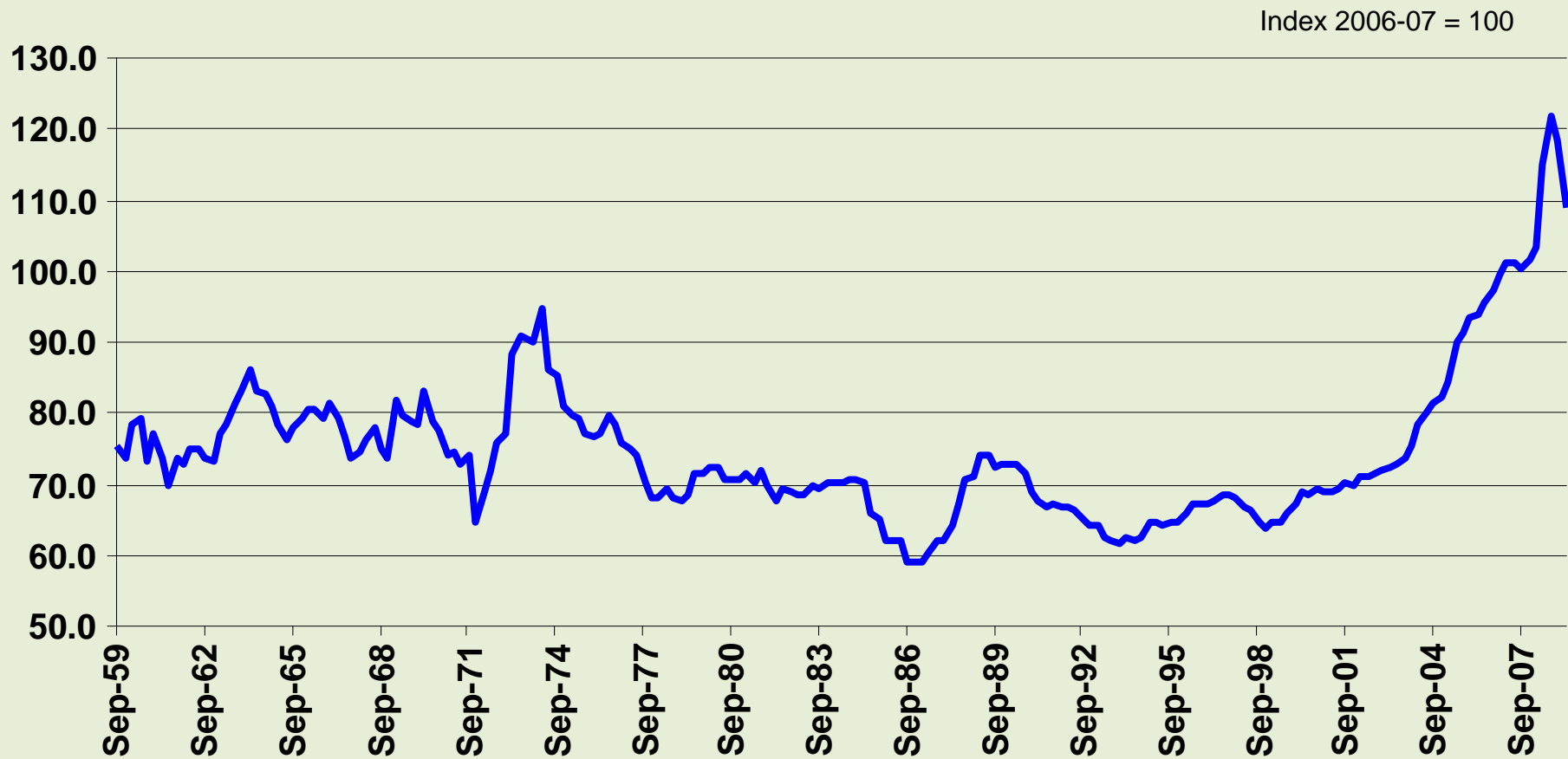
# **Back to the Future: restoring Australia's productivity growth**

**Gary Banks**

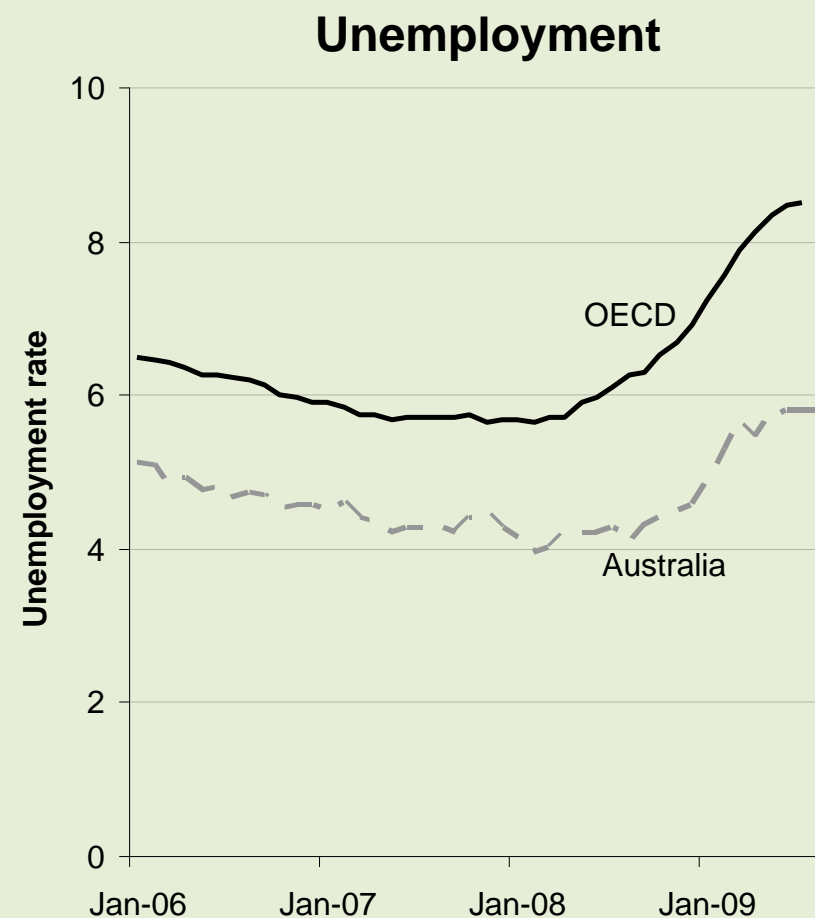
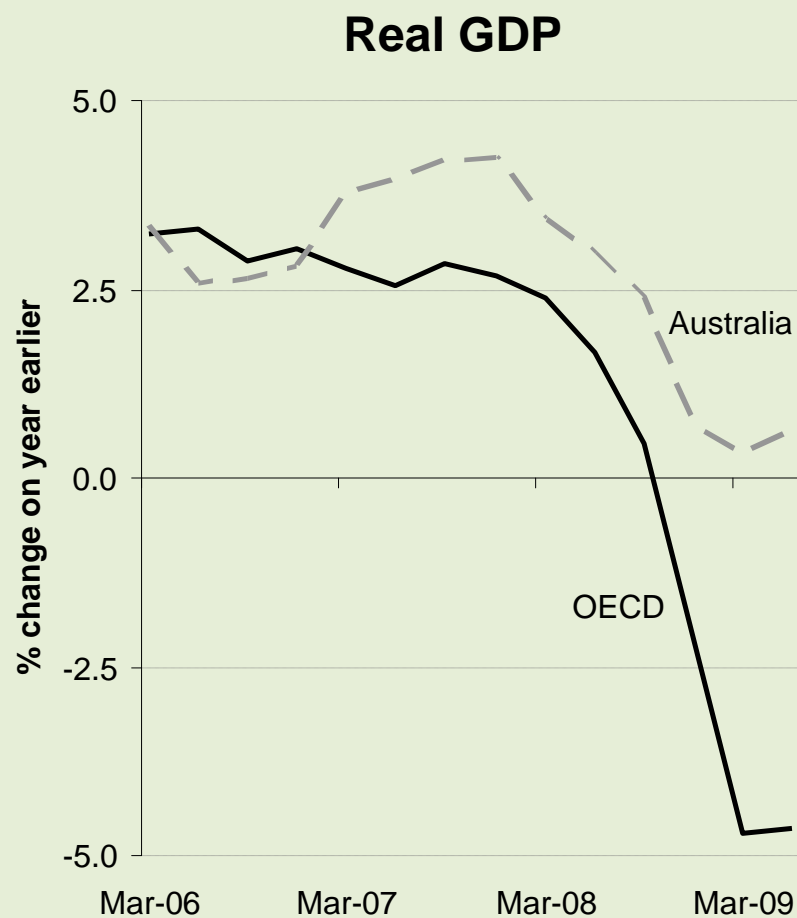
**Chairman, Productivity Commission**

2009 Economic and Social Outlook Conference,  
5 November 2009, Melbourne

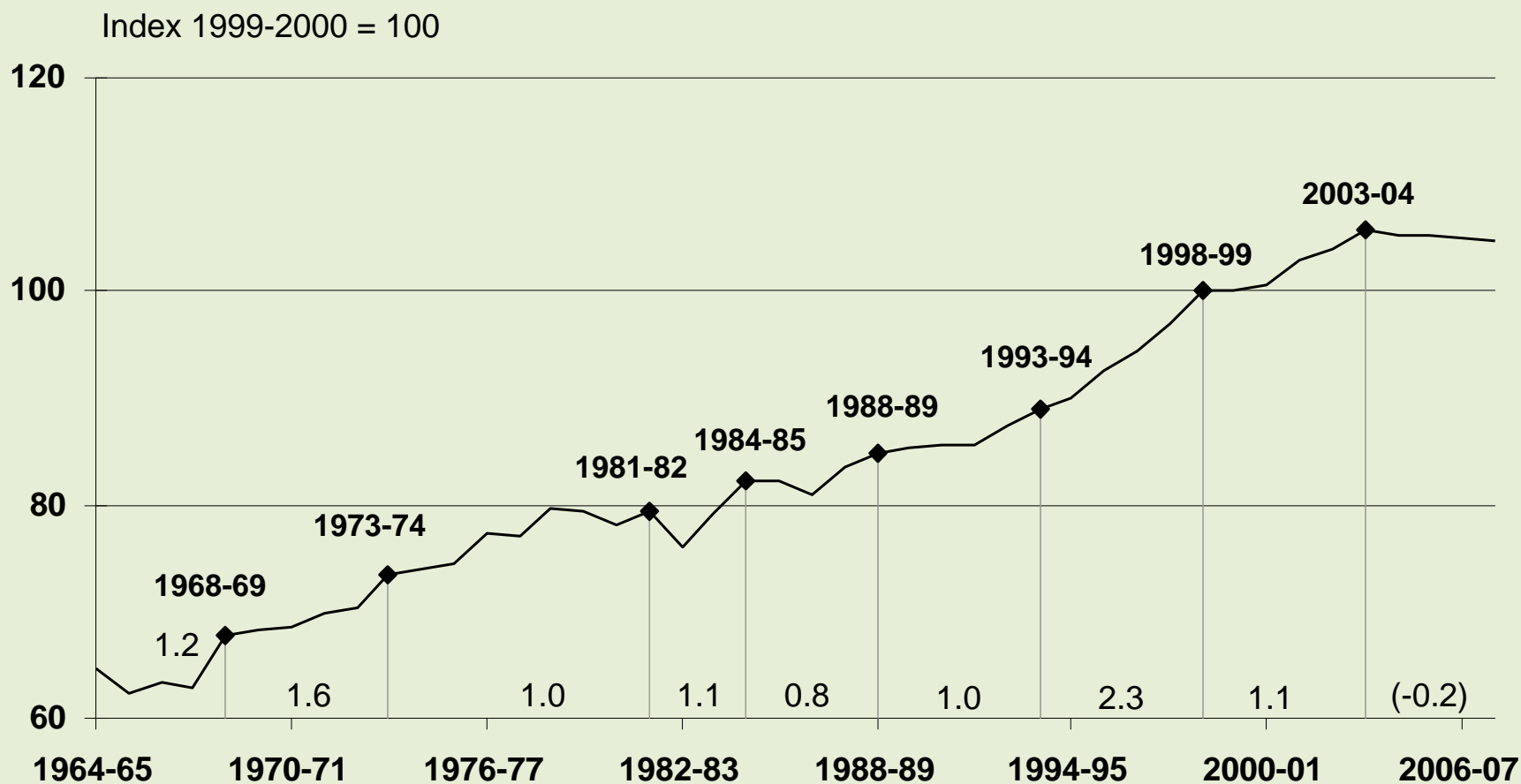
# Our terms of trade have dropped back (somewhat)



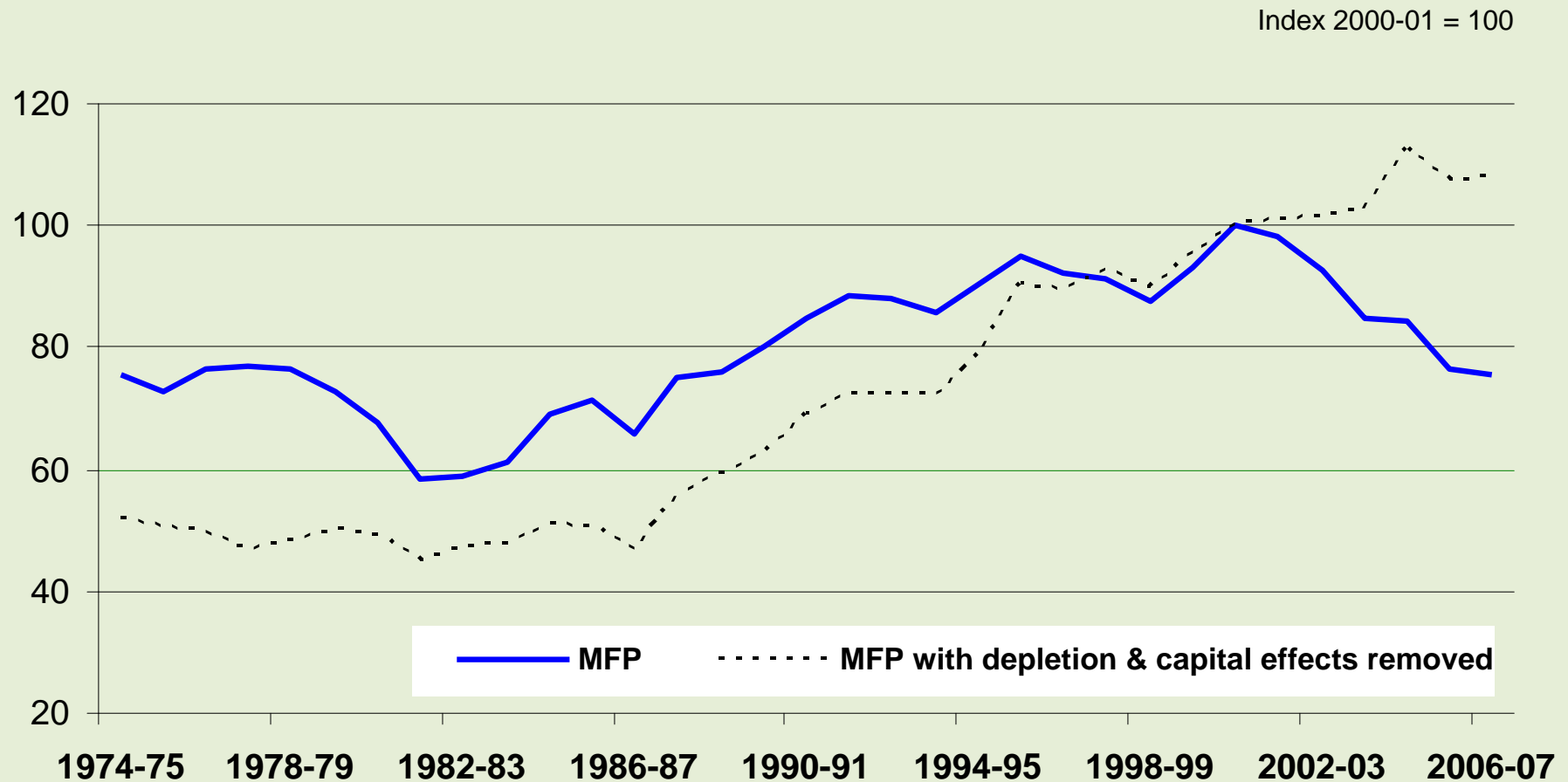
# Who's had the best crisis?



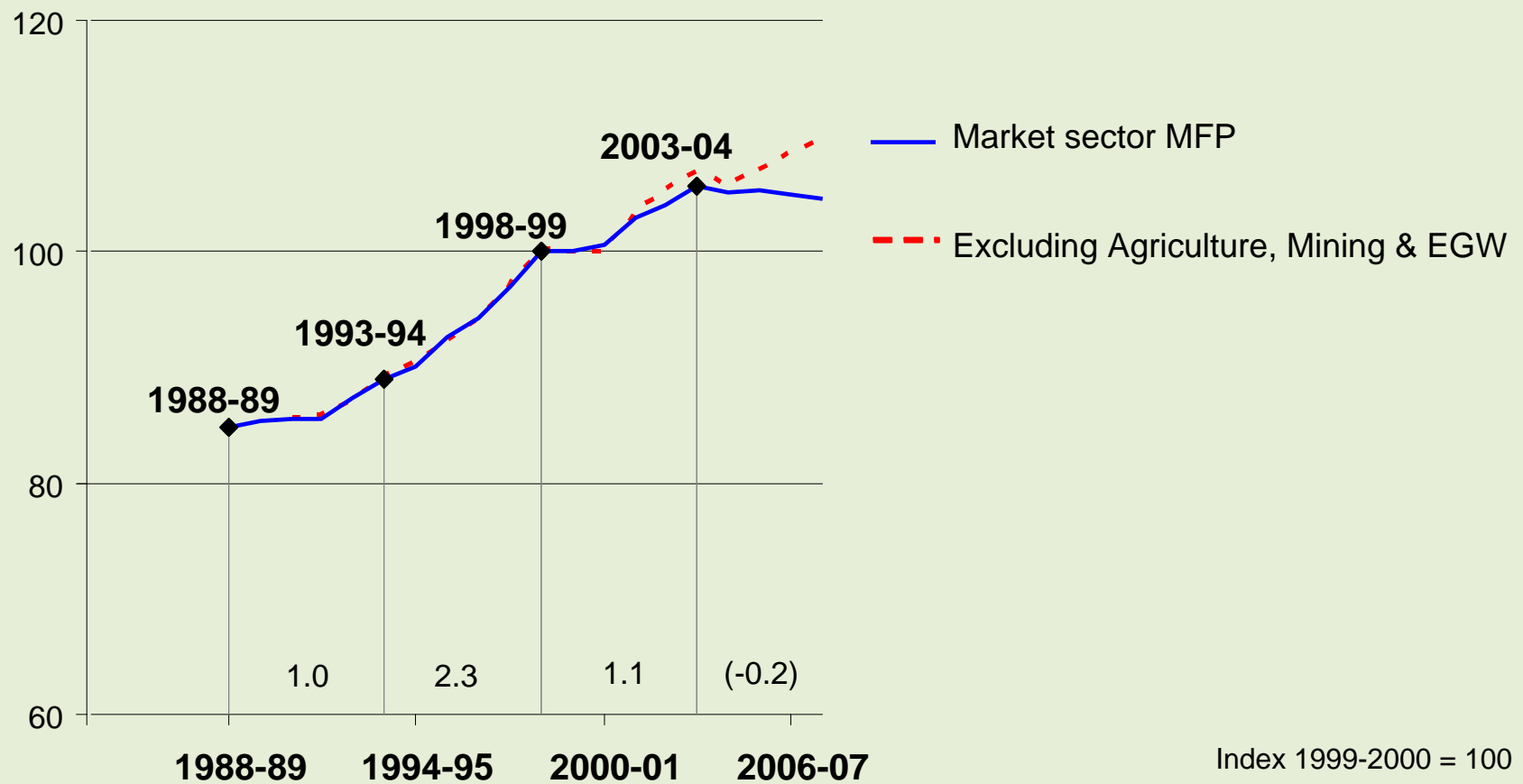
# MFP growth across productivity cycles



# Mining MFP would be higher without capital lag and depletion effects

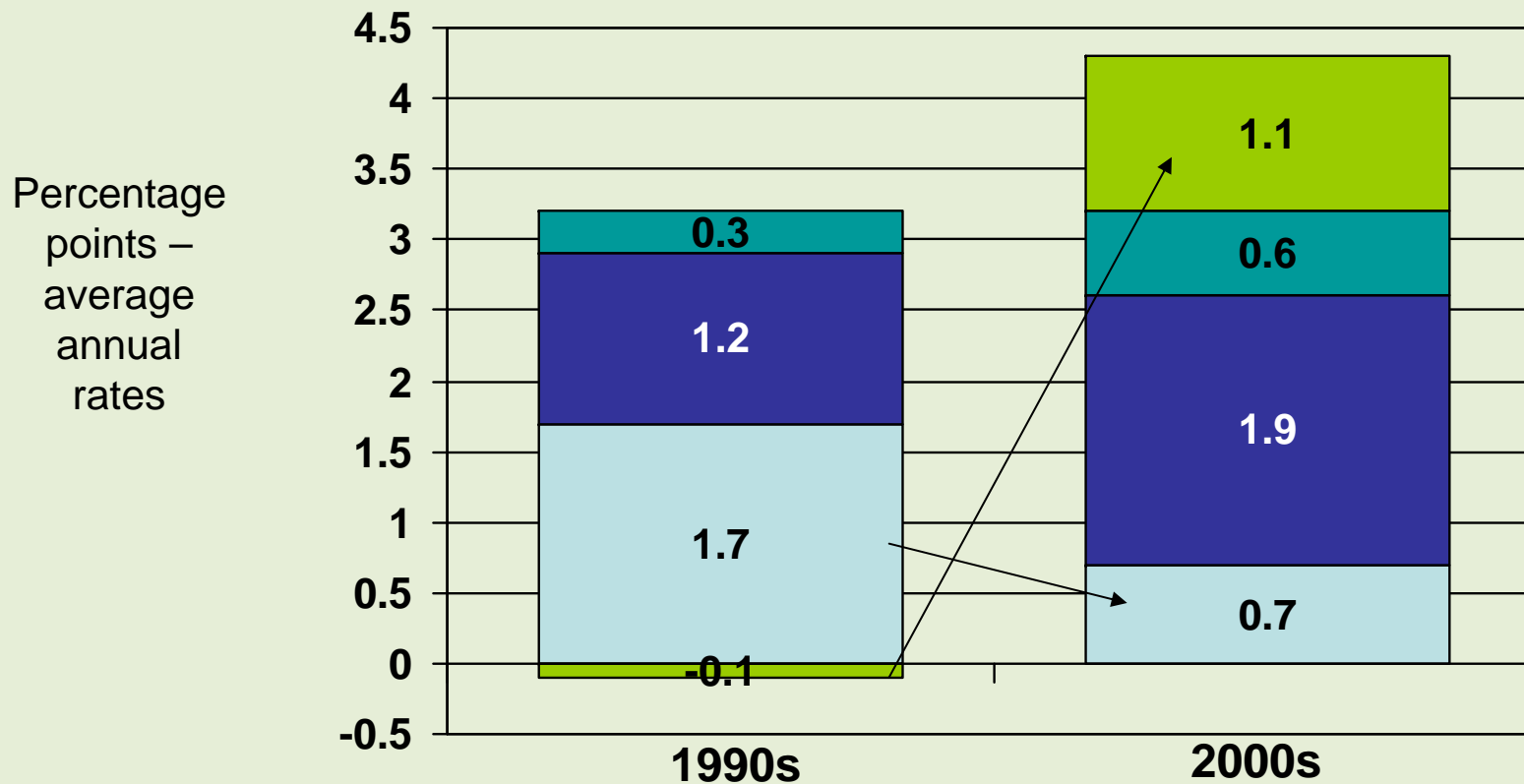


# Australia's MFP excluding the 'anomalies'



# MFP's contribution to income growth – a tale of 2 decades

□ Growth of MFP   ■ Capital accumulation   ■ Hours worked   ■ Terms of trade

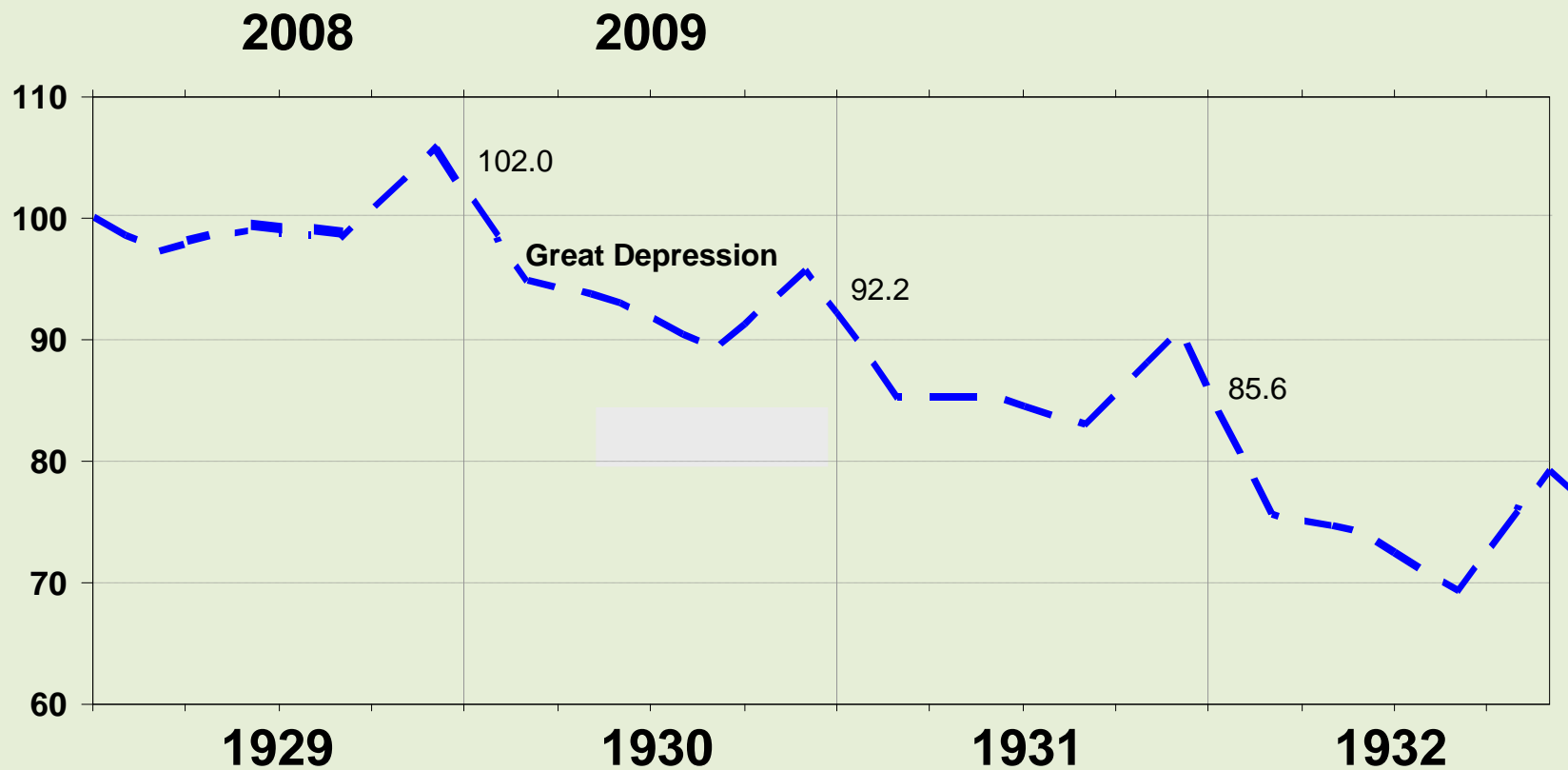


# Three post-crisis productivity priorities

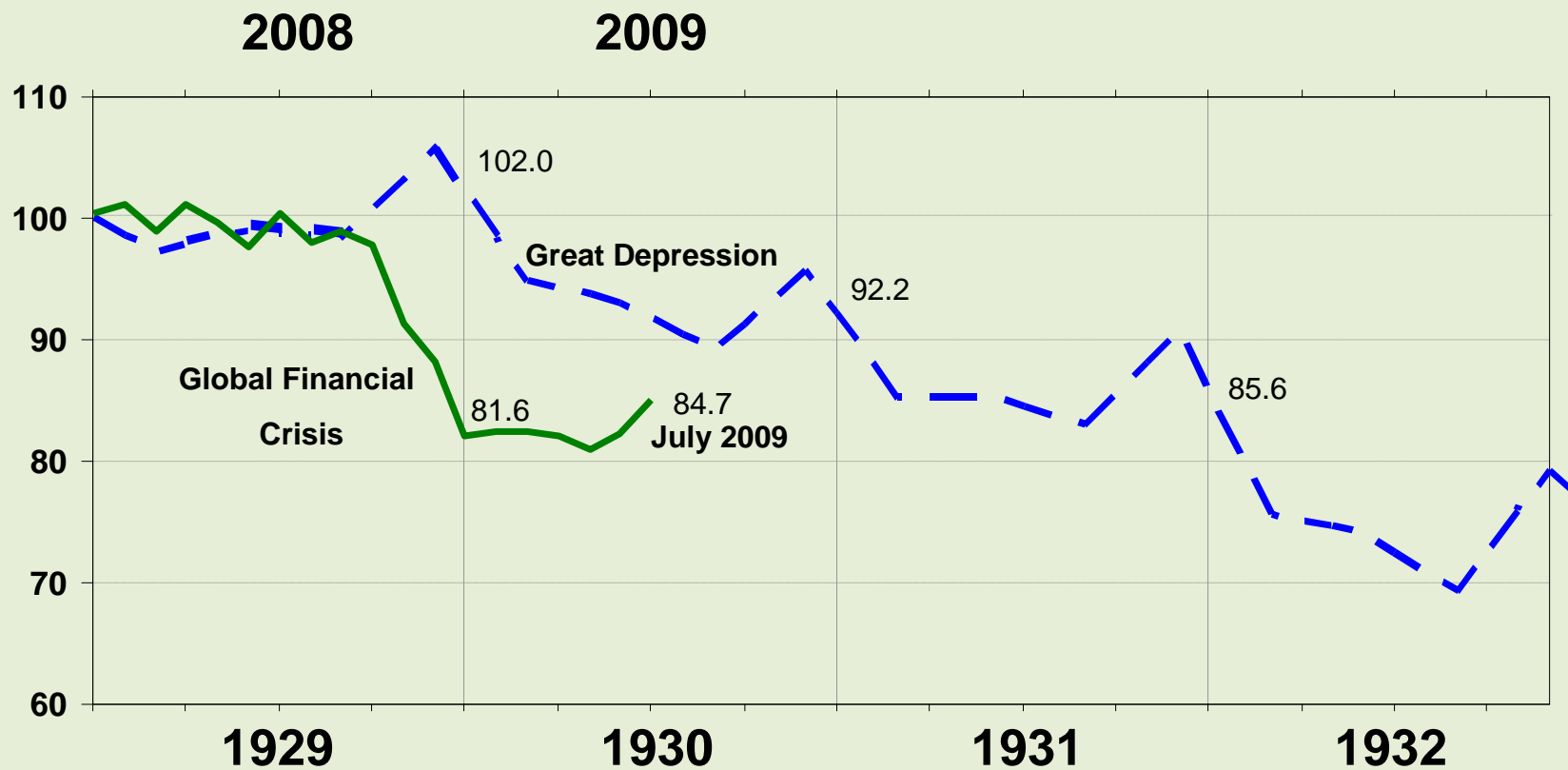
- Re-focus industry assistance
- Accelerate regulatory reform
- Re-think infrastructure



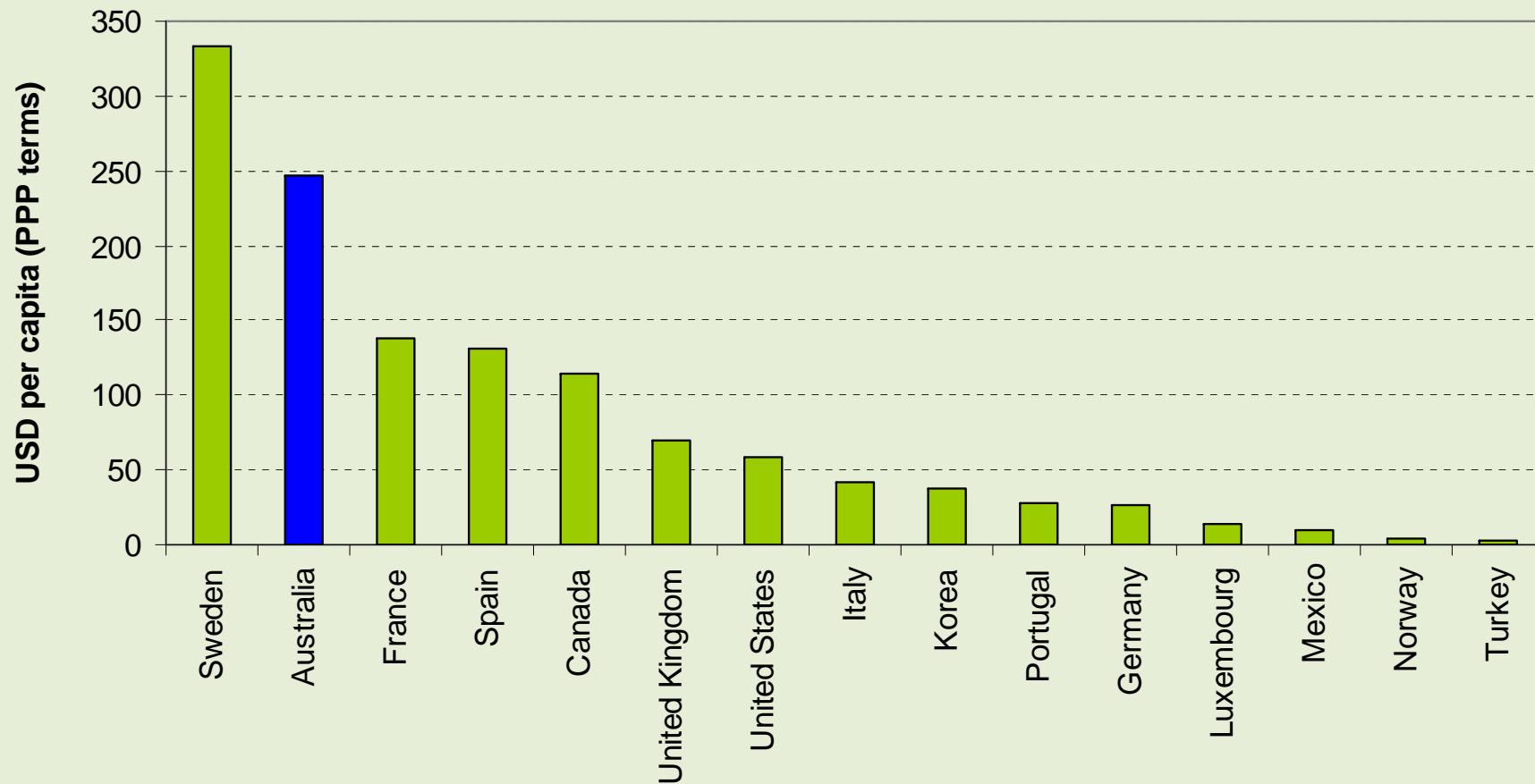
# World merchandise trade then...



# World merchandise trade then... and now



# 'Crisis assistance' to the automotive sector



## What progress on the 'hot spots'?

On track – and 'on time'	12
On track – but delayed	11
Progress – but outcomes and timing uncertain	4
	<hr/>
	27

# Rethinking infrastructure

- Recalibrate 'stimulus' investments?
- Re-assess some 'Nation Building' projects
  - *Public CBAs*
- Facilitate private investment
- Pay attention to the 'stock', as well as the 'flow'
  - *Good regulation, governance and pricing would deliver major gains*

# The human services/capital agenda for the long run

- Education and health loom large
- Other human services also play a role
  - *Aged care, child care,...*
- Welfare churn and taxation impose costs

# Accessing the Commission's reports

**[www.pc.gov.au](http://www.pc.gov.au)**