Productivity Perspectives 2006

Welcome

Gary Banks
Chairman
Productivity Commission
Labour productivity growth over productivity cycles

- Capital deepening
- MFP growth

<table>
<thead>
<tr>
<th>Period</th>
<th>Capital Deepening</th>
<th>MFP Growth</th>
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<tbody>
<tr>
<td>1964-65 to 1968-69</td>
<td>1.3</td>
<td>1.2</td>
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<td>1968-69 to 1973-74</td>
<td>1.4</td>
<td>1.6</td>
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<tr>
<td>1973-74 to 1981-82</td>
<td>1.1</td>
<td>2.2</td>
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<tr>
<td>1981-82 to 1984-85</td>
<td>1.2</td>
<td>2.3</td>
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<td>1984-85 to 1988-89</td>
<td>0.8</td>
<td>0.7</td>
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<tr>
<td>1988-89 to 1993-94</td>
<td>1.3</td>
<td>2.2</td>
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<tr>
<td>1993-94 to 1998-99</td>
<td>1.2</td>
<td>2.1</td>
</tr>
<tr>
<td>1998-99 to 2003-04</td>
<td>1.2</td>
<td>2.2</td>
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Annual growth in MFP

Actual

Trend

2004-05

Issues for the day

- International perspective
  - What are the key drivers of productivity growth?
  - How does Australia’s performance compare?

- Australia’s recent performance
  - What do we take from the evidence of a productivity slowdown?
  - Last year: slower output growth and more rapid labour growth
  - Effects of the terms of trade?
  - What has contributed to productivity performance?

- Productivity outlook
  - Will technology be a major source?
  - Scope for further catch up?

- Productivity measurement/analysis
  - Priorities and programs