
Revisions to Shifting the Dial

Following checking, the Commission has revised some estimates in appendix B of the impacts of reforms that improve the efficiency of markets (and related to that, a few corresponding changes to chapter 5 and supporting paper 13). These address concerns about the degree to which numerical estimates are sufficiently reliable for some specific reforms, and in other instances correct early estimates. The changes do not affect any qualitative judgments made in appendix B or elsewhere in the report, or the overall view about the collective magnitude of traditional microeconomic reform. Some minor corrections of typos have also been made. The changes are included in the report published online. A detailed comparison of the revised and earlier published report is available [here](#).

Appendix B of the main report

Page 221 — second paragraph, replaced:

“Even where government” WITH “Where government”

Page 221— third paragraph, replaced:

“... potentially large gains (in the order of another \$5 billion) from reforms to industry assistance, government procurement, and intellectual property (IP). While the actual ...”

WITH “... potentially larger gains from reforms to government procurement, intellectual property (IP), occupational licensing and regulatory processes. While the actual ...”

Page 224 — deleted (in third paragraph):

“... in 2016-17 (which is likely to underestimate actual costs).”

Page 225 — first paragraph, replaced:

“These benefits should be similar for Western Australia and South Australia, making the change worth approximately \$600 million”

WITH “Across all the relevant jurisdictions the reform benefits in 2015-16 could be \$400 million”

Page 226 — first paragraph, replaced:

“Scaling US cost estimates of licensing requirements... enter the market.”

WITH “While the occupational licensing requirements in Australia are different and the economy much smaller, the costs for Australia would likely still amount to many billions of dollars. However, many of these gains are transfers.”

Page 227 — fourth row of content in table B.1, replaced:

“\$200 million for each of the 3 states, totals \$600 million a year”

WITH “Around \$400 million a year”

Page 227 — sixth row of content in table B.1, replaced:

“up to \$15 billion” WITH “worth billions”

Page 228 — fifth paragraph, deleted hanging words:

“and the.”

Page 229 — first paragraph, replaced:

For example, a 20 per cent reduction would save the budget \$1.5 billion, and conservatively another \$200 million in avoided deadweight loss of taxation.

WITH “A cut in overall assistance that left R&D and small business assistance at their current levels and that reduced other assistance by 50 per cent would save the budget around \$1.5 billion. Depending on the marginal excess burden of personal income tax, this could also lead to roughly between \$200 and \$500 million in avoided deadweight losses of taxation (Cao et al 2015, p. 22).”

Page 230 — first paragraph, replaced:

“(PC 2016c)” WITH “(PC 2016d)”

Page 230 — second paragraph, replaced:

“... does not restrict imports. With 4.5 million second hand cars traded each year (Ludlow 2015) removing these restrictions would greatly benefit consumers (if the saving applies to half the market with an average price of \$12 000 falling to \$6 000, this is a saving of \$13.5 billion).”

WITH “...does not restrict imports (Ludlow 2015).The savings from deregulation are hard to estimate given unreliable data on used car sales and the prospective impact on car prices, but are still likely to be significant.”

Page 230 — fourth paragraph, replaced:

“... are worth, but since innovation is a main source of productivity growth, even shifting it by 0.1 percentage point, would be worth \$1.9 billion to the Australian economy.”

WITH “... are worth, but since innovation is a main source of productivity growth they could be substantial”

Page 230 — footnote 22, replaced:

“... is about 1.1, so a 0.1 percentage point improvement in MFP raises annual GDP by \$1.9 billion. If MFP averages 0.7 per cent, this is a 14 per cent improvement in MFP.”

WITH “... is about 1.1. Even were IP reform to increase MFP by just 0.01 percentage point this would raise annual GDP by \$190 million. The output gains from IP reform may exceed this.”

Page 231 — second row, column 2 in table B.2, replaced:

“Harper Review 7” WITH “Harper Review 8”

Page 232 — sixth row, column 4 in table B.2 replaced:

“A 0.1 percentage point boost to productivity from greater innovation is worth \$1.9 billion to the economy”

WITH “More efficient IP system and better economywide productivity”

Page 238 — second row, column 4 in table B.4, replaced:

“about \$240 million” WITH “about \$220 million”

Page 239 — deleted (in fourth paragraph):

“include the ban”

Page 239 — fourth paragraph, replaced:

“In Tasmania and Victoria reviews of the moratorium on cultivating genetically modified organisms estimated the economic costs of extending the moratorium. Extending the moratorium for a further 5 years in Tasmania (in 2014) was estimated to impose a net cost of \$1.5 million. Similarly extending for a further eight years in Victoria (in 2007) was estimated to impose a direct net cost of \$110-\$115 million (PC 2016h). Removal of the remaining moratoria could result in cost savings of about \$330 million over a similar time period.”

WITH “Given previous estimates of the costs of bans (PC 2016h), there could be annual savings of around \$30 million from removing the remaining restrictions.”

Page 239 — footnote 27, replaced:

“Assumes South Australia would face similar costs as Victoria and New South Wales would face greater costs as crop production is almost 2 times that of Victoria (DAWR 2017), (3 x \$110m).”

WITH “The estimate reflects the assumption that: South Australia would face similar costs to those projected for Victoria’s (now lapsed) moratorium, and that, New South Wales would face costs of around 1.5 times greater than that of Victoria, taking into account that while its crop size is around double (DAWR 2017), its moratorium is only partial.”

Page 240 — first row, column 4 in table B.5, replaced:

“\$330 million” WITH “\$30 million annually”

Chapter 5 of the main report

Page 155 — last paragraph, replaced:

“Reforms in data alone could well deliver annual benefits of over \$5.5 billion dollars. Moreover reforms to intellectual property could deliver an additional \$1.9 billion from higher rates of innovation.”

WITH “Greater availability of public data could deliver annual benefits of over \$4 billion. Moreover, reforms to intellectual property could deliver significant additional benefits from higher rates of innovation and human capital formation.”

Page 156 — first paragraph, replaced:

“... identified by the Commission would, in addition to improved consumer wellbeing, deliver an annual boost to GDP of over \$3 billion, and at least this again with reforms to government procurement and industry assistance.”

WITH “... identified by the Commission would likely deliver benefits of over \$3 billion annually, with further gains from reforms whose benefits are less easily enumerated.”

Page 156 — quote, replaced:

“Reforms in data could deliver annual benefits of over \$5.5 billion”

WITH “Greater availability of public data could deliver annual benefits of over \$4 billion”

Page 166 — last paragraph, replaced:

“If these reforms can release even 5 per cent of the potential value of public sector data they are worth over \$4 billion to the Australian economy.”

WITH “Some speculative assessments suggest that improvements in the availability of public data could generate value of over \$4 billion annually (Lateral Economics 2014, p. 28).

Page 168 — second paragraph, replaced:

“... recommended in the IP Inquiry would have on productivity, but even shifting the dial by 0.1 percentage point in multifactor productivity is worth almost \$1.9 billion to the Australian economy (appendix B).”

WITH “... recommended in the IP Inquiry would have on productivity. Some benefits simply comprise lower costs in the IP system, but much bigger gains will arise from greater innovation and diffusion (appendix B).”

References in the main report

Included:

Cao, L., Hosking, A., Kouparitsas, M., Mullaly, D., Rimmer, X., Shi, Q., Stark, W. and Wende, S. 2015, *Understanding the Economy-wide Efficiency and Incidence of Major Australian Taxes*, Treasury Working Paper, 2015-1, April.

Lateral Economics 2014, *Open for Business: How Open Data Can Help Achieve the G20 Growth Target*, A Lateral Economics report commissioned by Omidyar Network, June.

Page 252 — replaced:

“RSM Australia 2017, Financial Analysis of Pharmacy Remuneration and Regulation, ...”

WITH “RSM Australia 2017, Financial Analysis of Pharmacy Remuneration and Regulation ...”

Supporting Paper 4

Page 3 — second row, column 3, table 1, replaced:

“Highest among 35 OECD countries” WITH: “14th highest among 35 OECD countries”

Supporting Paper 13

Page 35 — deleted (in third paragraph):

“The lower estimate still puts the potential annual value of public sector data provision at about \$85 billion.”

Page 37 — first paragraph, replaced:

“If these reforms ... the Australian economy”

WITH “Estimates of the *incremental* value of greater access to public data are highly speculative and assumption-based, but Lateral Economics (2014) estimates gains of 0.27 per cent of Australia’s cumulative GDP over 5 years or over \$4 billion annually.”

Page 38 — first paragraph, replaced:

“It is hard to estimate the impacts on productivity of the Commission’s IP Inquiry’s recommendations, but even shifting the dial by 0.1 percentage point in multifactor productivity is worth almost \$1.9 billion to the Australian economy (after taking account of general equilibrium flow on effects).”

WITH “It is hard to estimate the benefits of the Commission’s IP Inquiry’s recommendations. Some reforms would lower costs in the IP system, but much bigger gains would arise from greater innovation and diffusion. Even were IP reform to increase MFP by just 0.01 percentage point this would raise annual GDP by \$190 million (after taking account of general equilibrium flow on effects). The output gains from IP reform may exceed this.”

Page 47 — included in references:

Lateral Economics 2014, *Open for Business: How Open Data Can Help Achieve the G20 Growth Target*, A Lateral Economics report commissioned by Omidyar Network, June.