



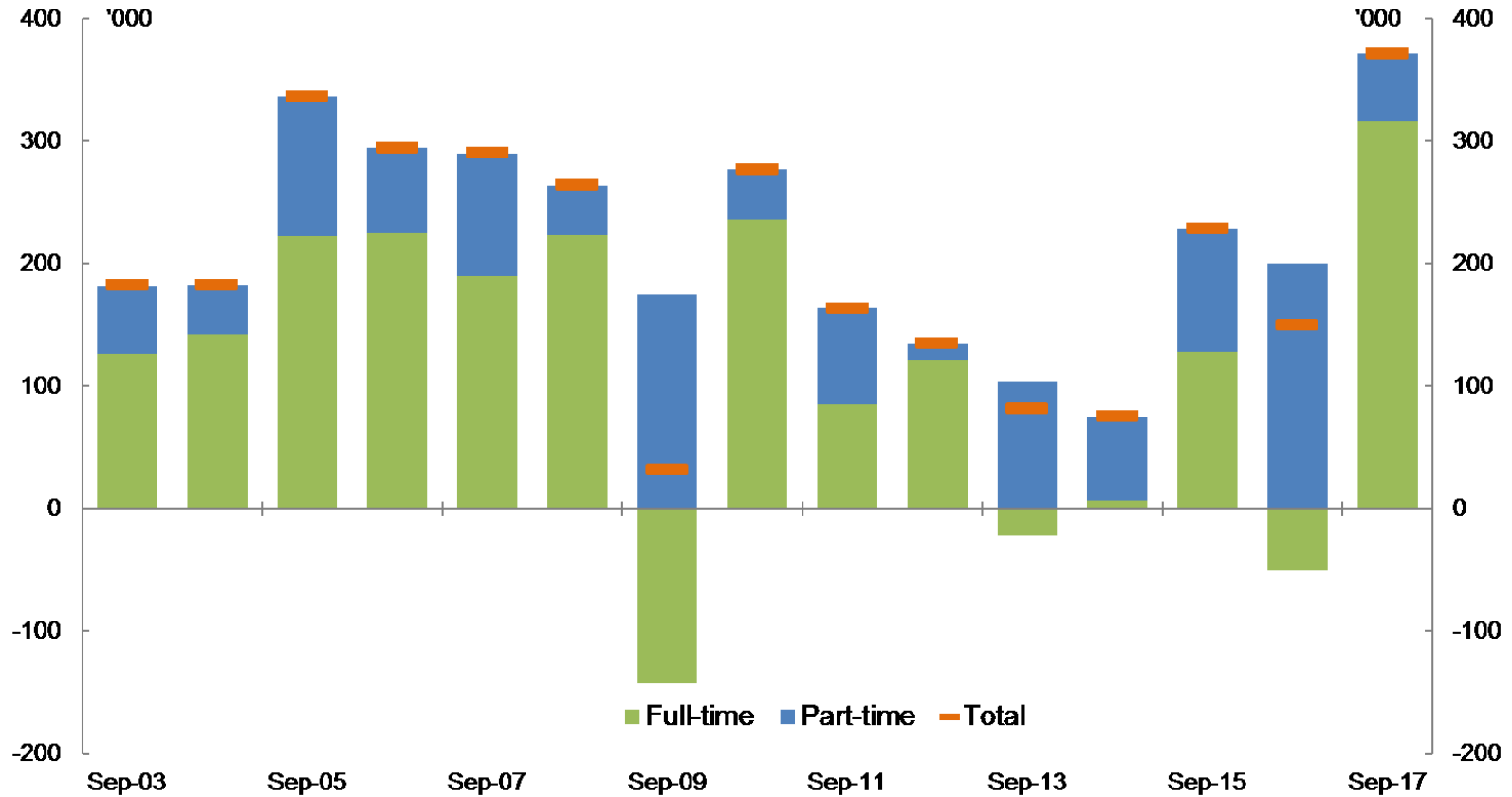
Address to CEDA

Protecting our living standards

24 October 2017

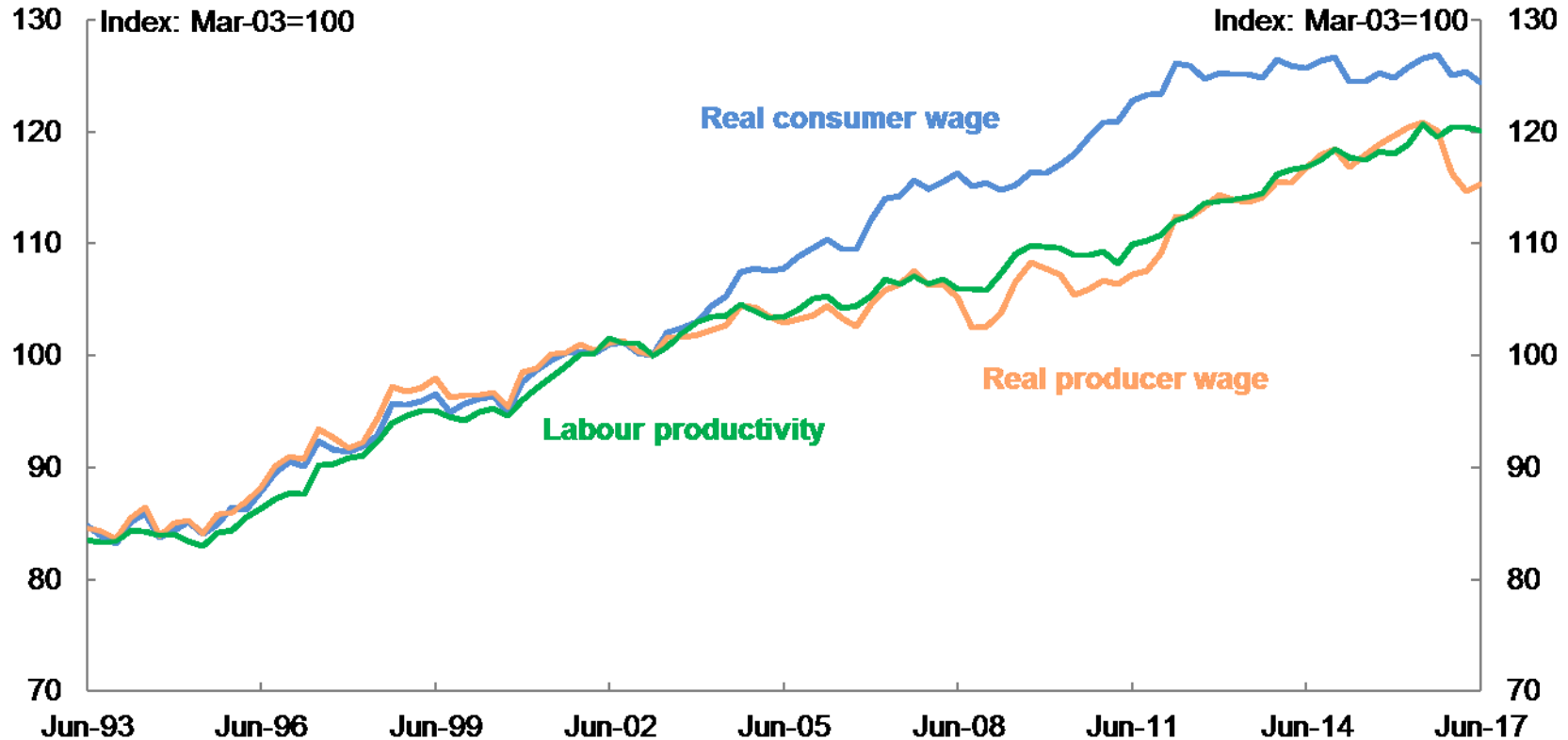
The Hon Scott Morrison MP
Treasurer

Employment growth



Note: Change in year to September. Source: ABS Cat. No. 6202.0

Real wages and productivity

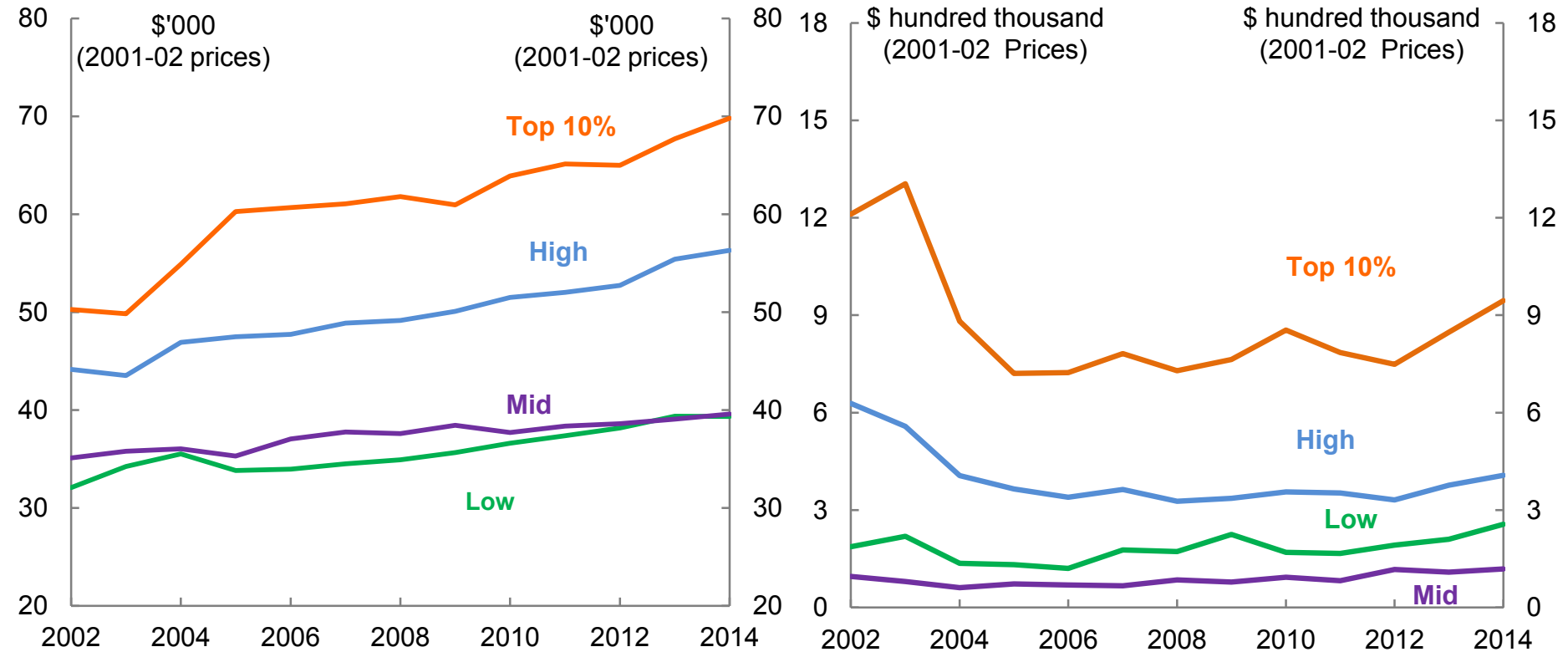


Note: The real producer wage is AENA (per hour) deflated by the GDP deflator; the real consumer wage is AENA (per hour) deflated by the household consumption deflator; labour productivity is per hour. Source: ABS Cat. No. 5206.0, Treasury

Wages and capital by labour productivity category

Average real wages

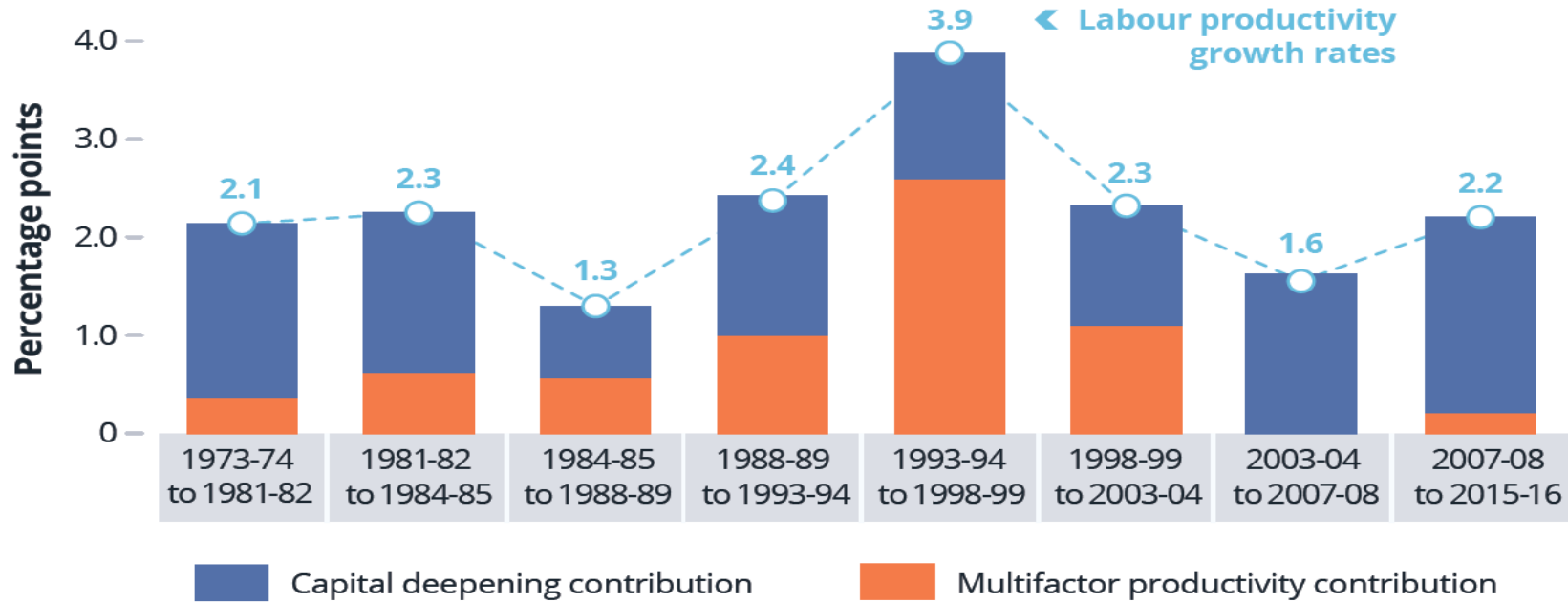
Capital per worker



Market sector

labour productivity decomposition

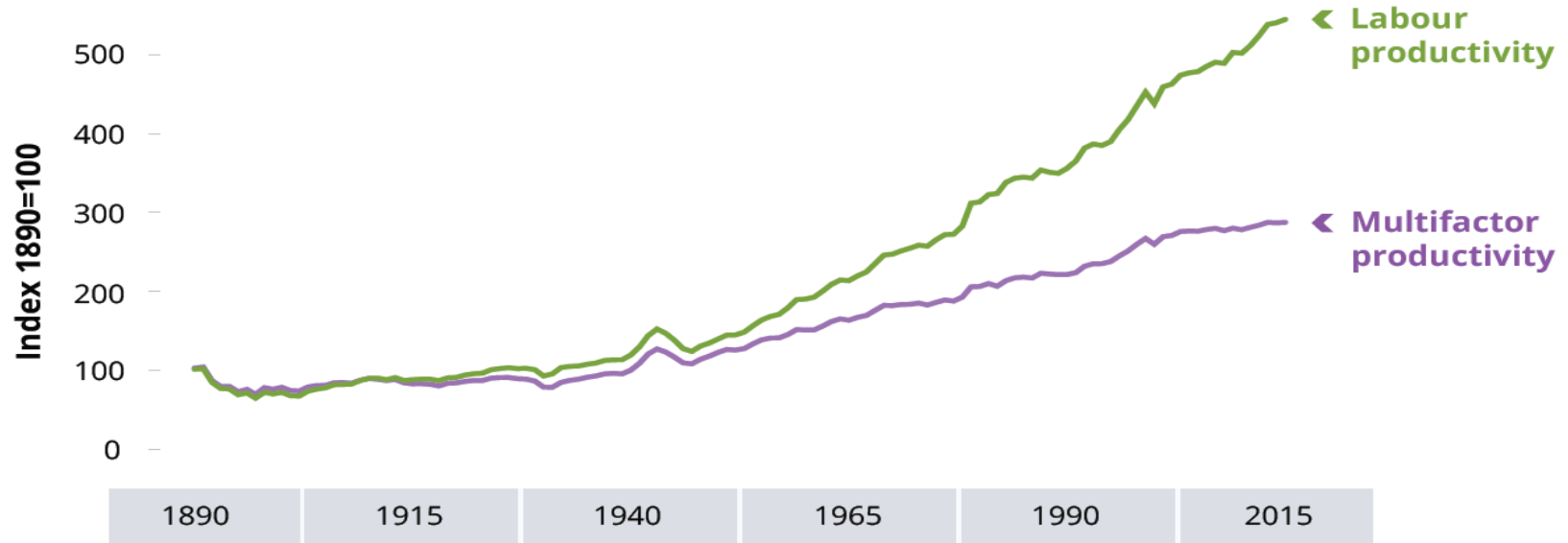
Measured using aggregate market sector productivity cycles



Note: 12-industry market sector (ANZIC Divisions A to K and R). The long-term trends are not always easy to detect in annual data because of the effects of economic downturns (when labour and capital are only partially used, depressing productivity over the short run). For that reason, most productivity analysis examines trends across the peaks of the business cycle. Source: ABS Cat. No. 5260.0.55.002 and Productivity Commission estimates.

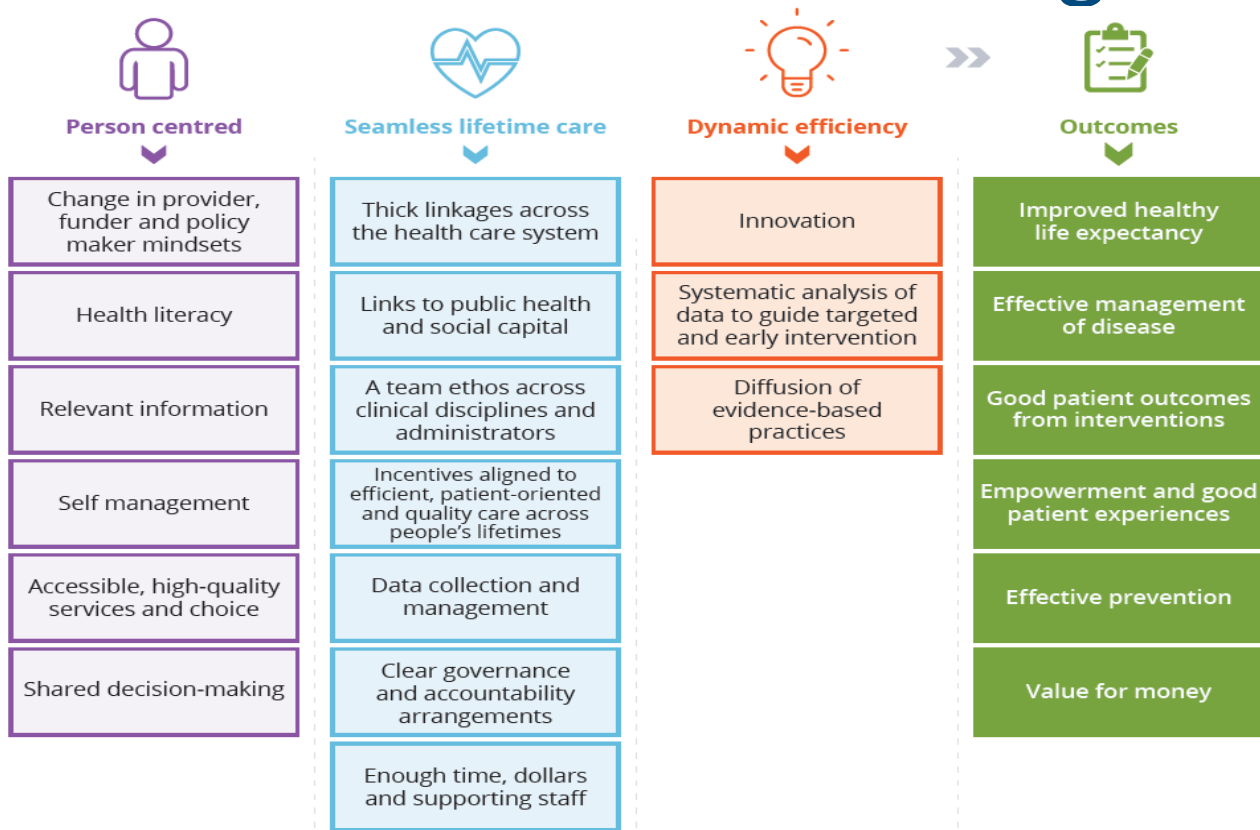
The long run – MFP and labour productivity

1890 to 2015



Note: The series diverge from that presented above due to different methods for interpolating data, though the results are not markedly different for the overlapping time periods. Source: Bergeaud et al. (2016) and Productivity Commission (2017).

The essential elements of integrated care



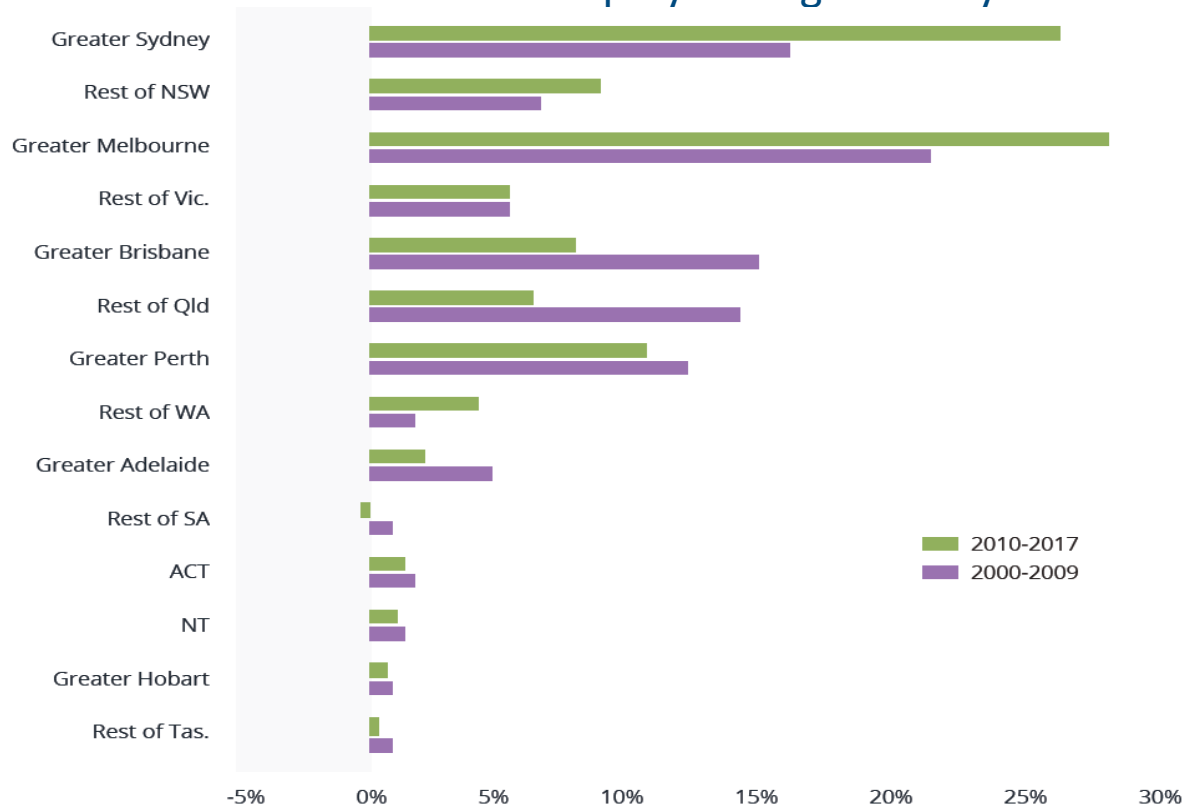
Estimated impacts of health recommendations

2016 prices

	UNIT	AFTER 5 YEARS	AFTER 20 YEARS
Personal welfare gains from improved health	\$m	100	300
Personal welfare gains from less waiting	\$m	200	600
Workforce impact (as a GDP gain)	\$m	400	4 200
Health expenditure dividend	\$m	7 900	33 400
Total economic impacts	\$m	8 500	38 500
Health expenditure dividend as a share of total health spending	%	3.0	6.5

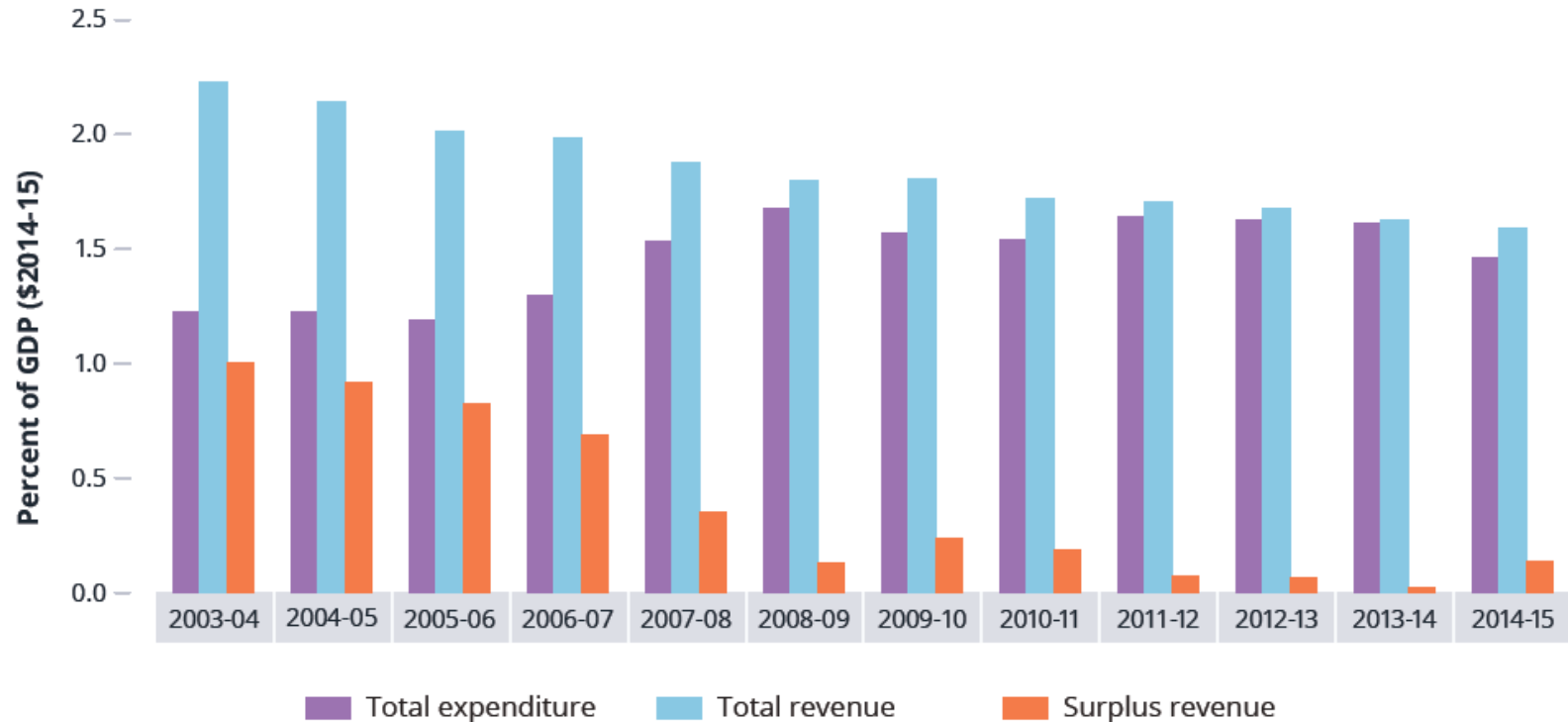
The contribution of cities to growth

Contribution to total employment growth by decade



Road related revenues are in structural decline

Real revenues and expenditures to GDP



Note: Aggregated over all levels of government. Includes work done for and by the public sector, but excludes that done by the private sector for the private sector. Source: Productivity Commission (2017).

National Energy Guarantee



Puts downward pressure on household and business power bills and reduces spot price volatility



Encourages the right investment in the right place at the right time



Improves reliability – increasing investment in new and existing dispatchable supply

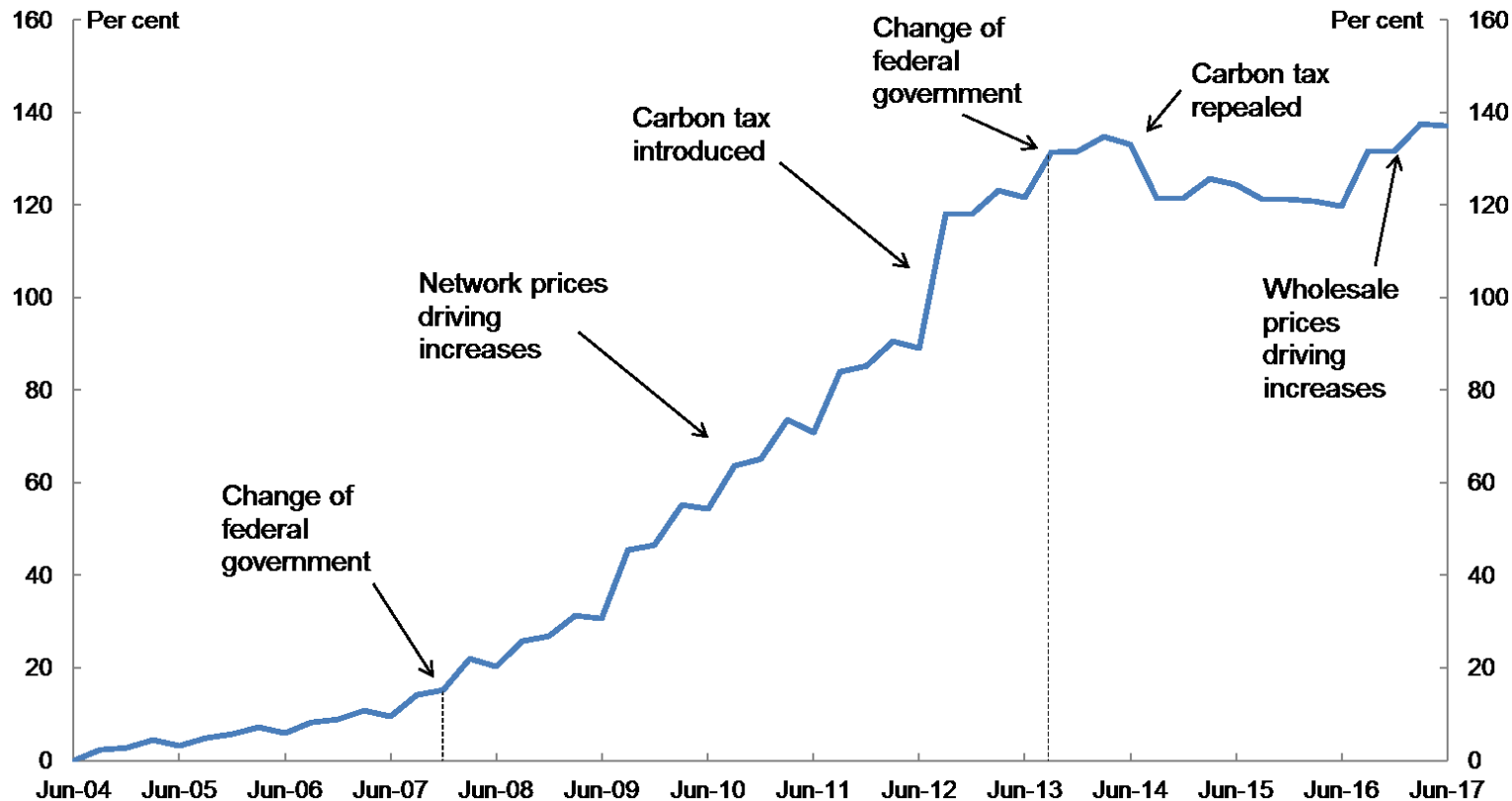


Reduces emissions at lowest cost – emissions targets can be met using a range of technology, including existing resources



Is not a subsidy or a tax – allows the lowest cost range of technologies to meet overall targets

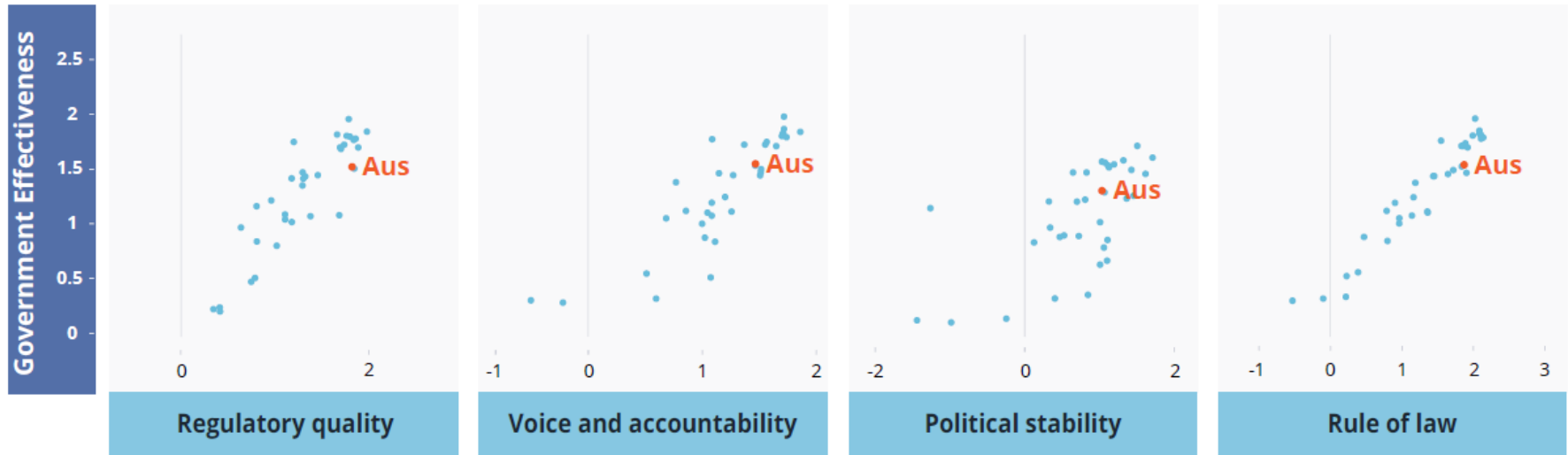
Average retail electricity price increases



Note: Cumulative increase since June quarter 2004. Source: ABS Cat. No. 6401.0

Australian governments fare well by OECD standards

Measures of government performance, OECD countries, 2015



Note: Measures are from results for all countries, with data extracted for OECD countries. Values on the vertical axis are standardised deviations from the global mean. Source: World Bank (2015) and Productivity Commission (2017).