

Australia's mining boom: what's the problem?

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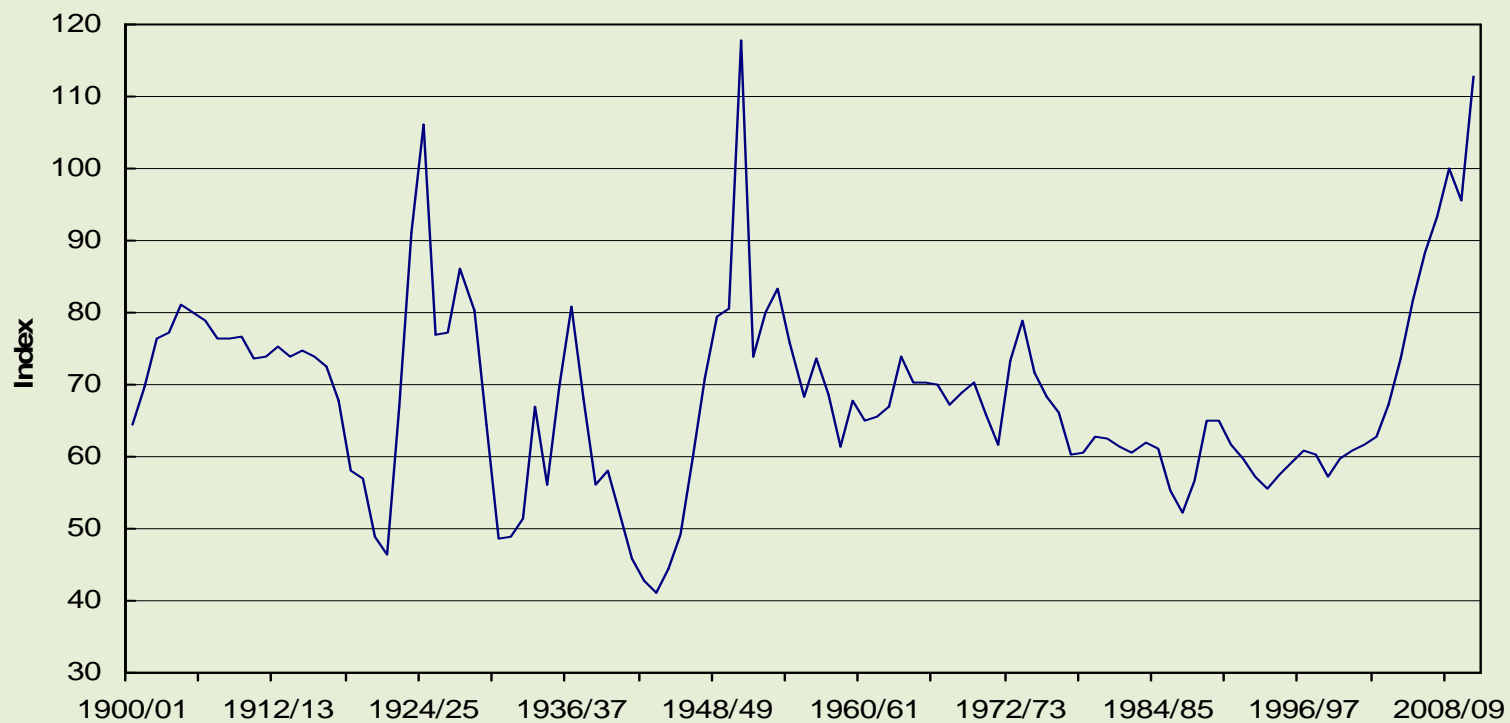
Melbourne, 30 June 2011

Australia's previous export 'shocks'

- The 'roaring 1920s': sharp rise in commodity export prices
- Korean War: spike in wool, metal prices
- 1960s/70s: mining development and energy boom
- 1970s increase in commodity prices (mainly agricultural)

Record terms of trade

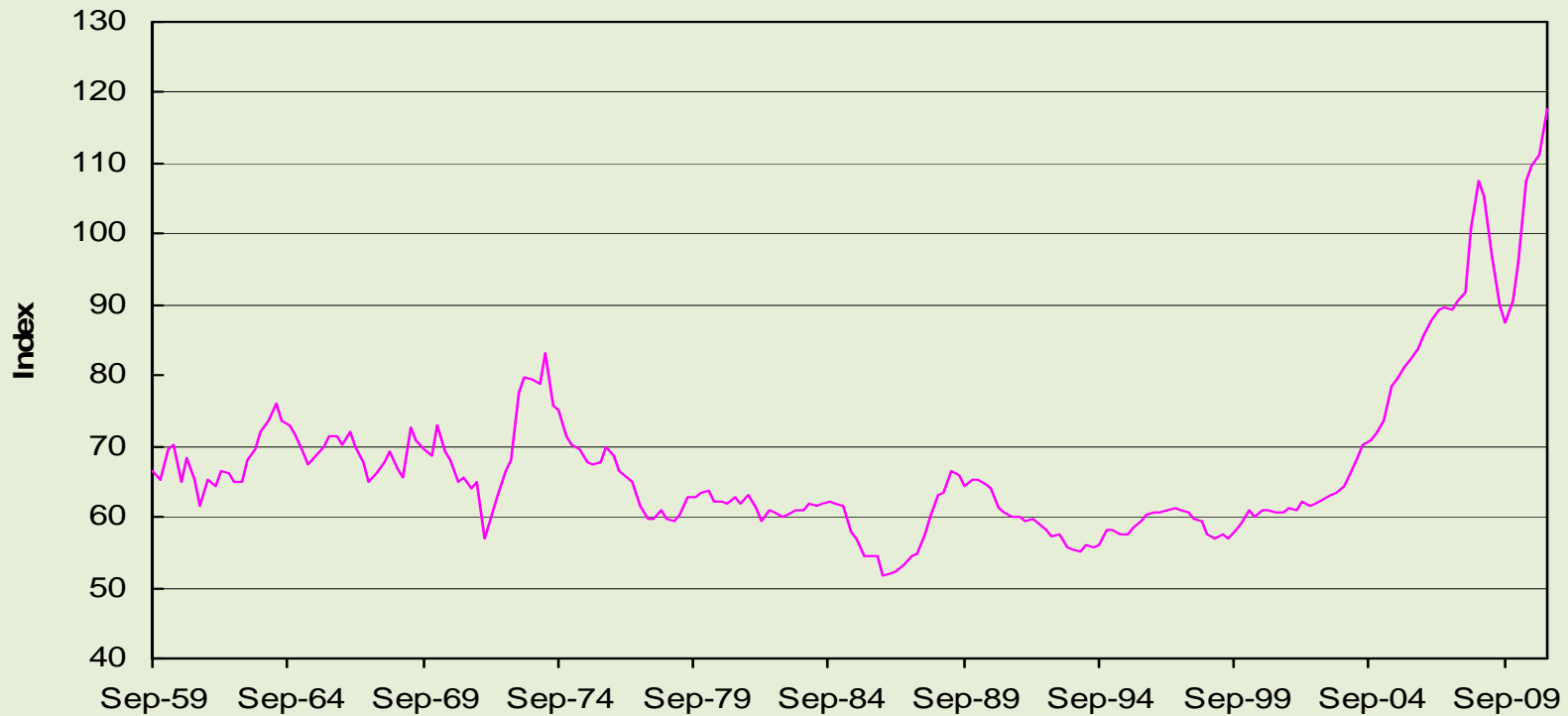
Australia's terms of trade, 1900/01 to 2010/11
2008/09 = 100, annual*



*2010/11 = average for Sep 2010 to Mar 2011
Data source: ABS

A bigger shock this time

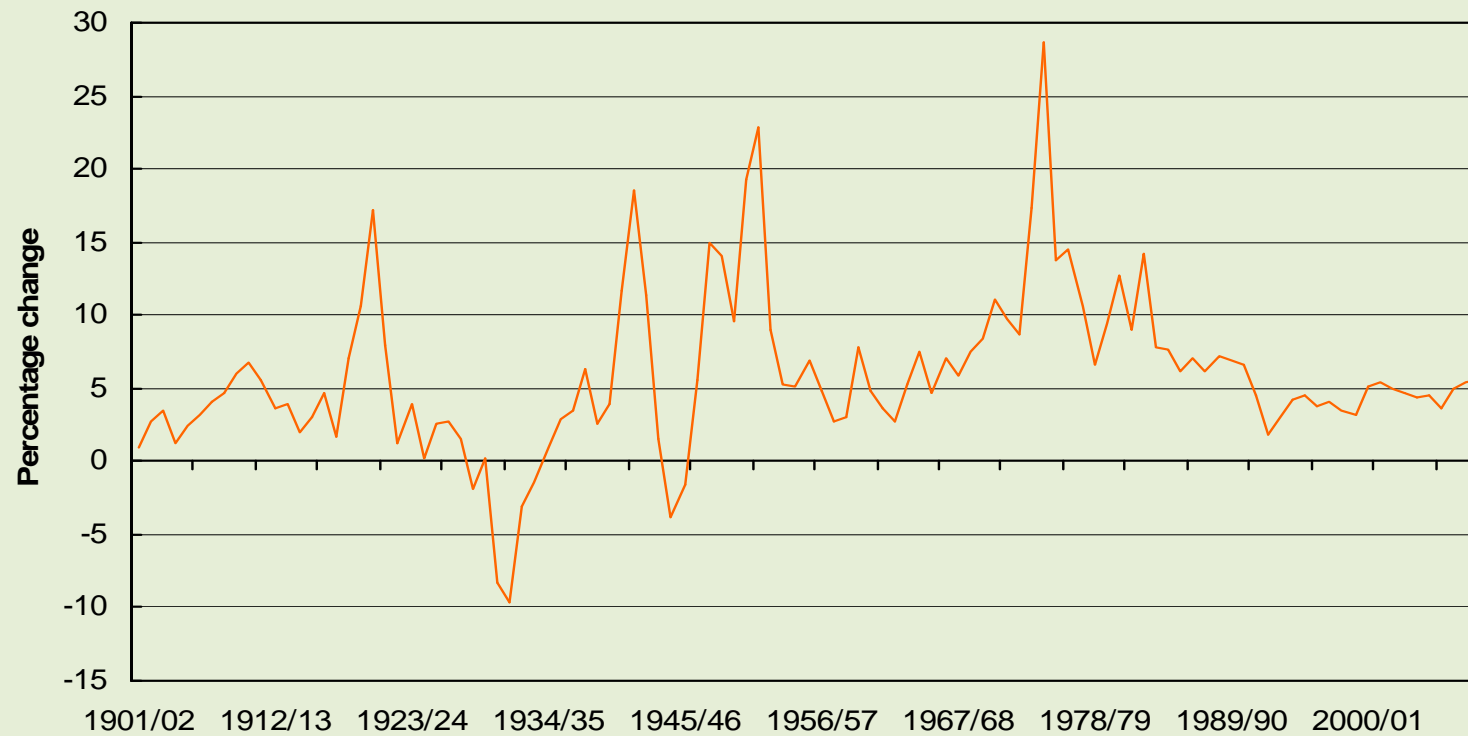
Australia's terms of trade, Sep 1959 to Mar 2011
2008/09 = 100, quarterly



Data source: ABS

But less domestic impact

Earnings growth, 1901/02 to 2009/10
Year-to-year percentage change



Data sources: ABS; Butlin (1977); Foster (1996)

The sectoral employment numbers

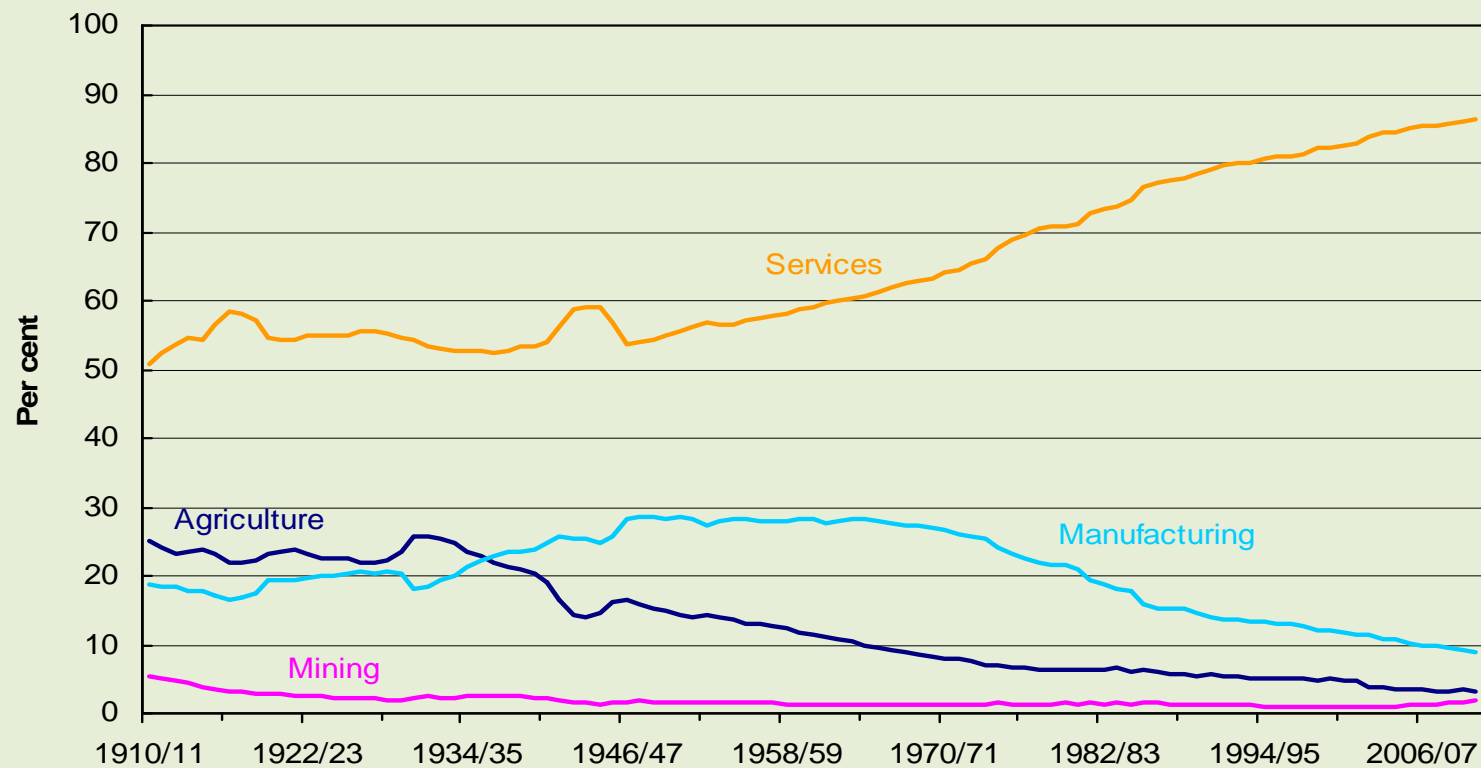
Annual average, thousands of persons

	Agriculture	Mining	Manufacturing	Services
2004/05 employment level	357.1	105.2	1050.9	8272.7
2010/11 employment level	351.4	205.3	992.0	9805.8
Change in employment	-5.7	+100.1	-58.9	+1533.1
Percentage change	-1.6	+95.2	-5.6	+18.5

Data source: ABS

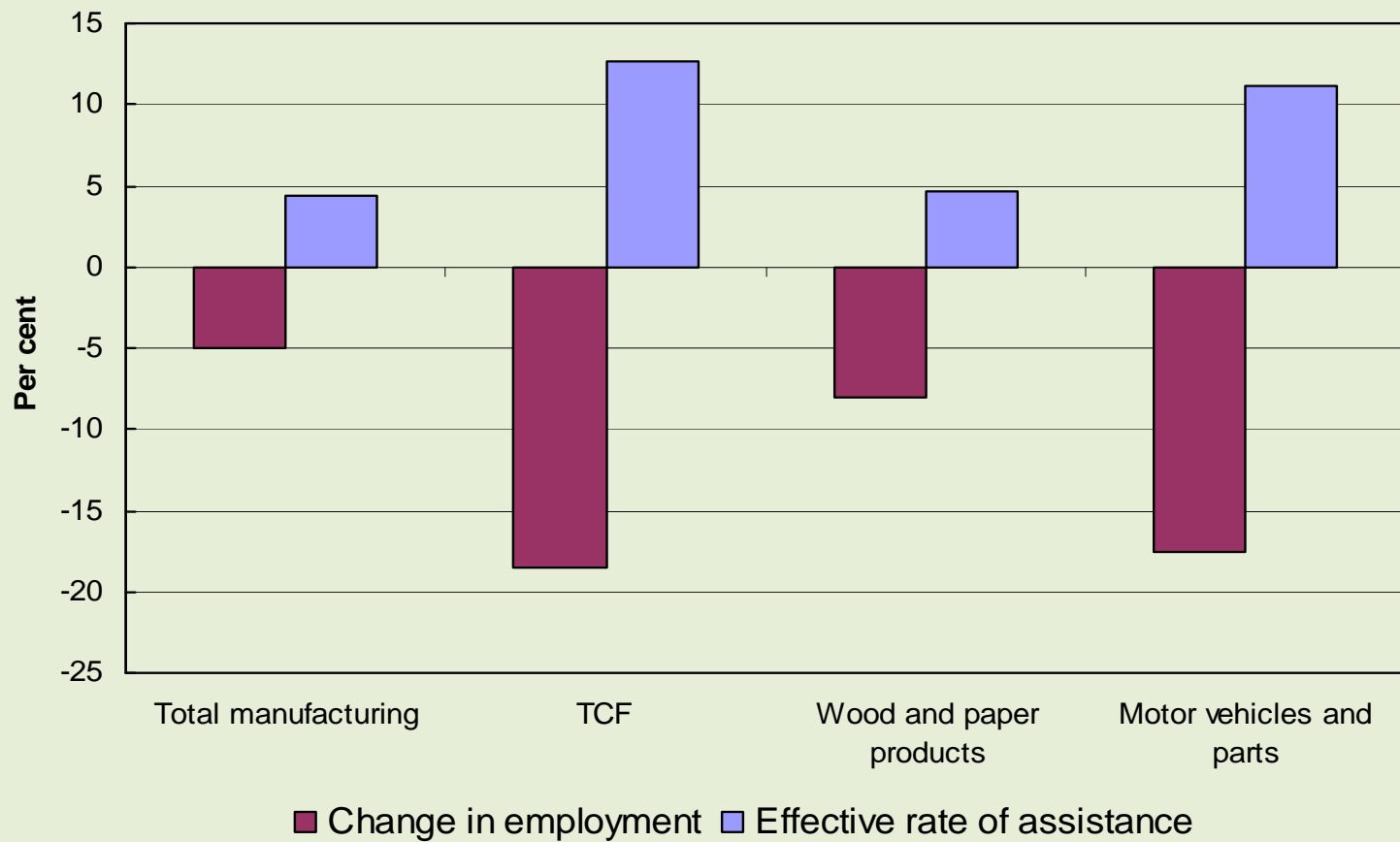
Secular changes in employment shares

Share of total employment



Data sources: ABS; Foster (1996); Withers, Endres and Perry (1985)

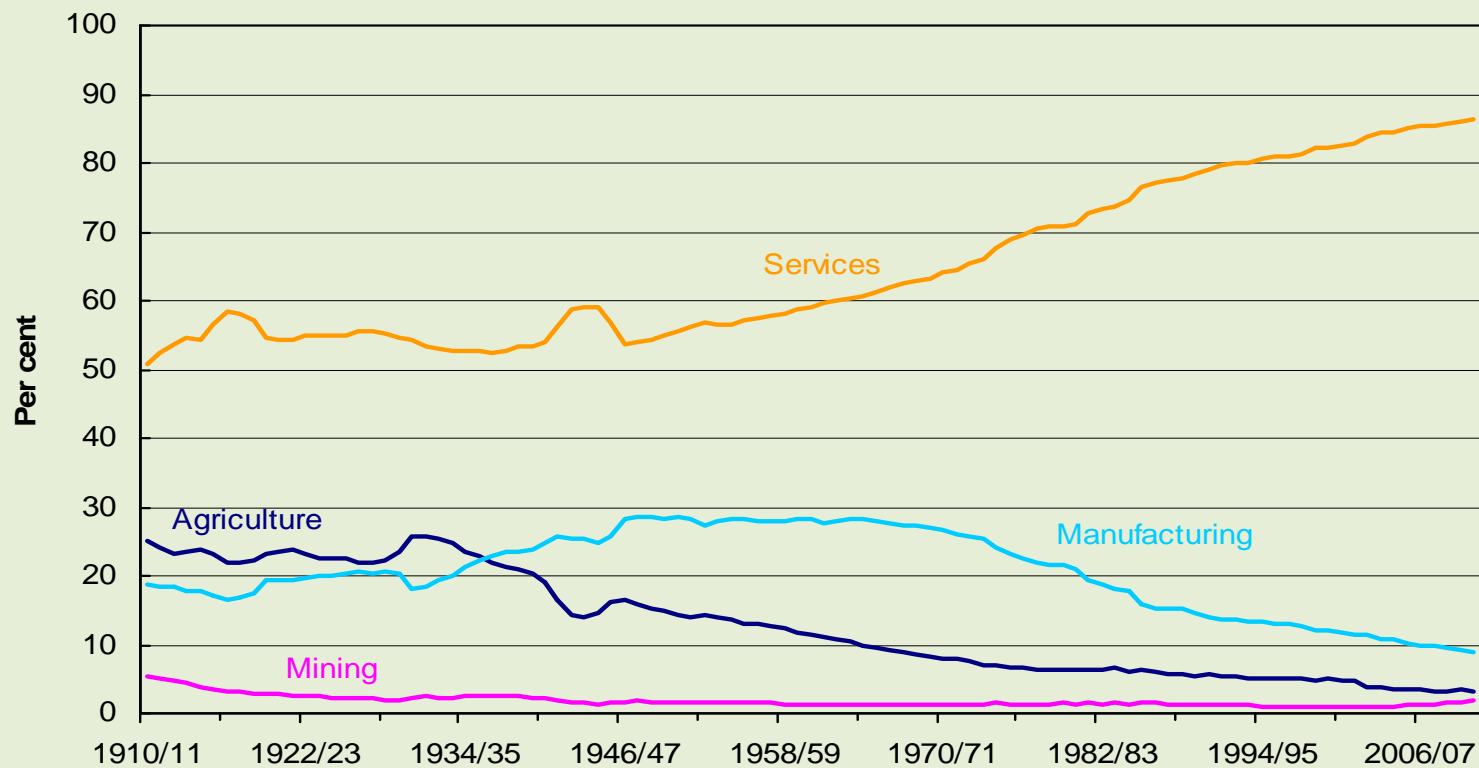
Manufacturing job losses are concentrated



Data source: ABS; Productivity Commission estimates

Secular changes in employment shares

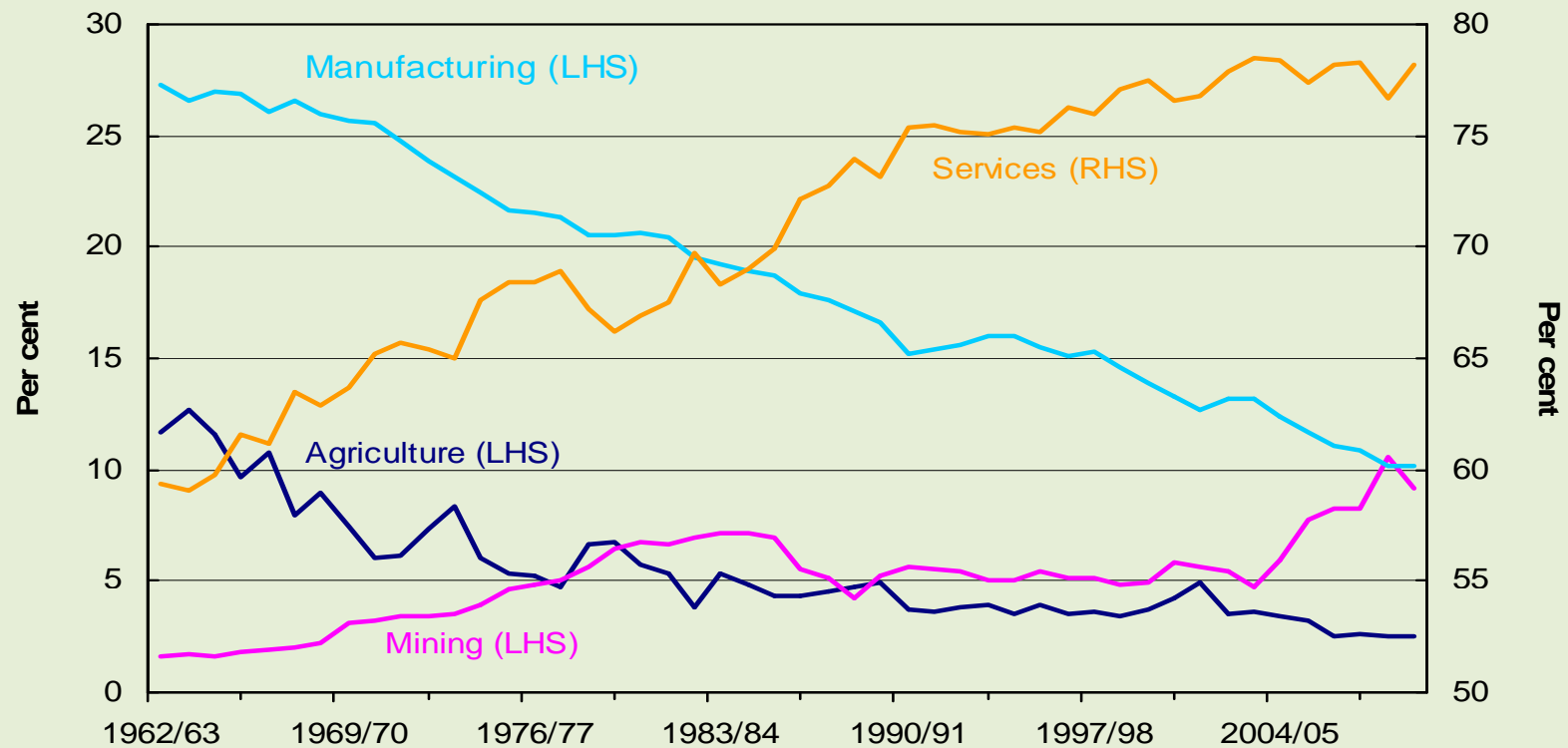
Share of total employment



Data sources: ABS; Foster (1996); Withers, Endres and Perry (1985)

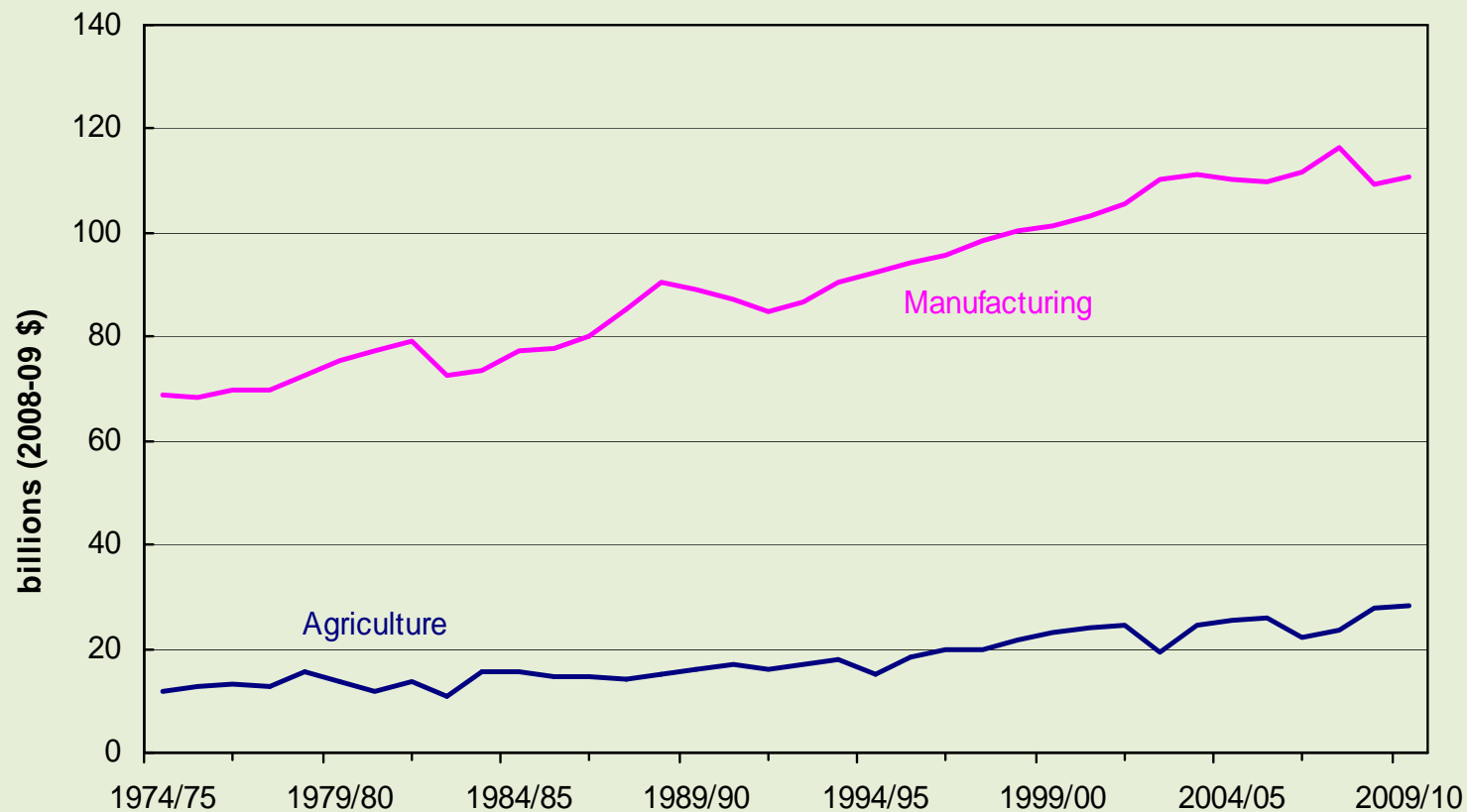
Secular changes in output shares

Share of total output



Data sources: ABS; Foster (1996)

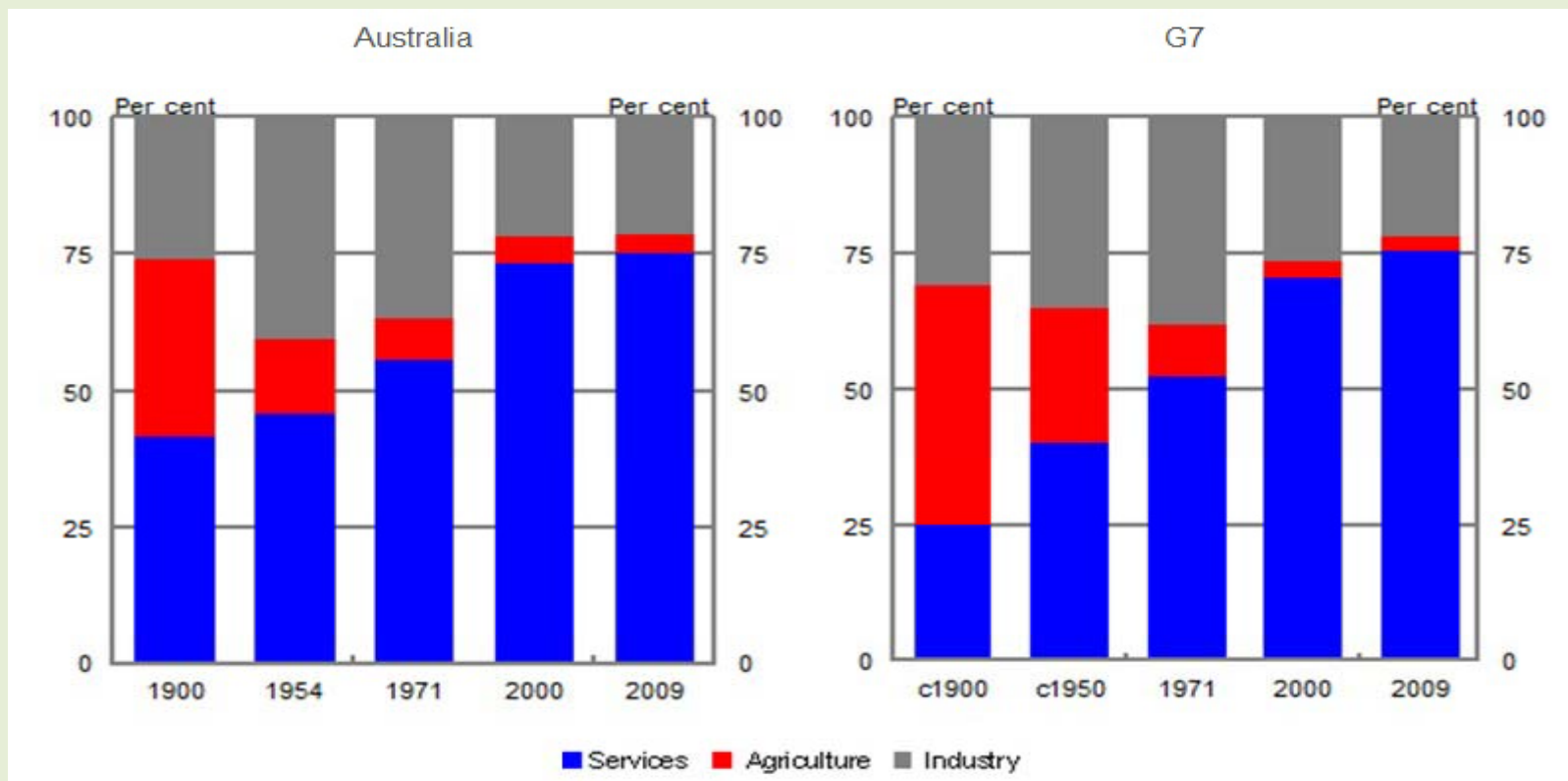
Output in agriculture and manufacturing continues to rise



Data source: ABS

Our rising services and declining manufacturing mirrors other advanced economies

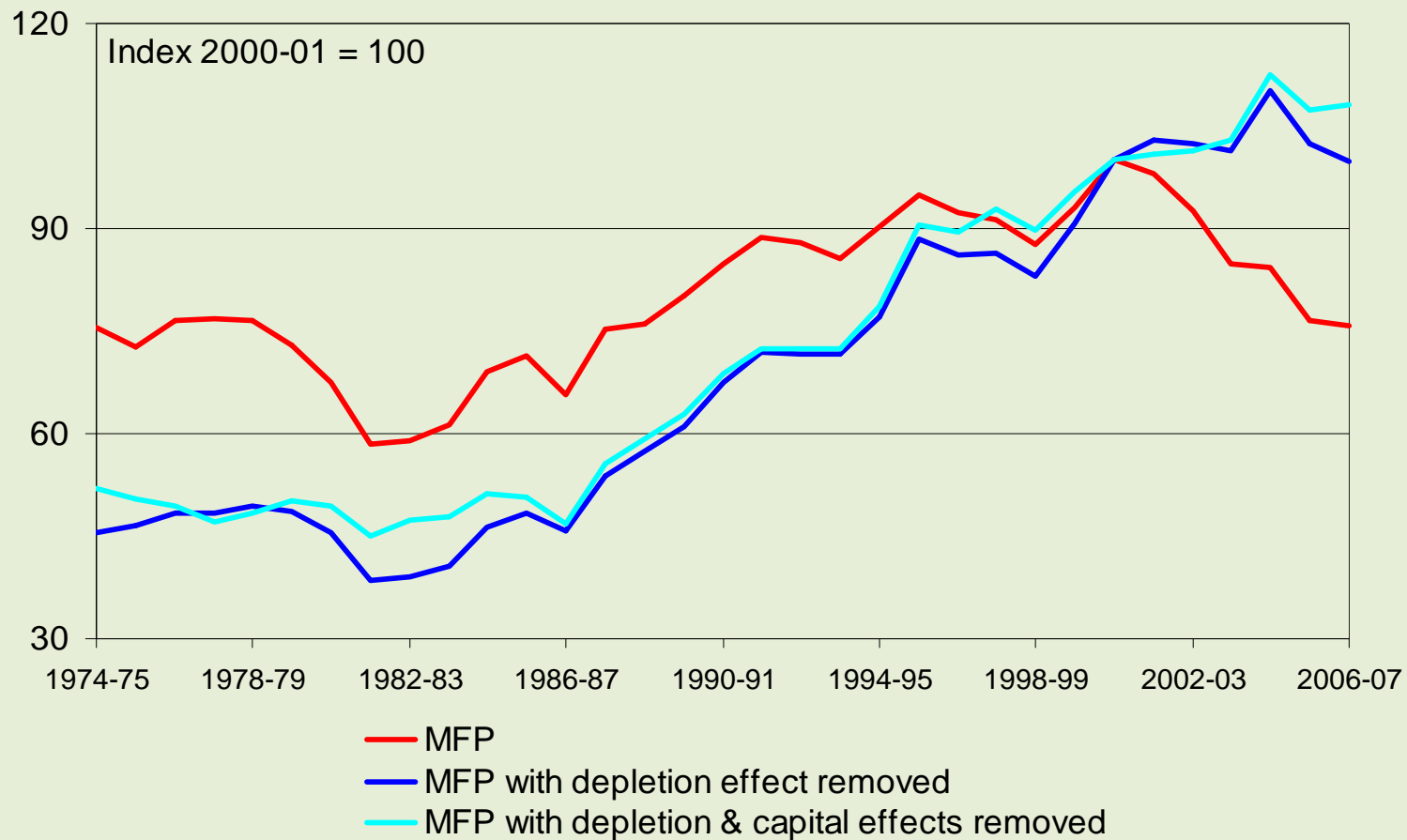
Employment share by activity



Note: 'Industry' includes mining, manufacturing, construction, gas, electricity and water.

Source: Australian Treasury (2011)

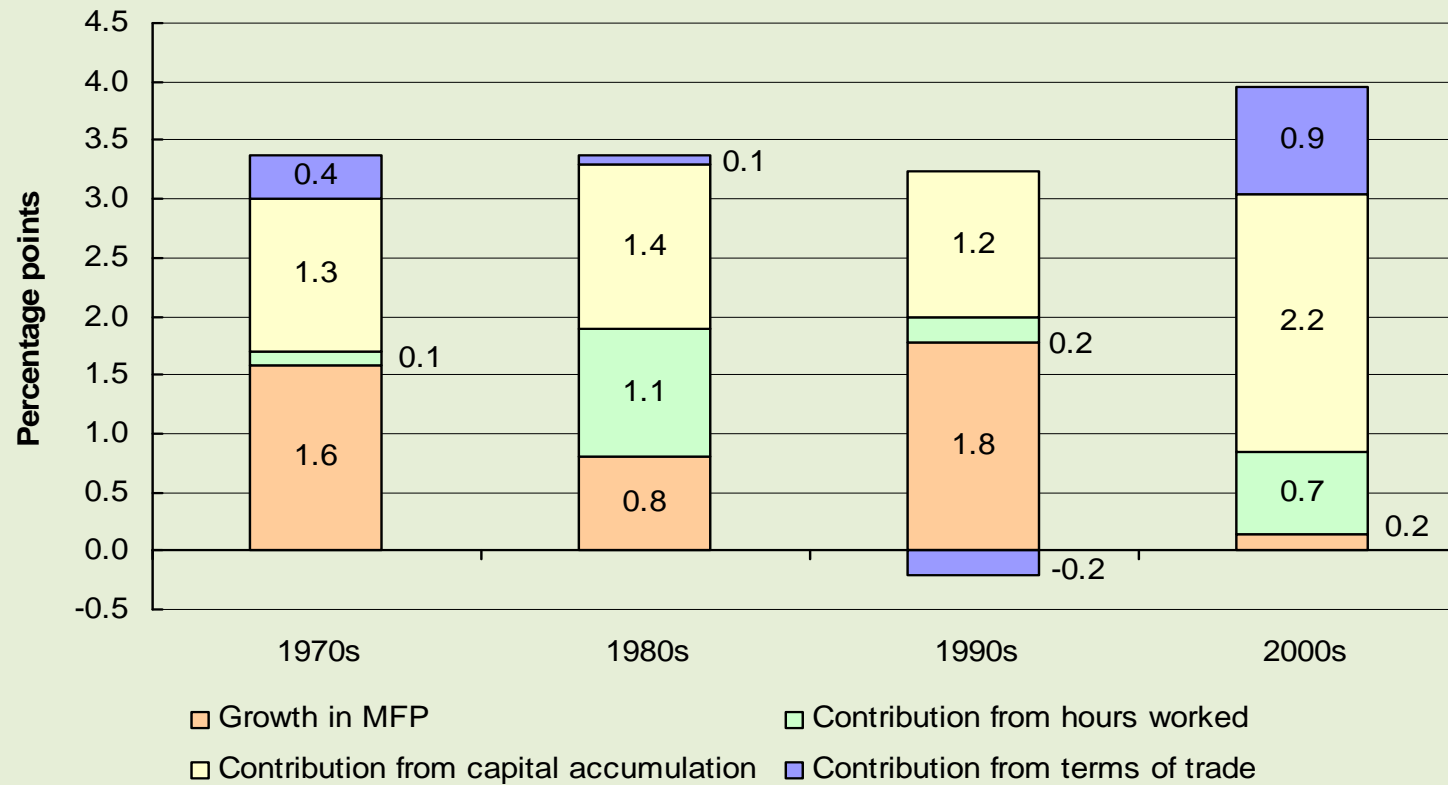
Mining productivity reduced by boom-time investment and resource depletion



Data source: Productivity Commission estimates

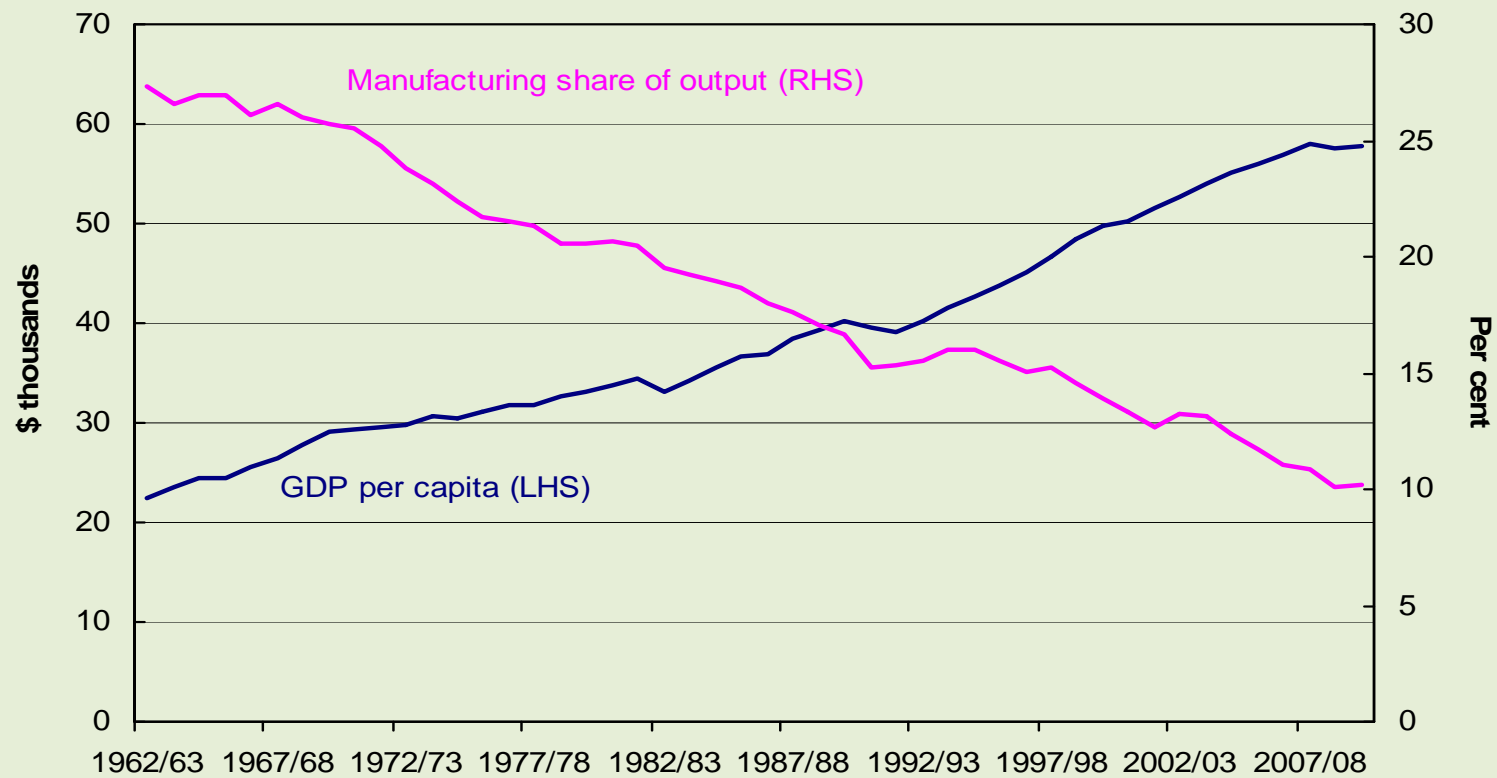
Productivity isn't *always* 'everything'

Contributors to real income growth



Declining manufacturing, rising incomes

Real GDP per capita and manufacturing share of output



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