OUTLOOK, JULY 2017

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Productivity Commission
Contributions to income growth

Gross national income per capita

Mining and non-mining investment activity

Notes: Investment to GDP refers to real gross fixed capital formation to real gross domestic product.

Non-mining investment growth

Note: Investment is real gross fixed capital formation, and growth is a simple five-year period end moving average.

Where to start....

- A right to return, in education
- A serious spring clean of urban planning
- Address disease prevention as directly as we address workplace accidents
- Change the early retirement paradigm
- Data, the new resource discovery
- Stop creating new barriers to trade and labour mobility
Australia’s OECD economic ranking

Real GDP per capita in 1990 US$ (converted at Geary Khamis PPPs), OECD countries

Australia ranked 5th in 1950
Australia ranked 15th in 1983
Australia ranked 5th in 2014

**A more open economy**

**Trade intensity (1970-2015)**

Refers to nominal exports plus imports divided by nominal GDP.

Source: ABS Cat. nos 5302.0, 5206.0
World trade as a share of gross domestic product

Annual


Percent

32 30 28 26 24 22 20 18 16 14

NOTE: The shaded bars indicate periods of global recession defined as 55 per cent of world gross domestic product in recession.
SOURCE: World Development Indicators, World Bank; recession data are from Economic Cycle Research Institute (ECRI).
Household income has improved significantly

Labour productivity and real household income

Compound annual growth rates (1986 to 2015):

- RULC: -0.5% pa
- LP: +1.6% pa
- HH Income: +1.7% pa

Labour productivity is calculated as real gross domestic product per hour worked. Real household income is expressed as real gross national income per capita, per household based on Census data on average household size.

Data source: ABS Cat. No. 5204, Table 1, 6 & 72, ABS Cat. No. 6202.0, Table 6.
Mismatch between life expectancy and retirement policy

People are living longer, but not increasing the time spent in the workforce

Average years outside labour force
Average years in labour force

<table>
<thead>
<tr>
<th>Generation</th>
<th>Average years outside labour force</th>
<th>Average years in labour force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oldest Gen (1901-1925)</td>
<td>56.4</td>
<td>13.2</td>
</tr>
<tr>
<td>Silent Gen (1926-1945)</td>
<td>62.4</td>
<td>20.0</td>
</tr>
<tr>
<td>Baby Boomers (1946-1965)</td>
<td>67.7</td>
<td>23.9</td>
</tr>
<tr>
<td>Gen X&amp;Y (1966-1985)</td>
<td>72.2</td>
<td>27.7</td>
</tr>
<tr>
<td>iGeneration (1986-2005)</td>
<td>75.6</td>
<td>30.7</td>
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<tr>
<td>GenWhats (2006-2060)</td>
<td>77.9</td>
<td>32.6</td>
</tr>
</tbody>
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Rounding errors mean numbers may not exactly sum