



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
INQUIRY: Raising the productivity growth rate in the Australian economy

Chair: Mr Craig Thomson MP

House Economics Committee releases report on raising productivity growth in Australia

The House of Representatives Economics Committee today released its report on raising the productivity growth rate in the Australian economy, calling on the government in the next parliament to conduct a national productivity forum with governments, business, unions and non-government organisations.

Committee Chair Craig Thomson MP today said “robust productivity growth will be a key determinant of Australia’s long term economic prosperity. With the challenges posed by a larger and ageing population, climate change and the current constrained fiscal environment, productivity growth is essential to generate the living standards and community wellbeing expected by Australians.”

The committee noted that Australia experienced a productivity growth surge in the mid-1990s, averaging 2.3 per cent multifactor productivity growth per annum. Since then, productivity growth has declined, with multifactor productivity declining 0.4 per cent in the current uncompleted cycle from 2003-04 to present.

The high per capita incomes Australians currently enjoy can be attributed to favourable commodity prices and thus strong terms of trade. However, to secure long term economic growth, Australia will need to focus on productivity growth, through improvements in the technical efficiency of firms and their utilisation of technological advances.

To support effective government policy to promote productivity growth in the economy, the committee has also recommended that:

- the government introduce a national aggregate productivity growth target for the medium term to 2030;
- the Council of Australian Governments adopt a specific national productivity agenda;
- the Productivity Commission undertake modelling on the effect of human capital investment on Australian productivity growth;
- the Australian Bureau of Statistics investigate alternative ways of measuring multifactor productivity in the services sector;
- cost-benefit analysis be mandatory for all policies aimed at increasing aggregate productivity growth; and
- any national productivity agenda should include public sector service provision.

An electronic copy of the report is available online at:

<http://www.aph.gov.au/house/committee/economics/productivity/report.htm>.

Hard copies of the report are available from the Committee Secretariat. To obtain a hard copy please email economics.reps@aph.gov.au or phone (02) 6277 4587.

For media comment: please contact the Committee Chair, Mr Craig Thomson MP, on (02) 4351 1223 (Electorate Office) or (02) 6277 4460 Parliament House.

Further information: contact the Secretary, on (02) 6277 4587, email economics.reps@aph.gov.au or visit the Committee’s webpage at <http://www.aph.gov.au/economics>