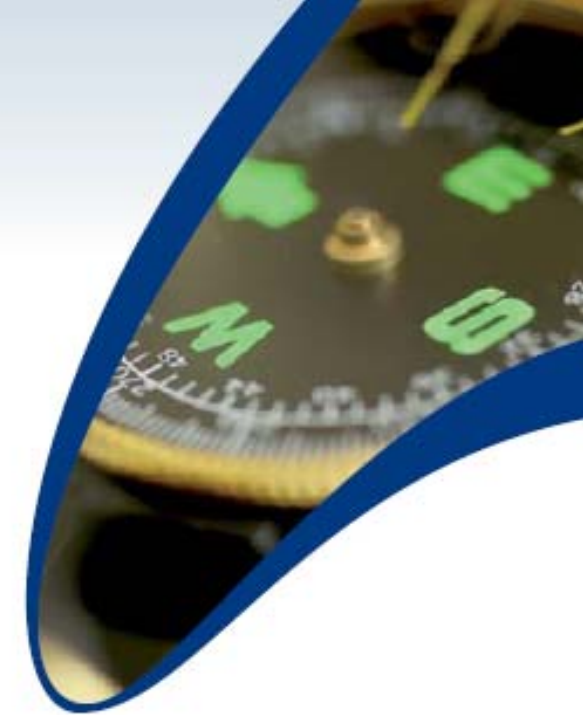


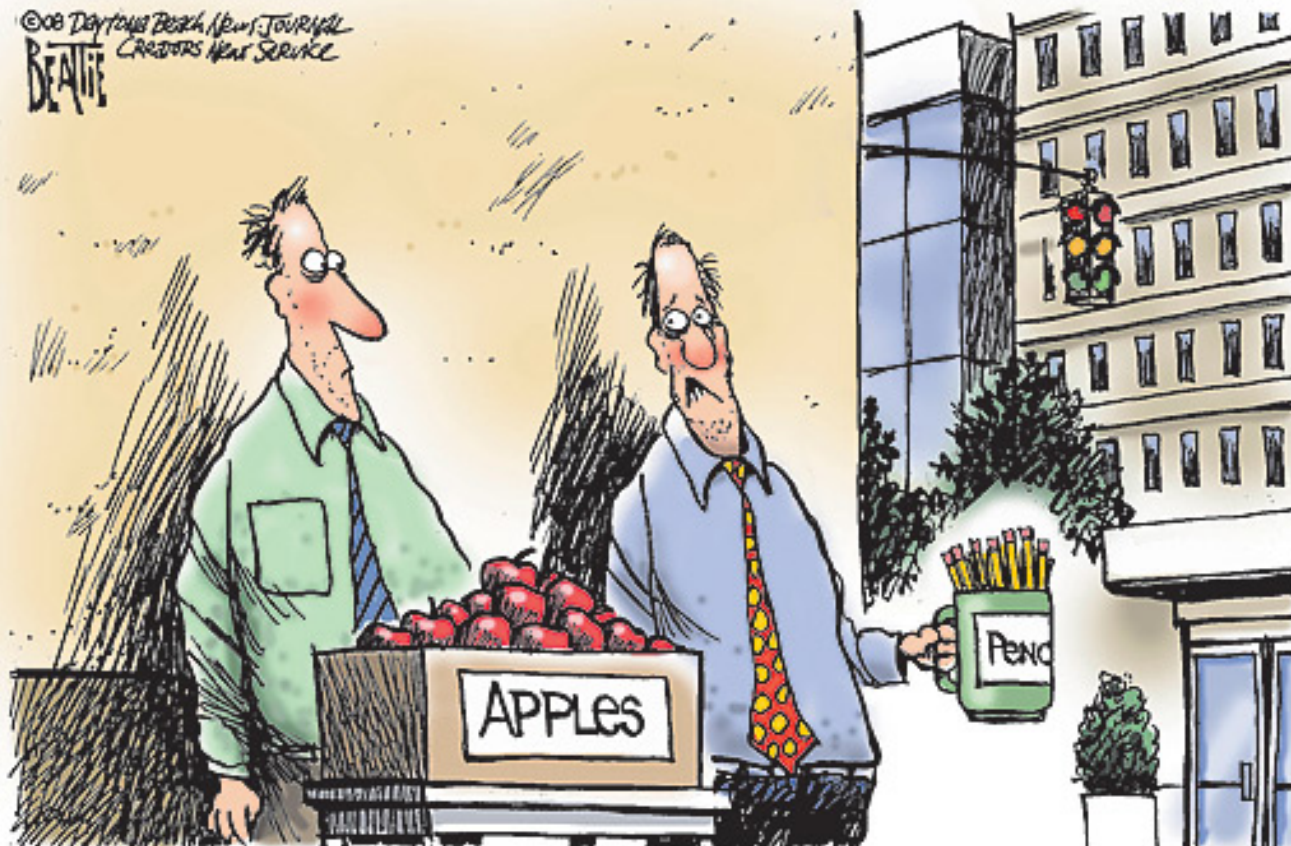
# Future Economics, Future Jobs



**John Nicolaou**  
**Executive Director & Chief Economist**  
**Chamber of Commerce and Industry of WA**

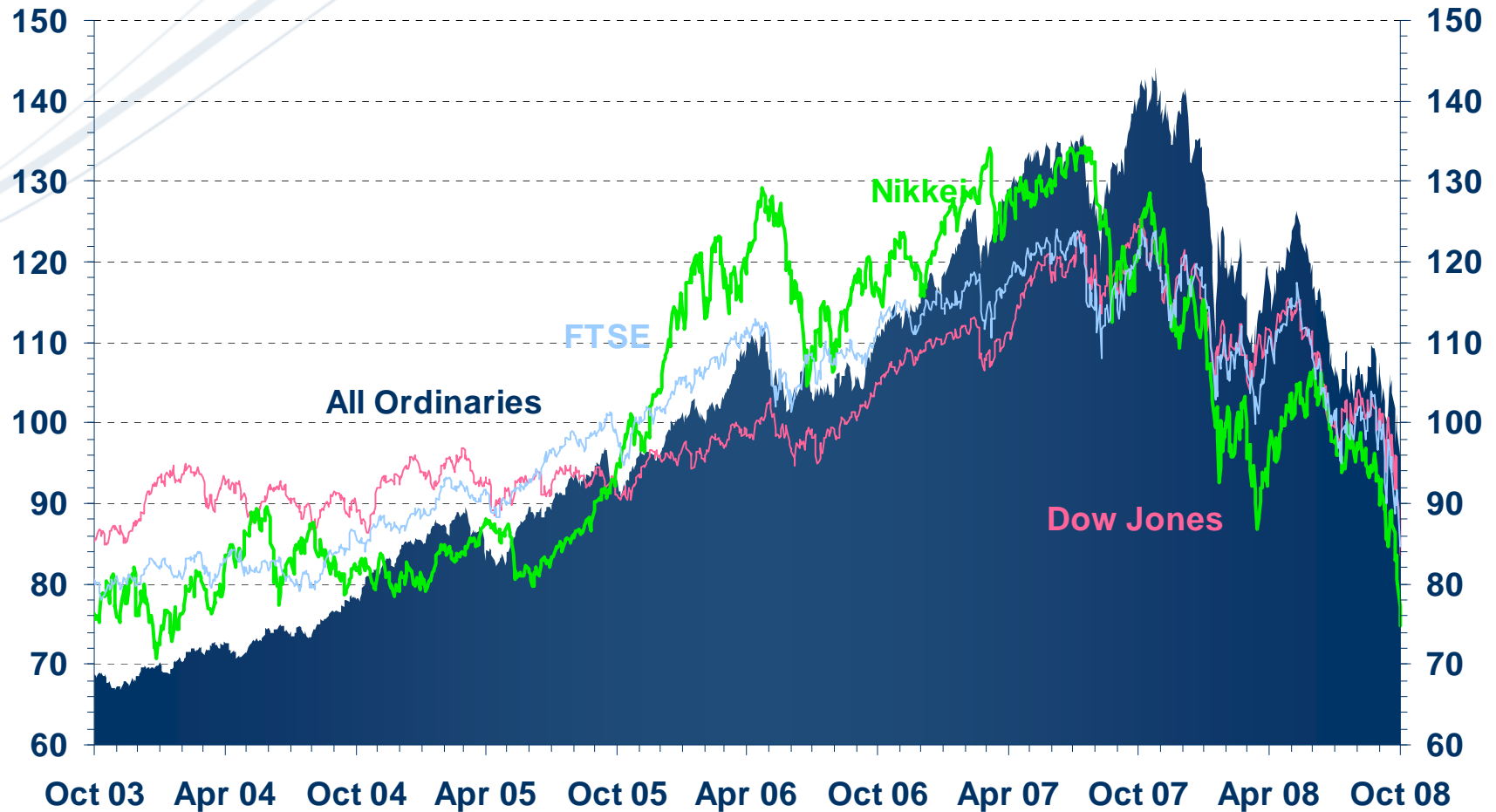


# Impact of Global Financial Crisis



**"Things must REALLY be bad . . . Warren Buffett is on a buying spree."**

# Major Sharemarkets Re-Indexed, Period Average = 100



Source: Yahoo! Finance, updated to close of trade on 7 October 2008



# CBOE Volatility Index - "Fear Gauge" Daily Closing Price

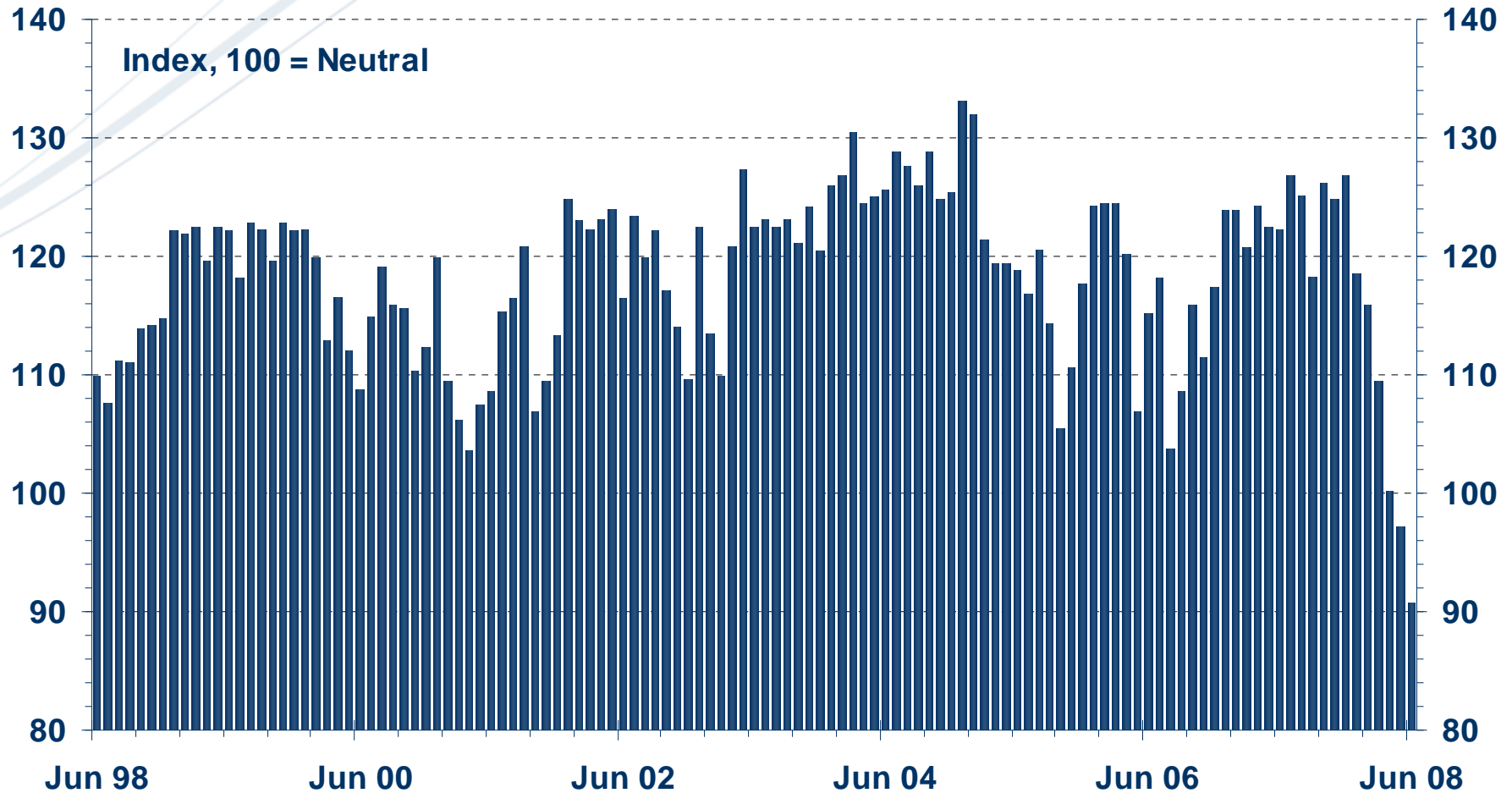


Source: CBOE



# Consumer Confidence, Australia

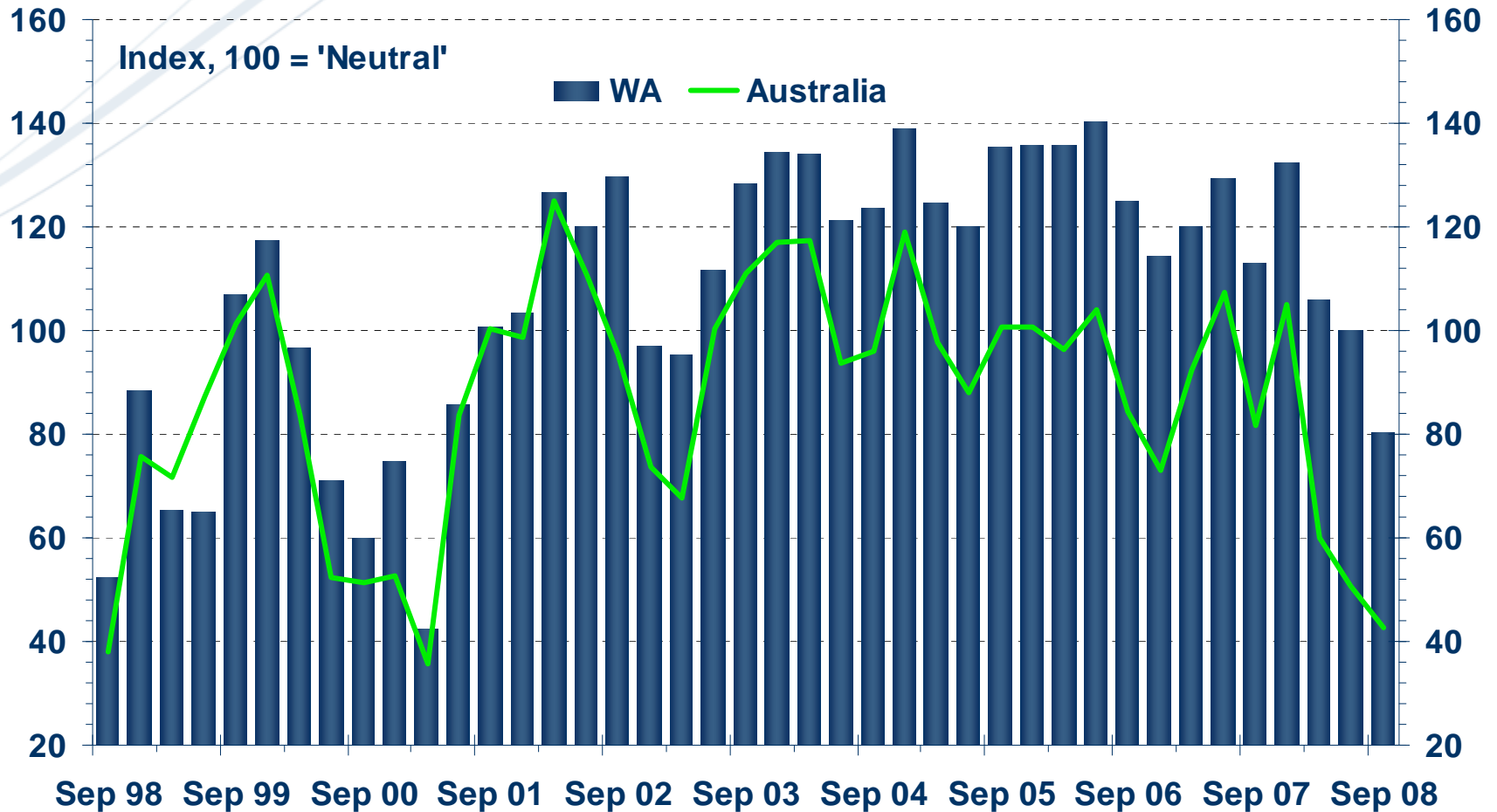
## Roy Morgan Confidence Index



Source: Roy Morgan Research



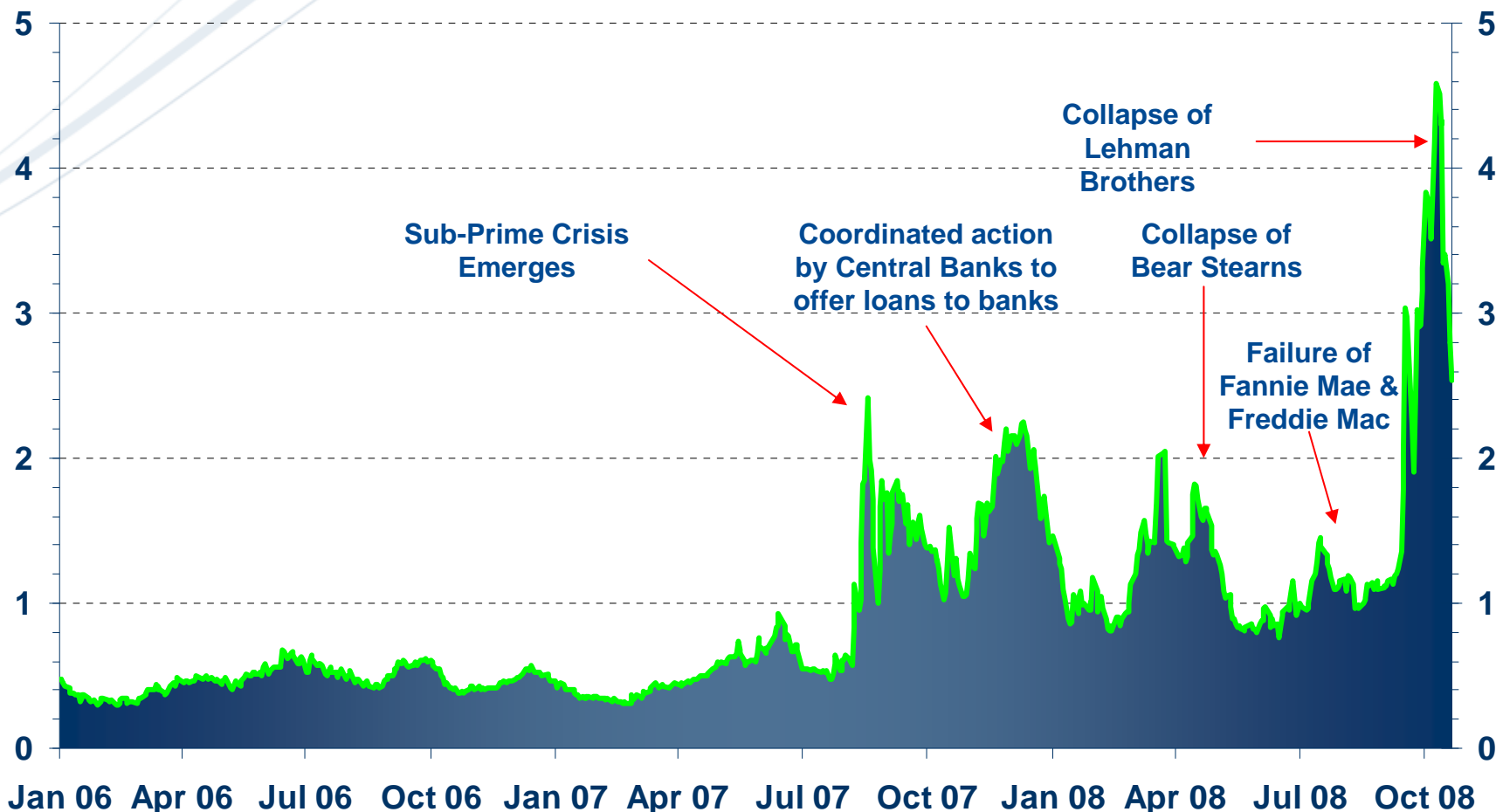
# WA Business Confidence, WA & National Economies, 12 Months Expected



Source: Commonwealth Bank-CCI Survey of Business Expectations



# Interbank Lending Risk Premium US 3-month T-Bill to LIBOR\* Spread

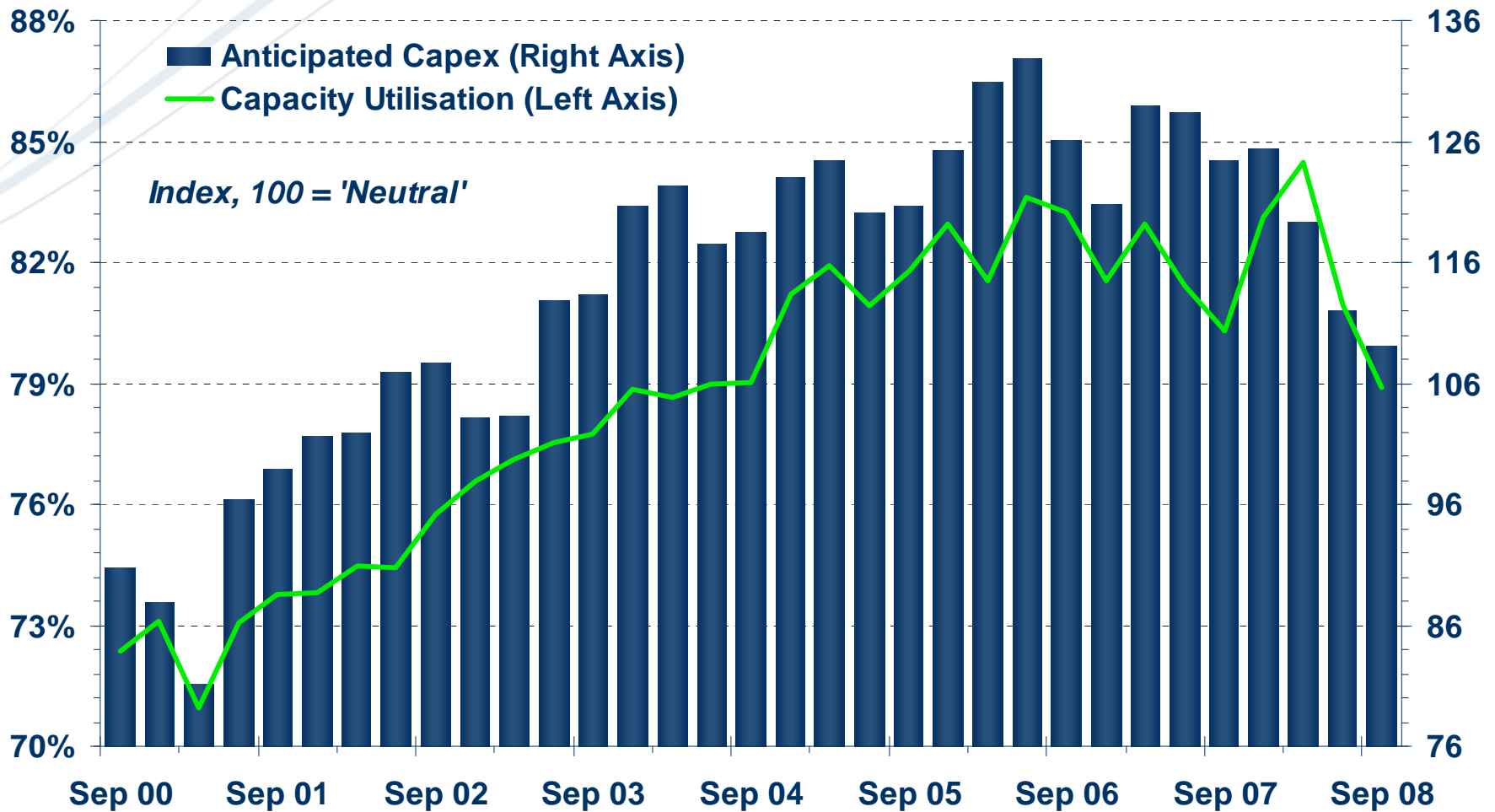


Source: US Federal Reserve, \* London Inter Bank Offered Rate



# Productive Capacity

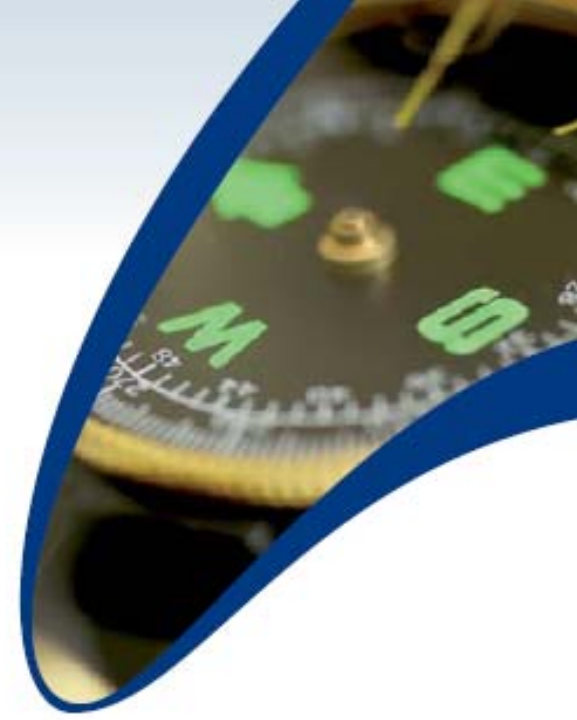
## Capacity Utilisation vs Index of CAPEX



Source: Commonwealth Bank-CCI Survey of Business Expectations

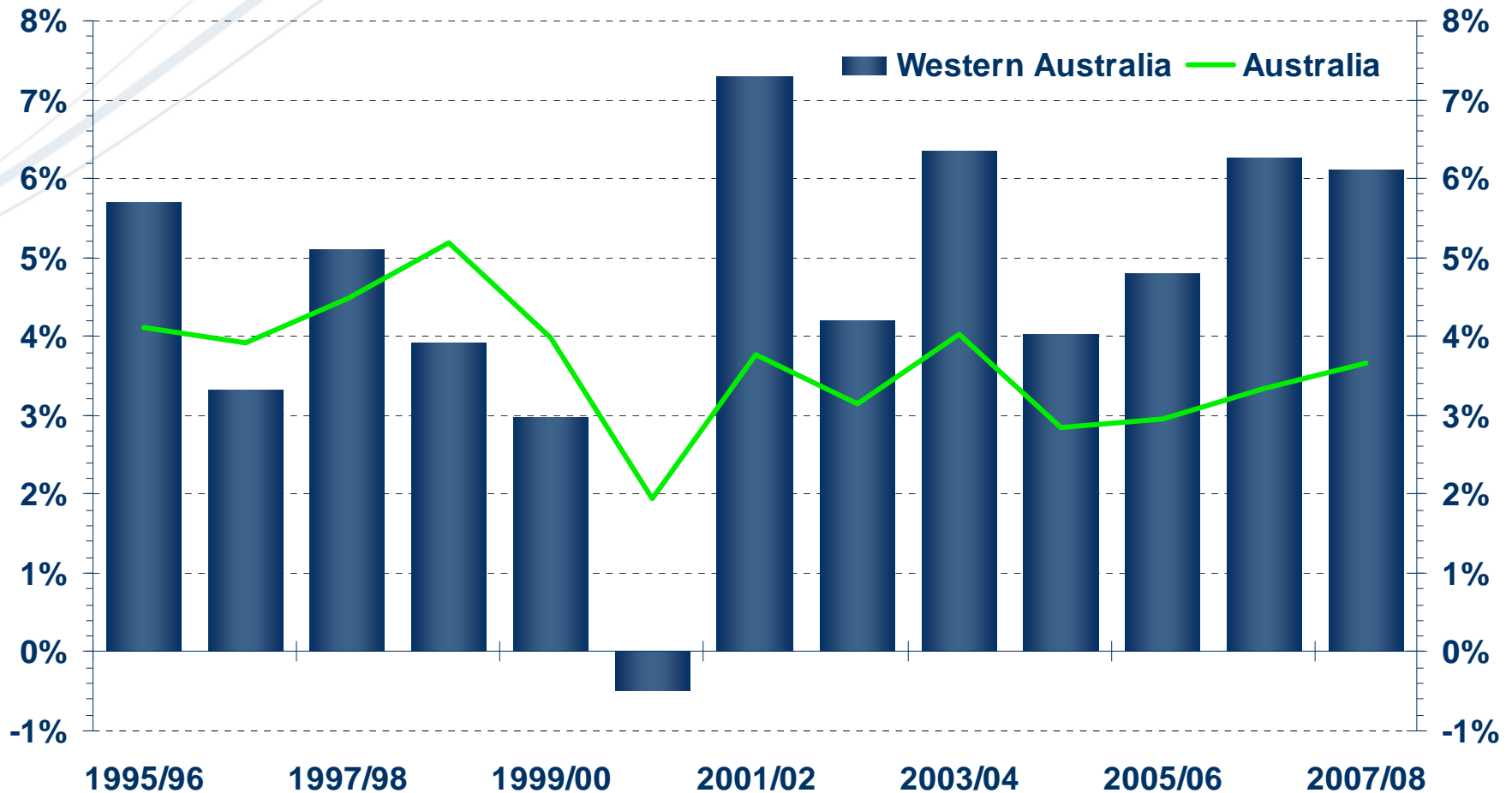


**Can we recover?**





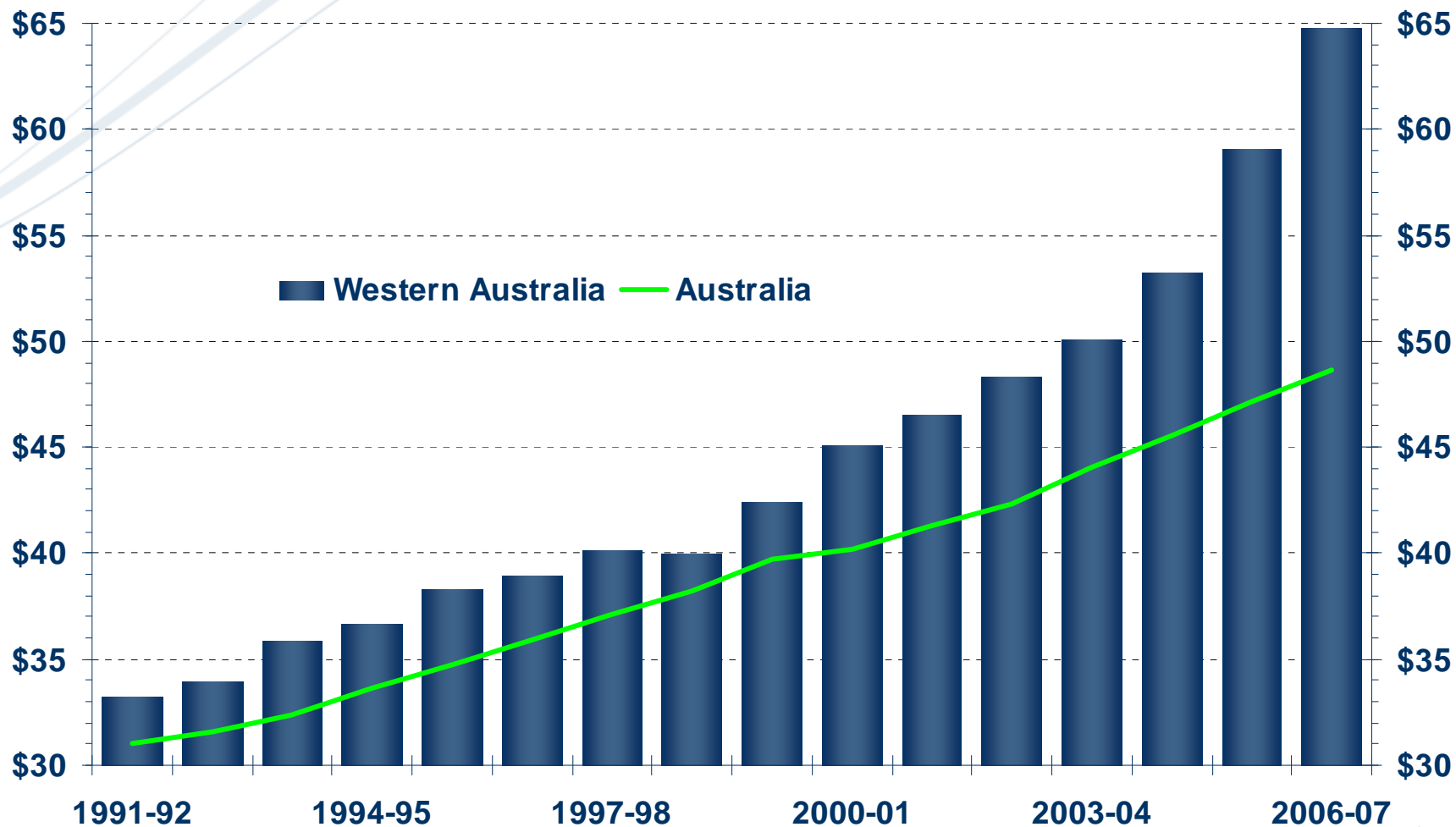
# Real Gross State & National Product Yearly % Change



Source: ABS Cat. 5206.0, 5220.0



# Real Gross Domestic Income Per Capita, WA & Australia, in '000s



Source: ABS Cat. 5220.02



# WA & China – Perfect Complements

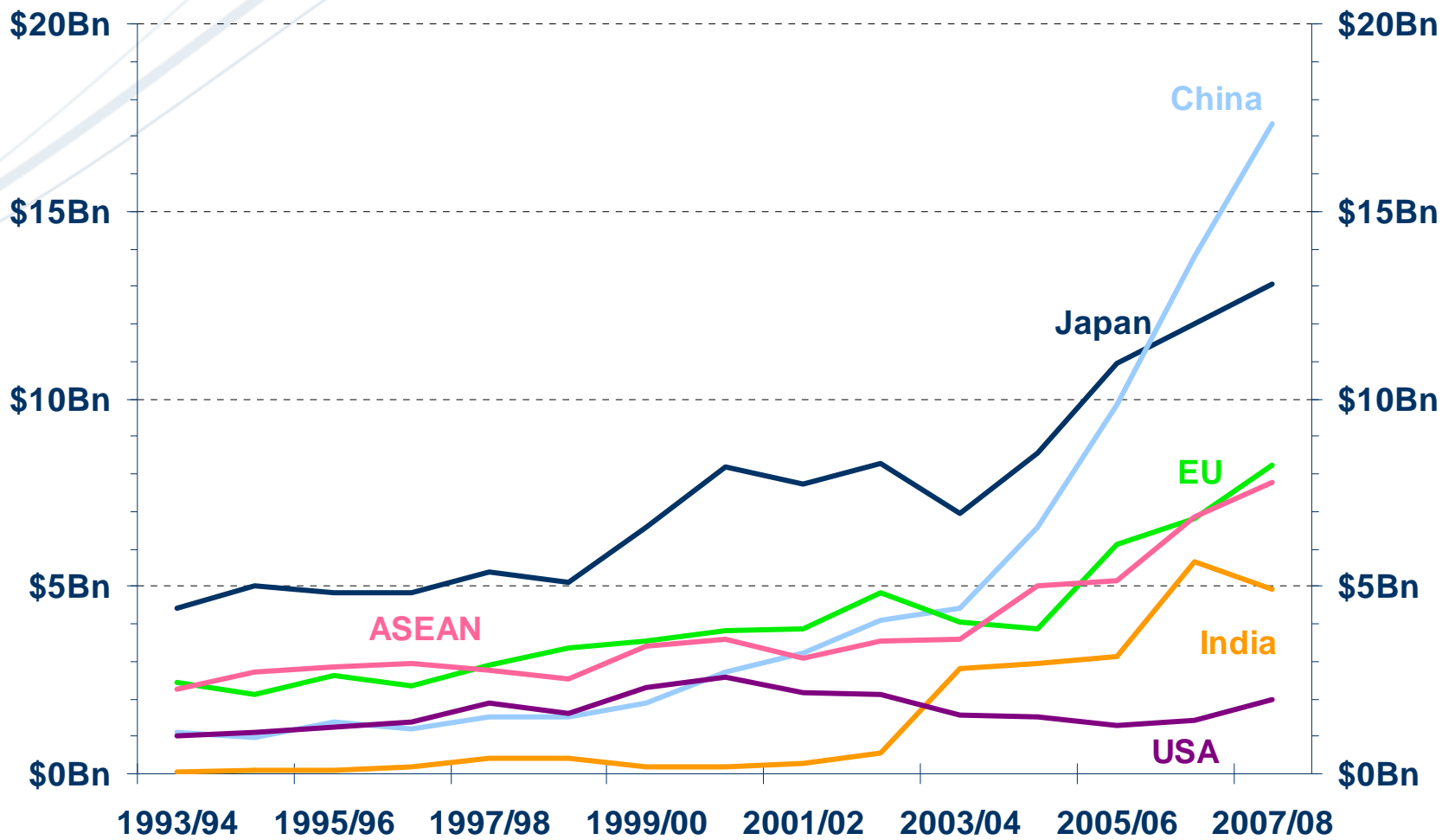


Pilbara, WA



Shanghai, China

# WA Exports by Country, \$ Billions

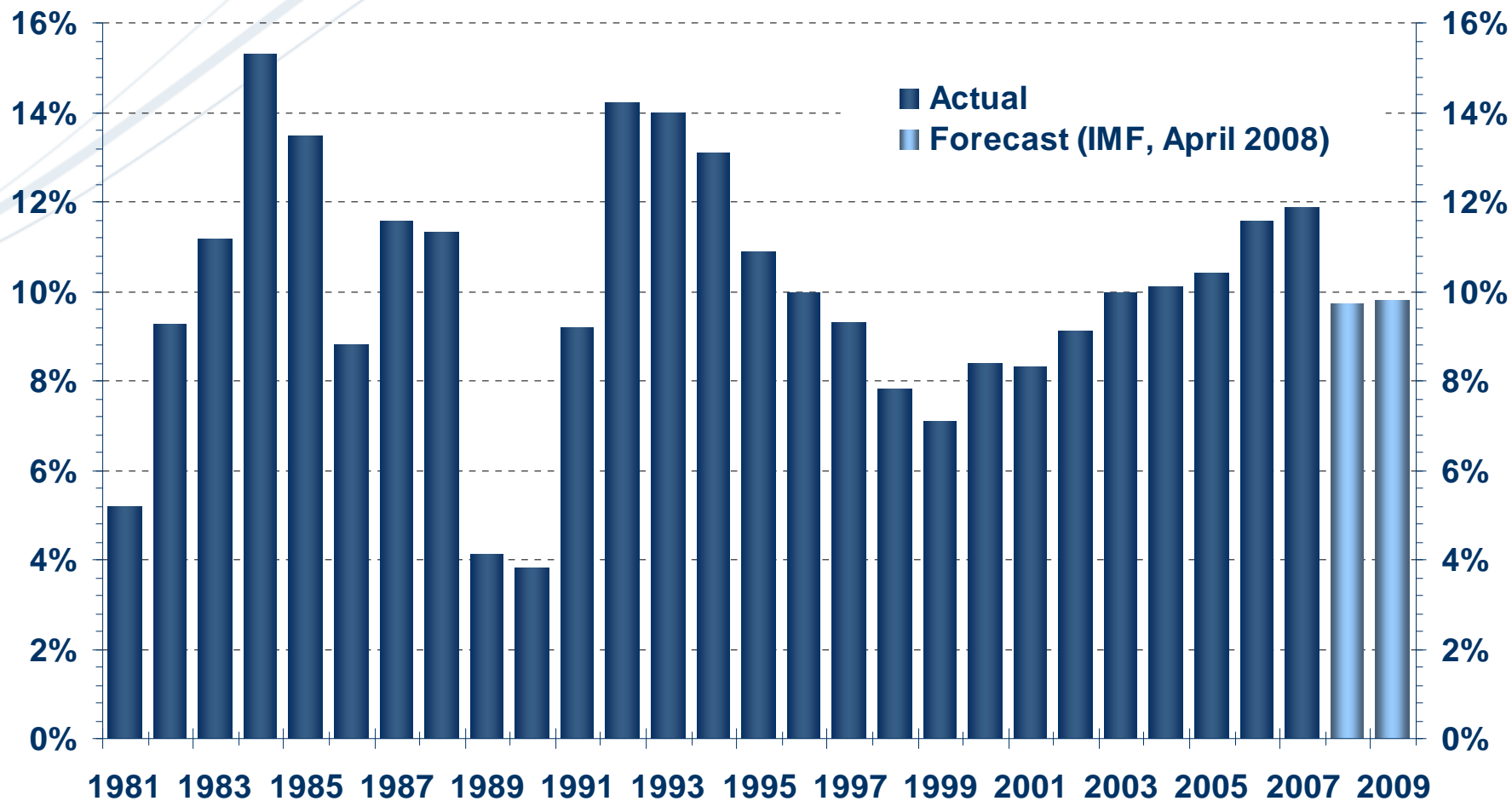


Source: ABS Cat. 5432.07



# Real GDP, China

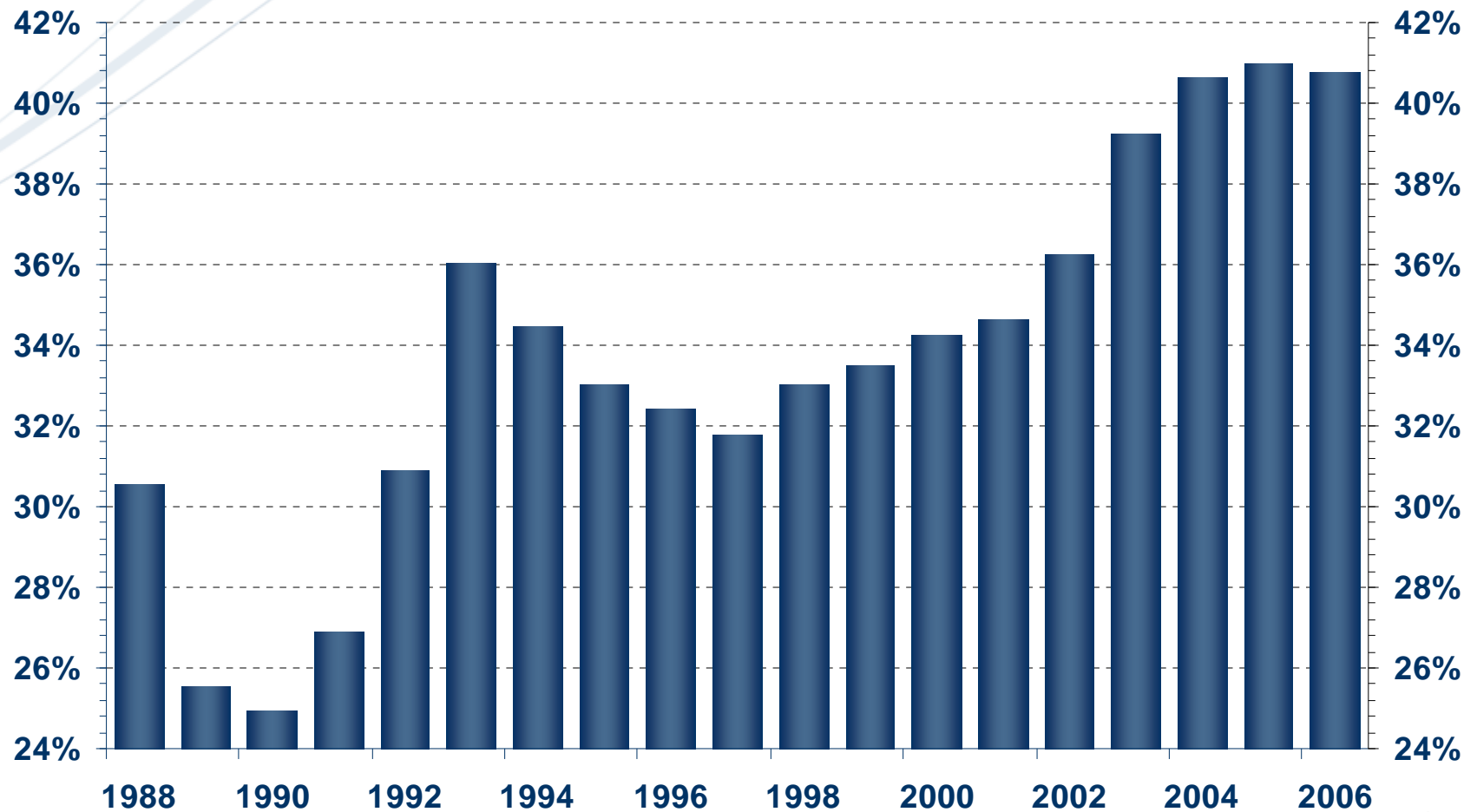
## Annual Growth, Actual & Forecast



Source: IMF, World Bank & OECD



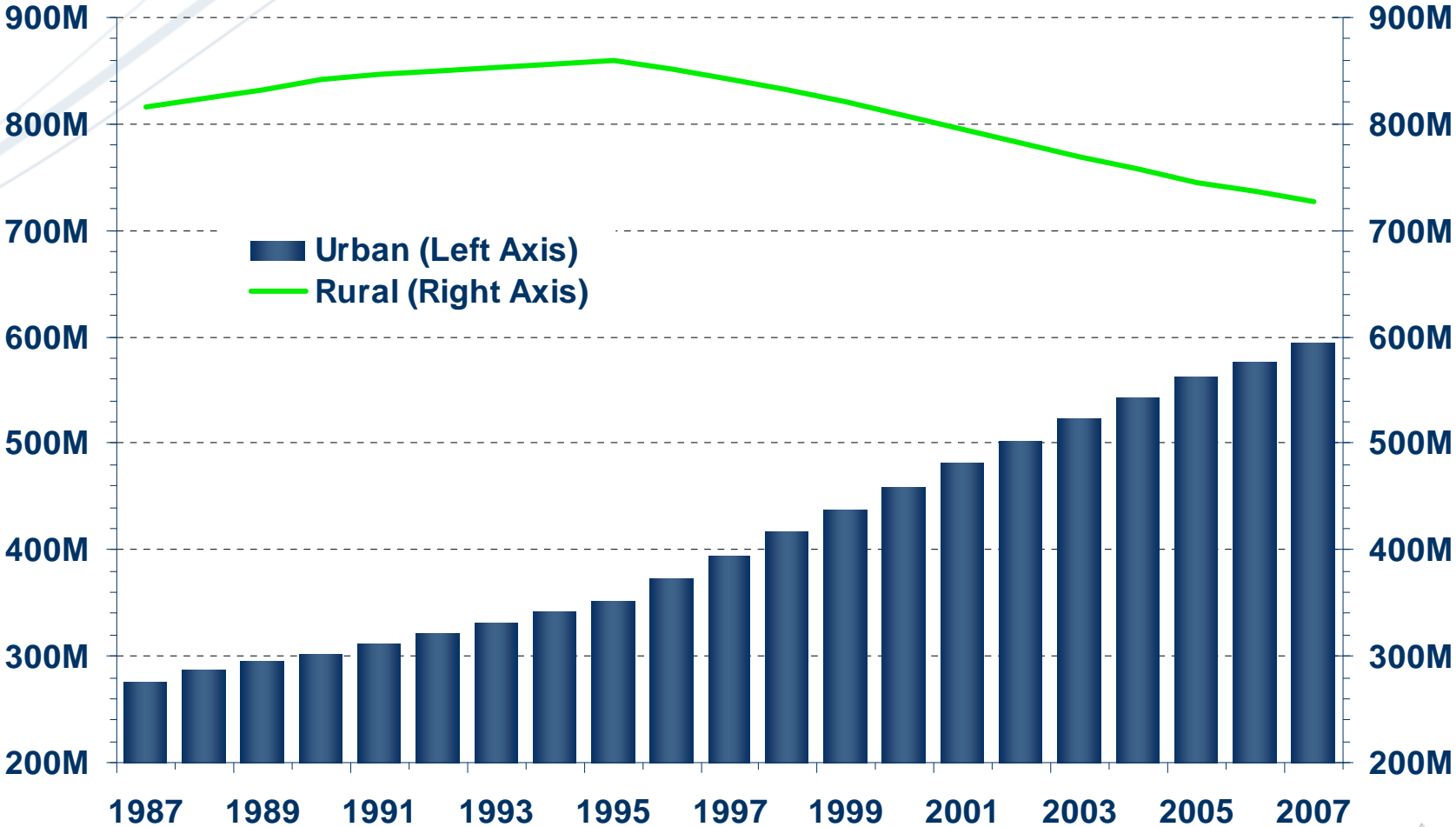
# Gross Fixed Capital Formation, China % of GDP



Source: CEIC



# China Population by Area Number, In Millions

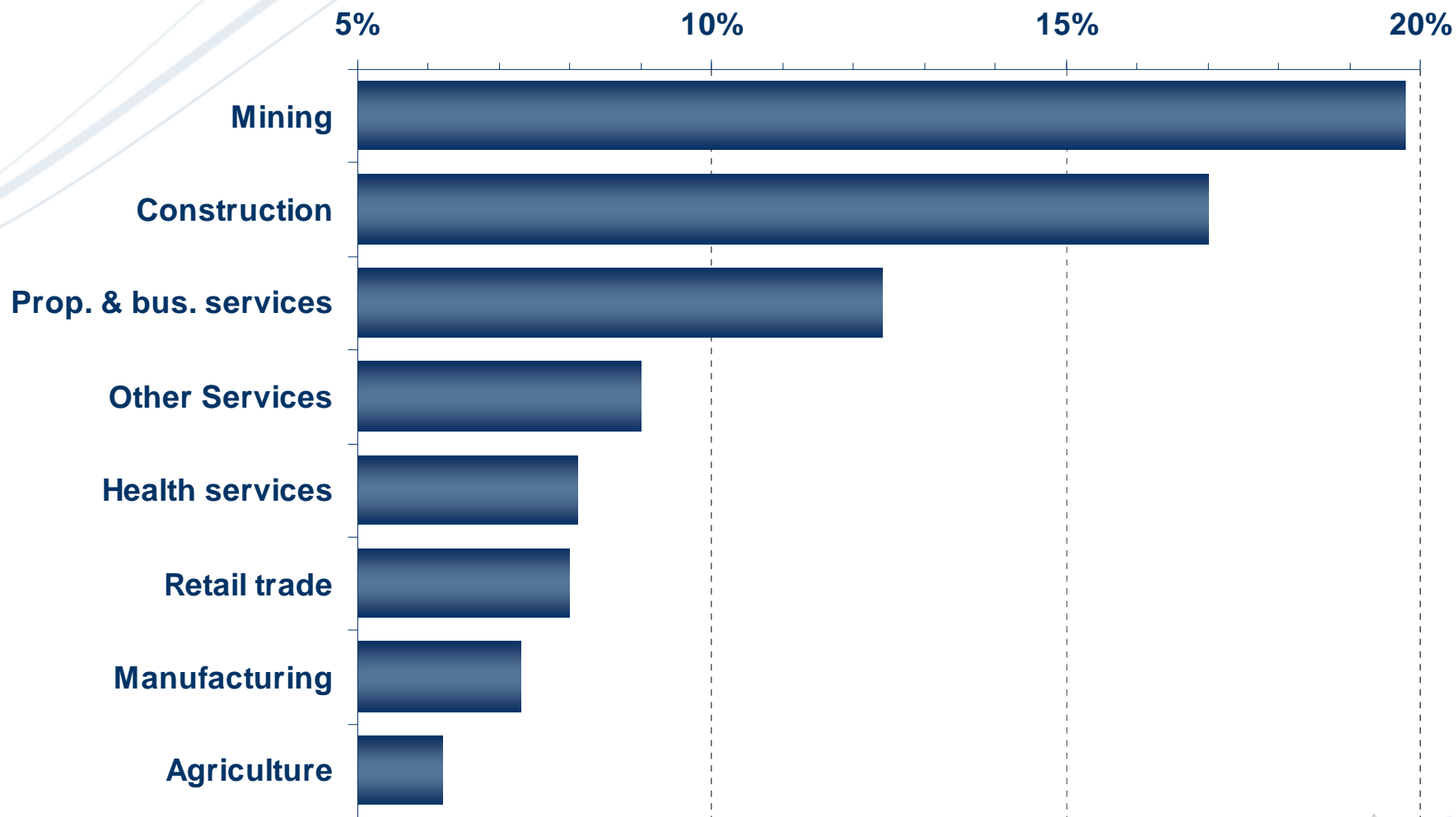


Source: CEIC



# WA Output by Sector

## Ave % Change, 2001-02 to 2006-07

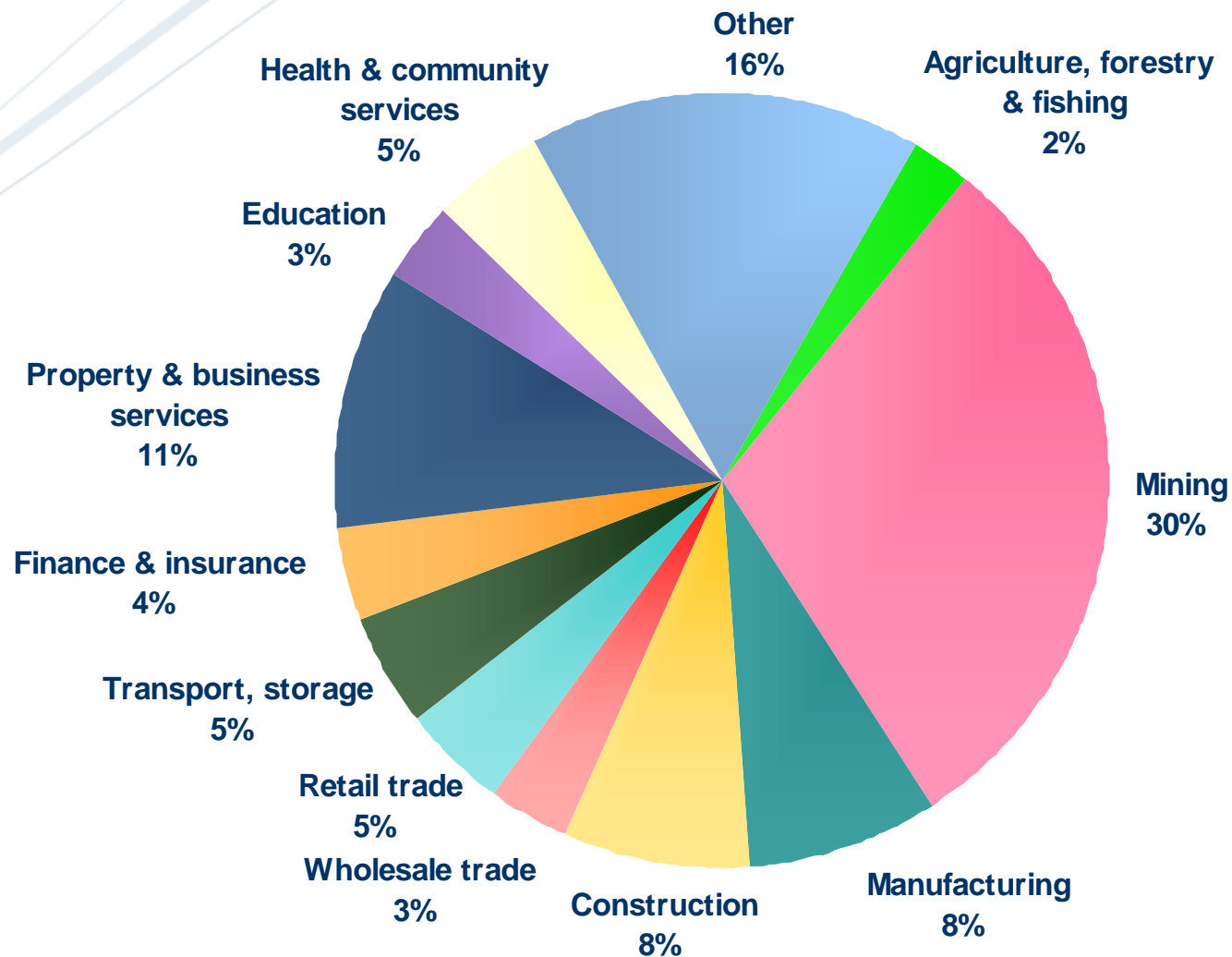


Source: ABS Cat. 5220.0



# Output by Industry, 2006-07

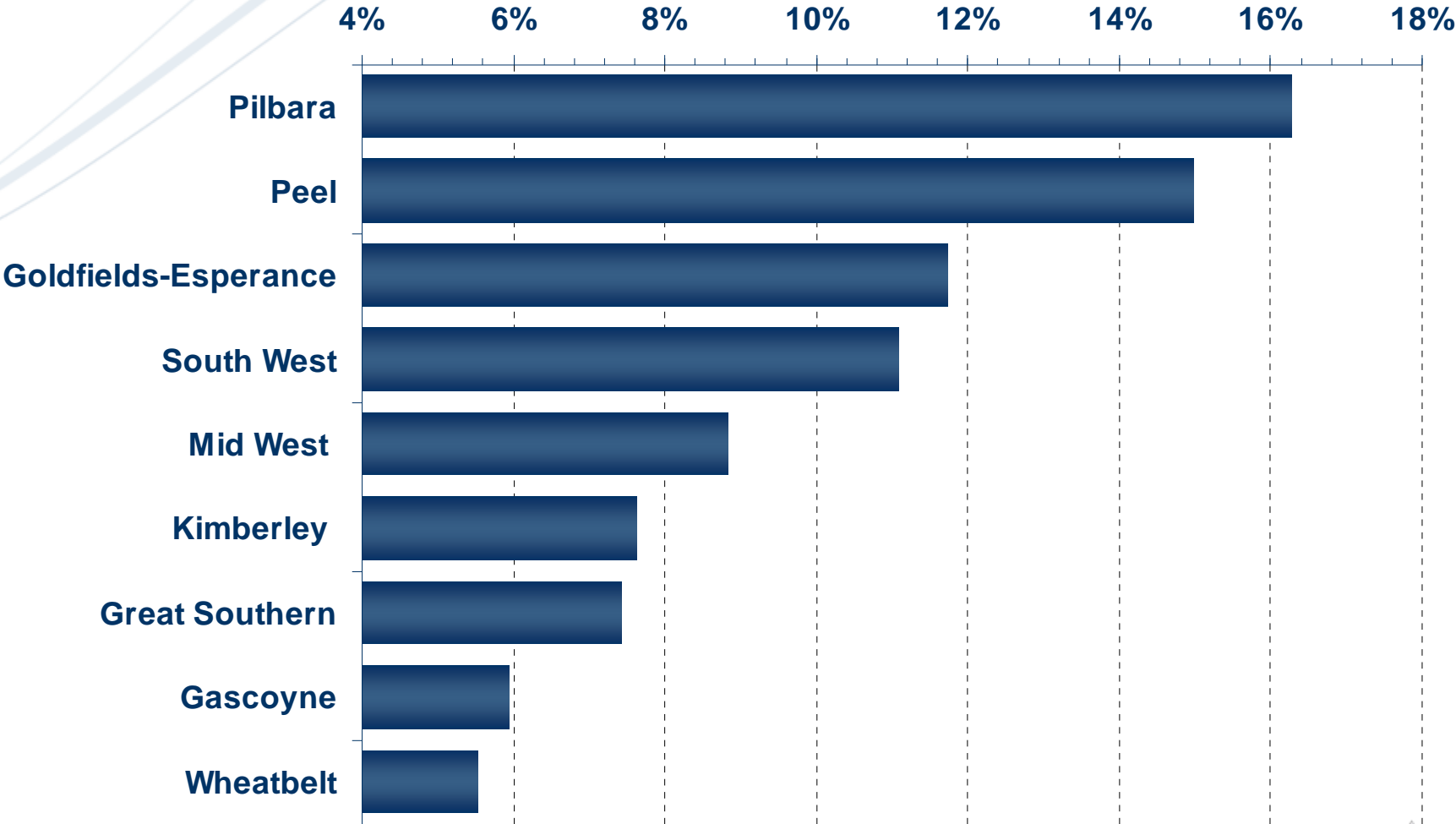
## WA, % of Total



Source: ABS Cat. 5206.0



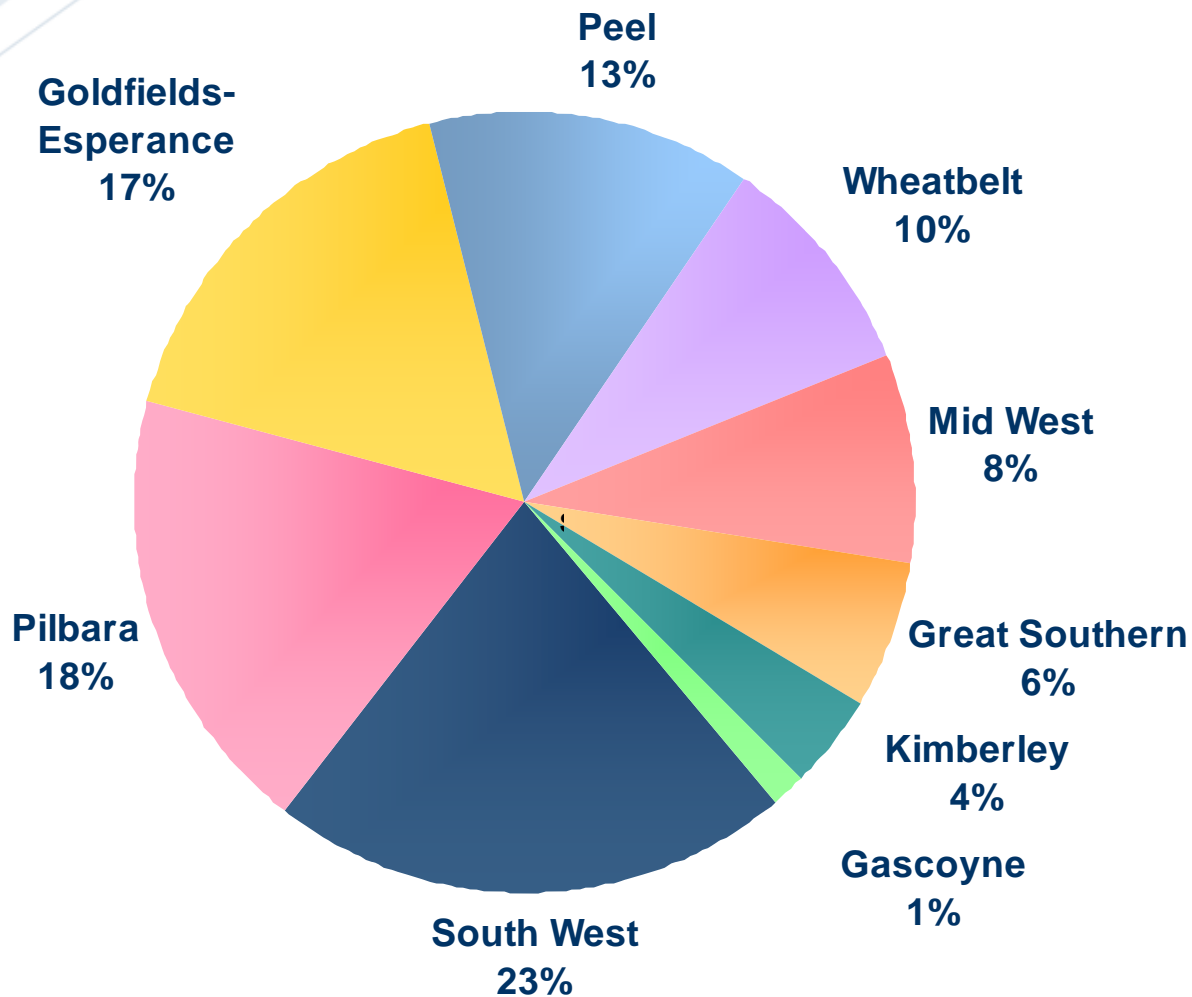
# Gross Regional Product, Average % Change, 2001-02 to 2006-07



Source: ABS Cat. 8165.0



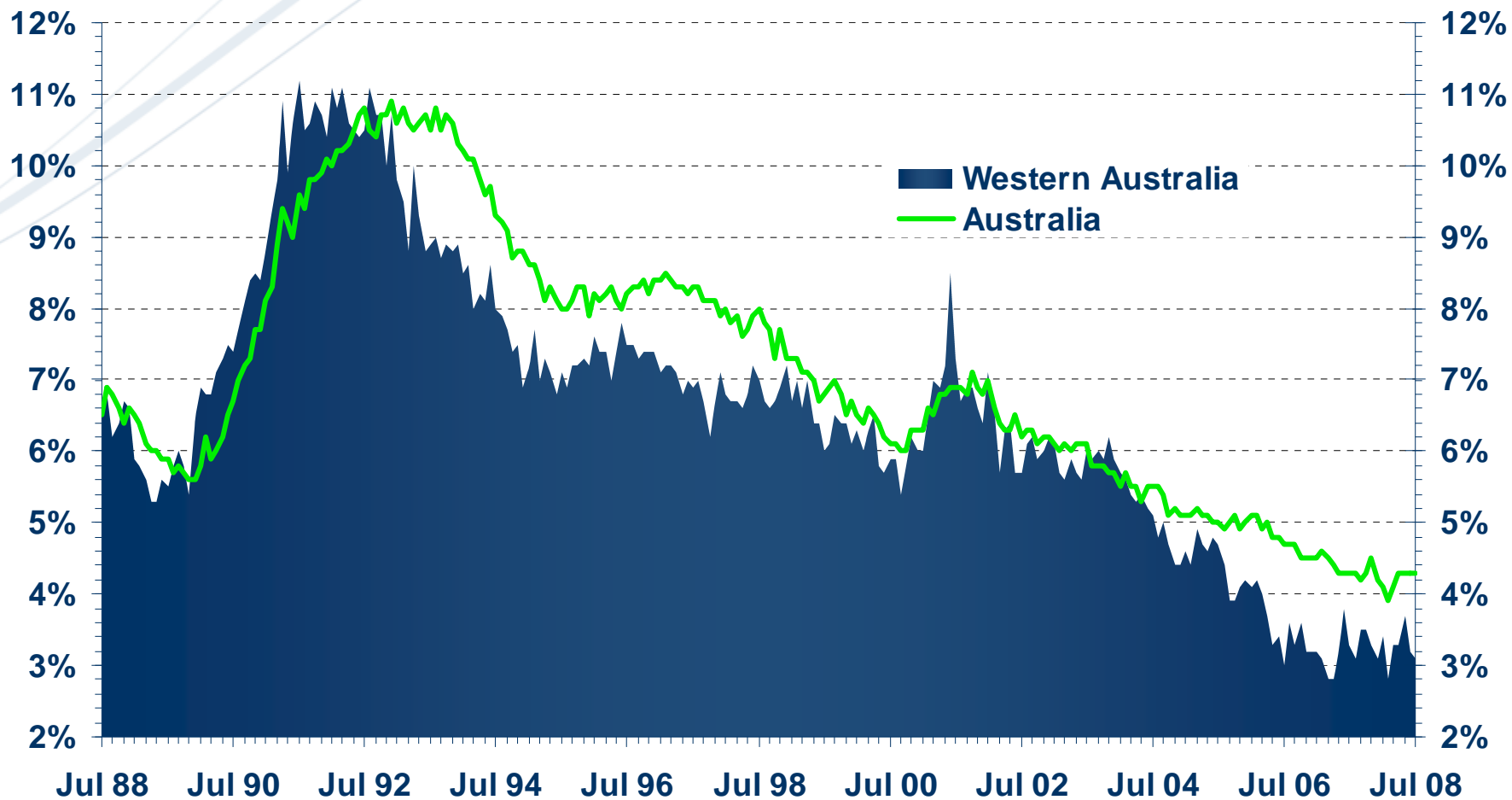
# Gross Regional Product, As % of 2006-07 Regional Total



Source: Department of Local Govt. and Regional Development



# Unemployment Rate Seasonally Adjusted

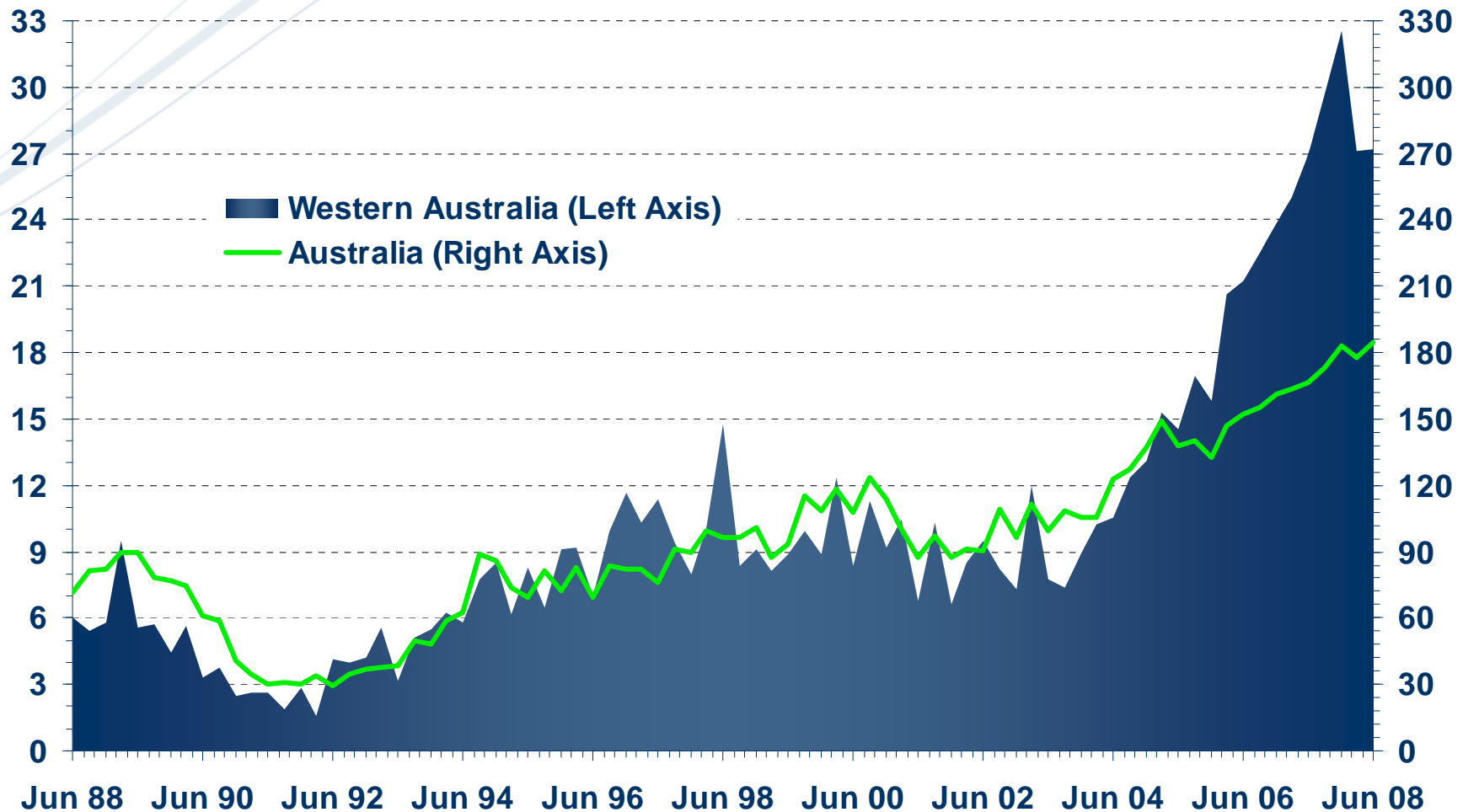


Source: ABS Cat. 6202.0



# ABS Job Vacancies Series

## Total Job Vacancies, 000s

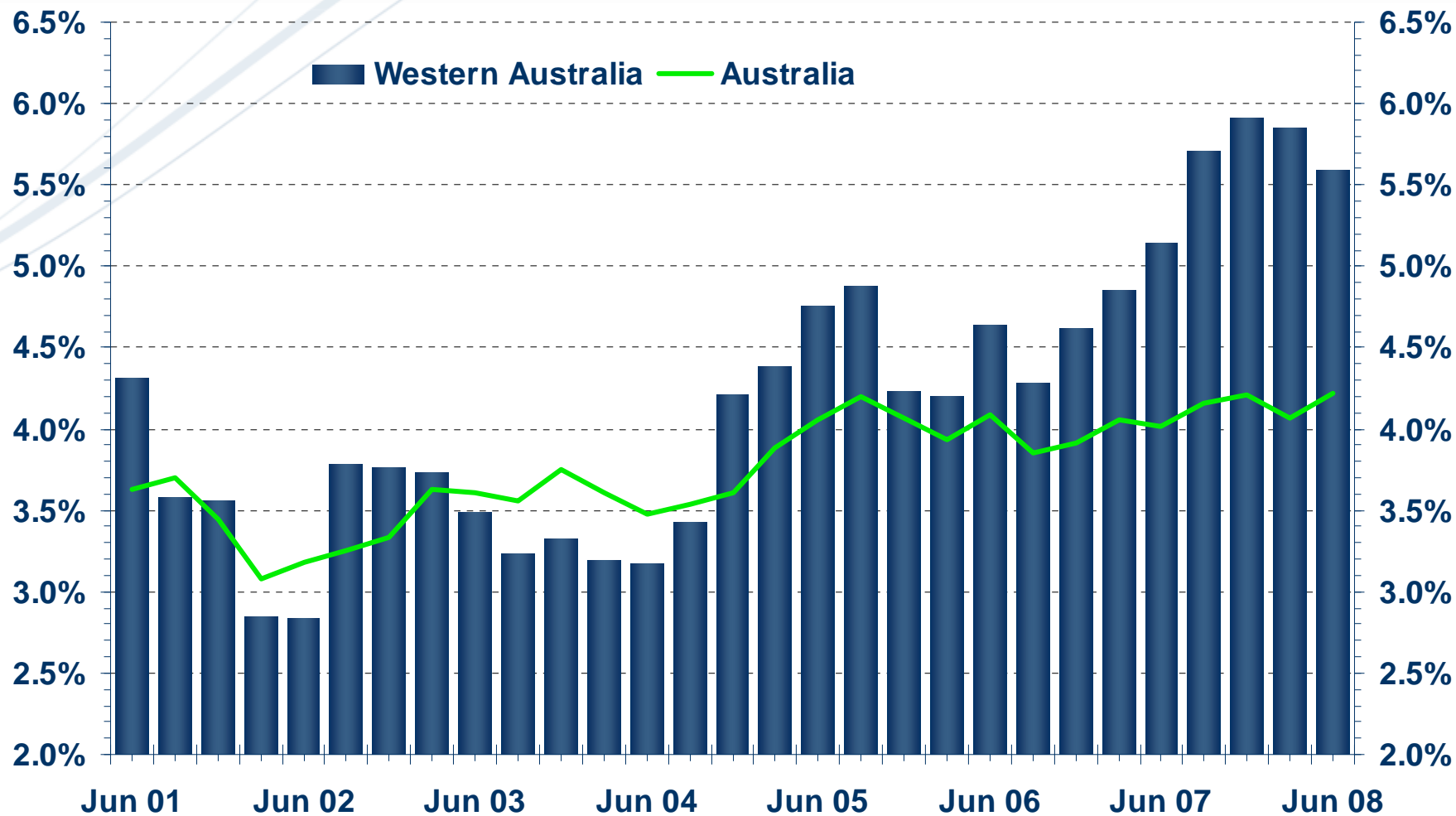


Source: ABS Cat.6354.0



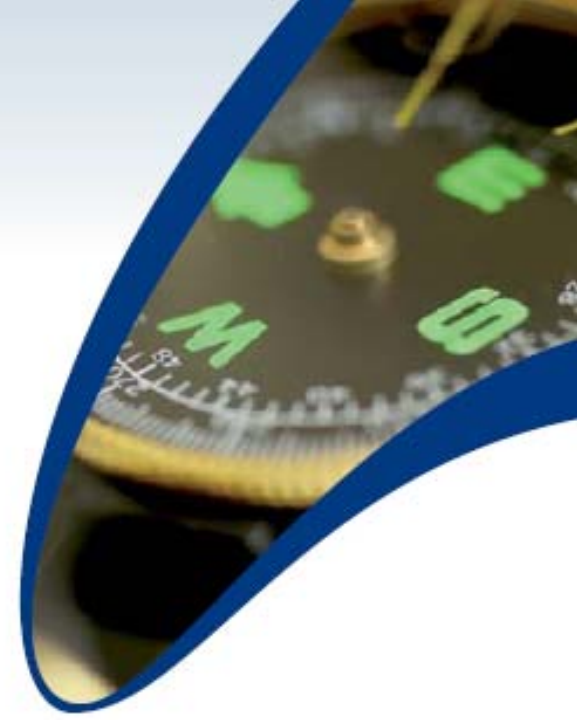
# Labour Price Index\*

## Annual % Change



Source: ABS Cat. 6345.0, \*Total hourly rates of pay, excluding bonuses

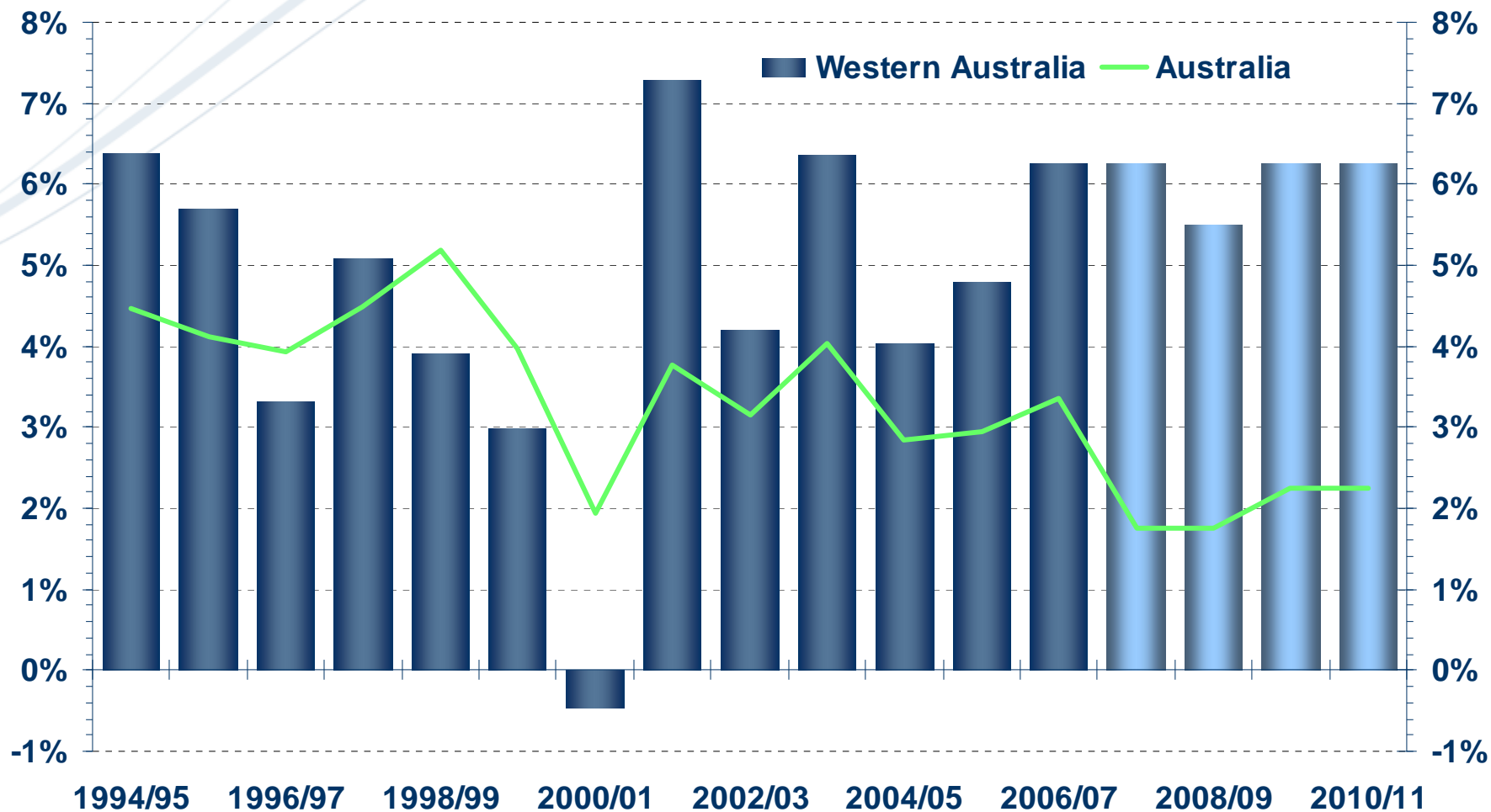




# What Does the Future Hold for WA?



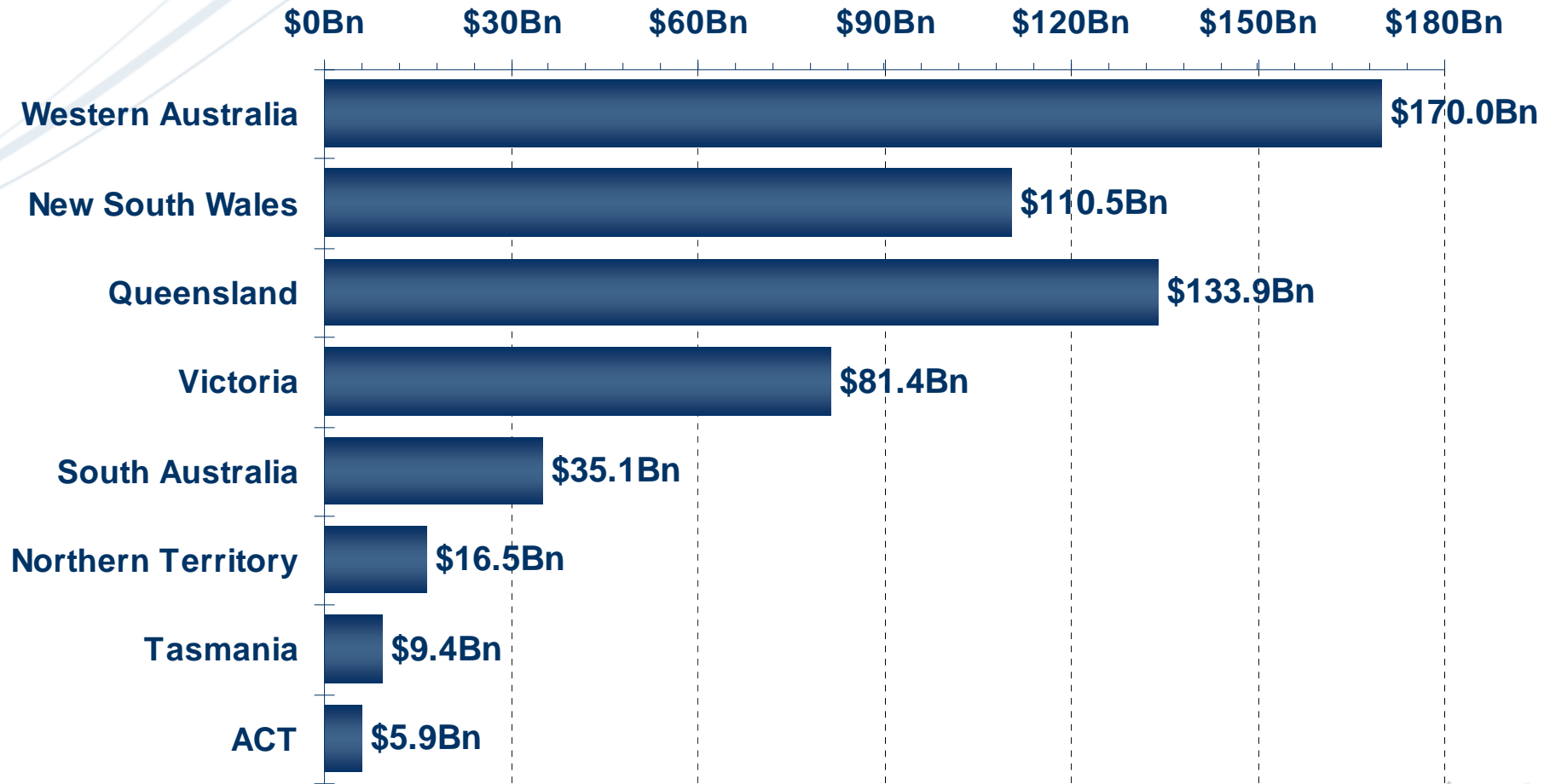
# Real Economic Growth WA and Australia



Source: ABS Cat. 5206.0, 5220.0, CCI



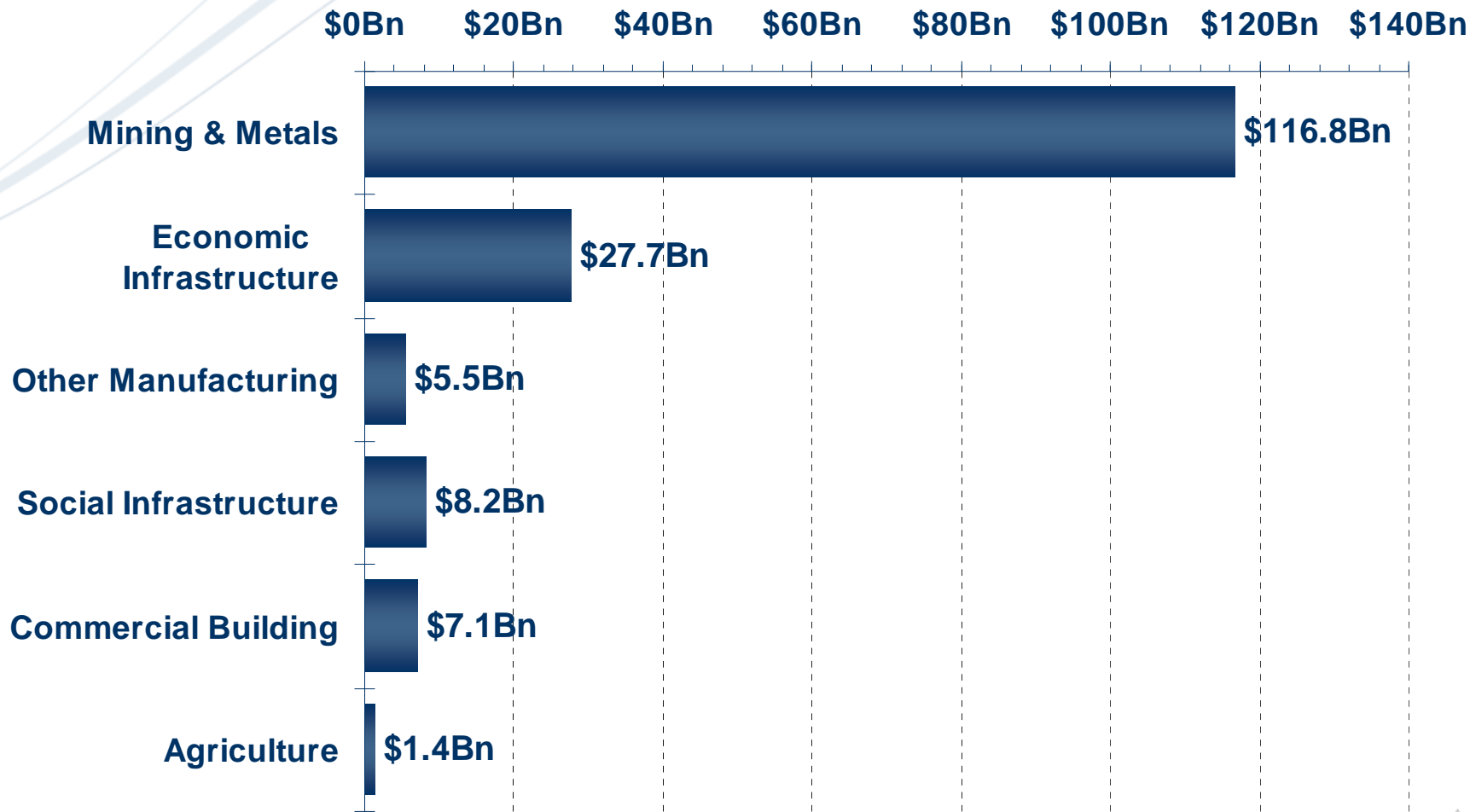
# Investment Projects, Australia Value by State, June 08



Source: Access Economics/Delta Electricity Investment Monitor



# WA Investment Projects Value by Sector, June 08

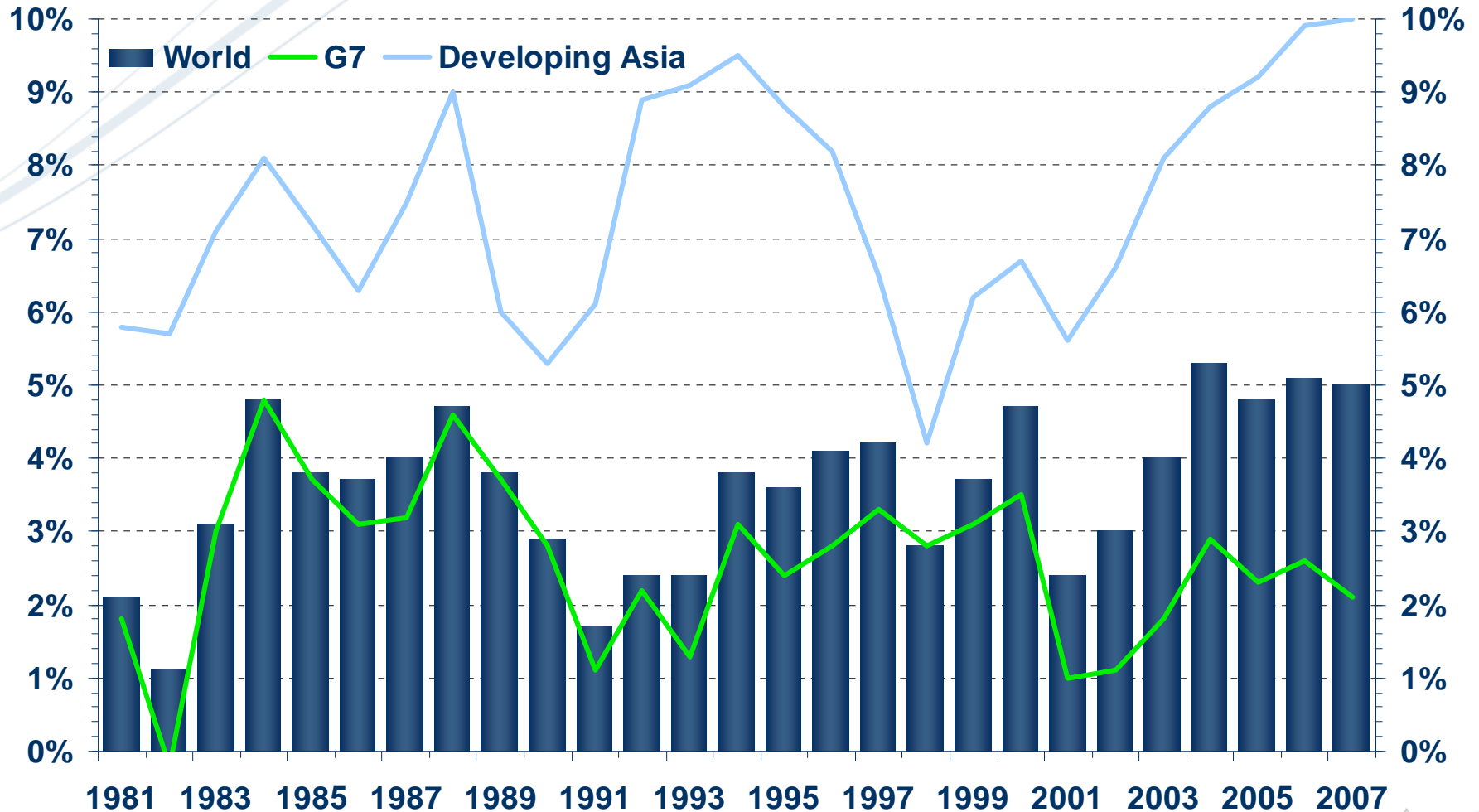


Source: Access Economics/Delta Electricity Investment



# World Economic Growth

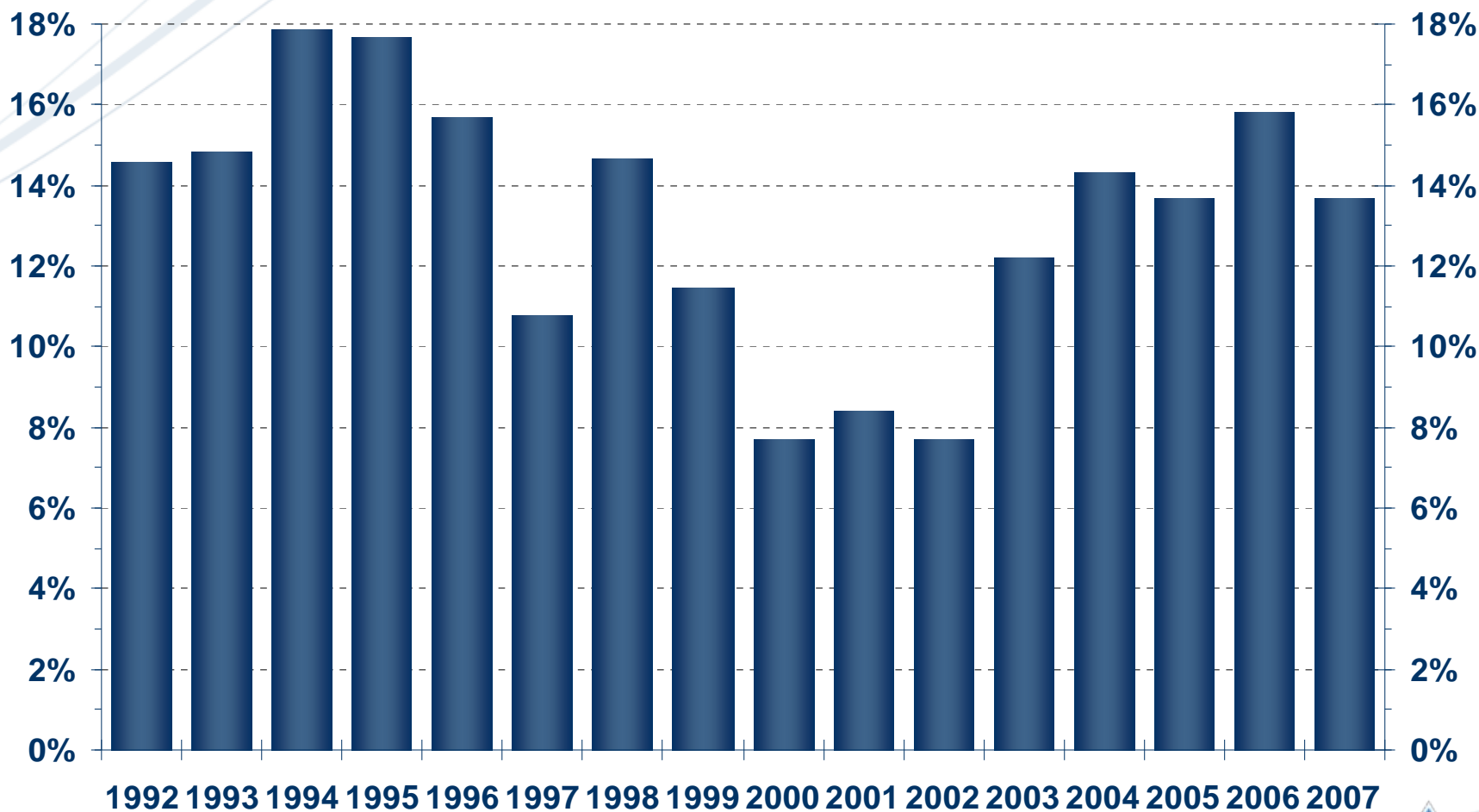
## Developing Asia Versus G7



Source: International Monetary Fund, October 2007



# Real Gross Domestic Product India, Yearly % Change



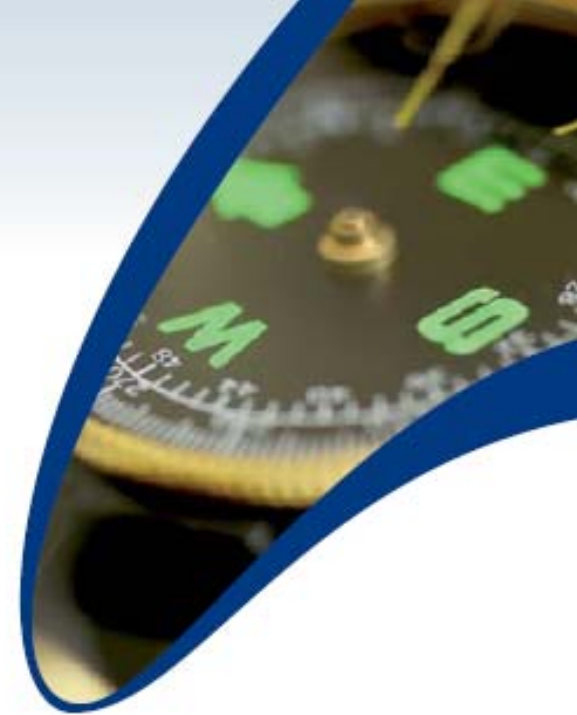
Source: IMF





# Future Proofing the WA Economy

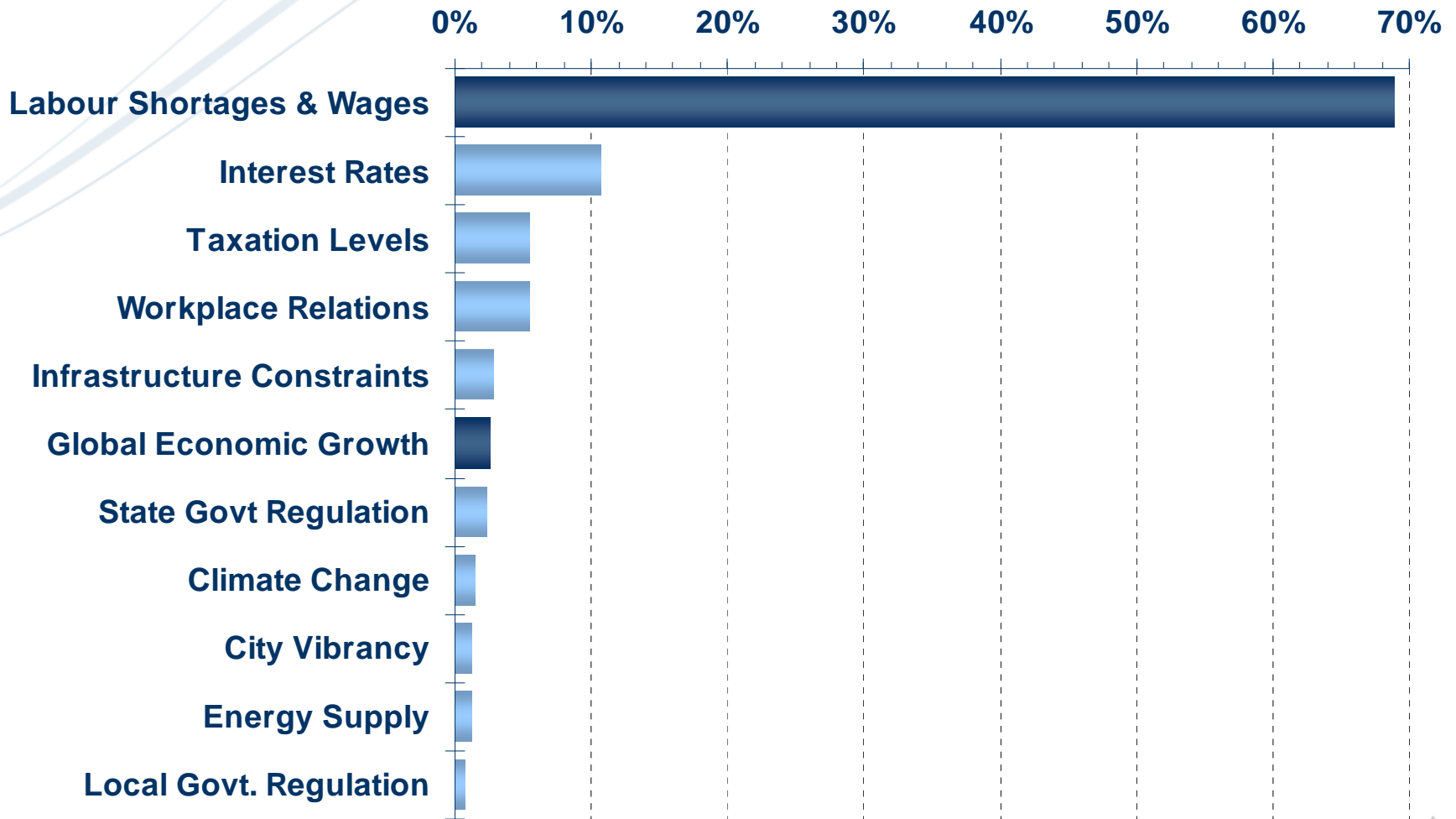
**Proposition is that WA  
will enjoy sustained  
growth for many years  
and we should plan for  
that eventuality... but we  
should not be complacent**



# Strategies for Growth

- Capacity Building
  - Addressing Labour Shortages
  - Energy
  - Infrastructure (including regional development)
  - Education & Training
  - Health & Community Services
- Business Friendly Environment
  - Taxation Competitiveness
  - Public Sector Reform
  - Retail Trading Hours
  - Regulatory Reform (including approvals processes)
  - Climate Change

# Top Priority for WA Business in 2008, % of Total Respondents

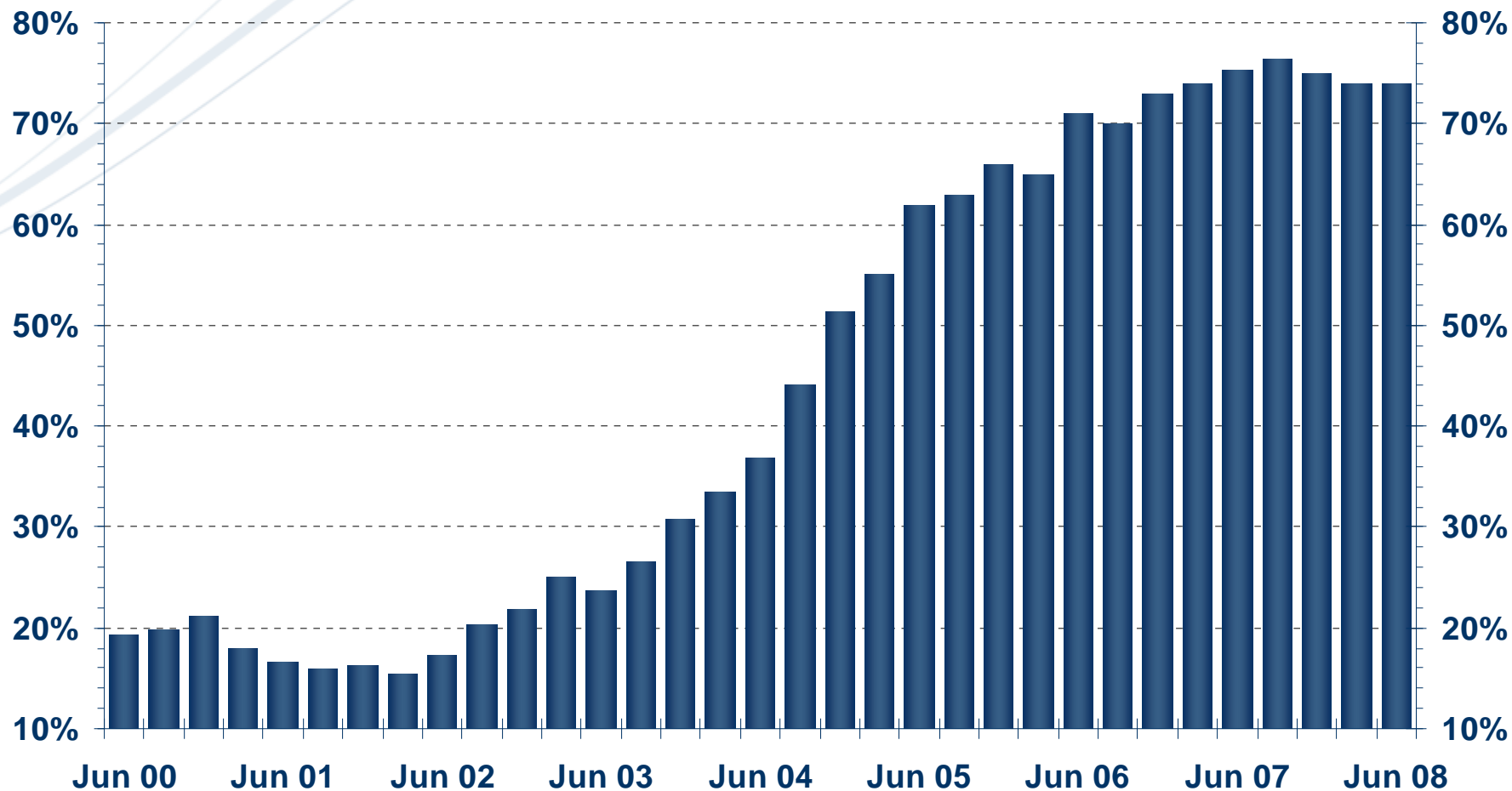


Source: Commonwealth Bank-CCI Survey of Business Expectations



# Labour Scarcity, WA

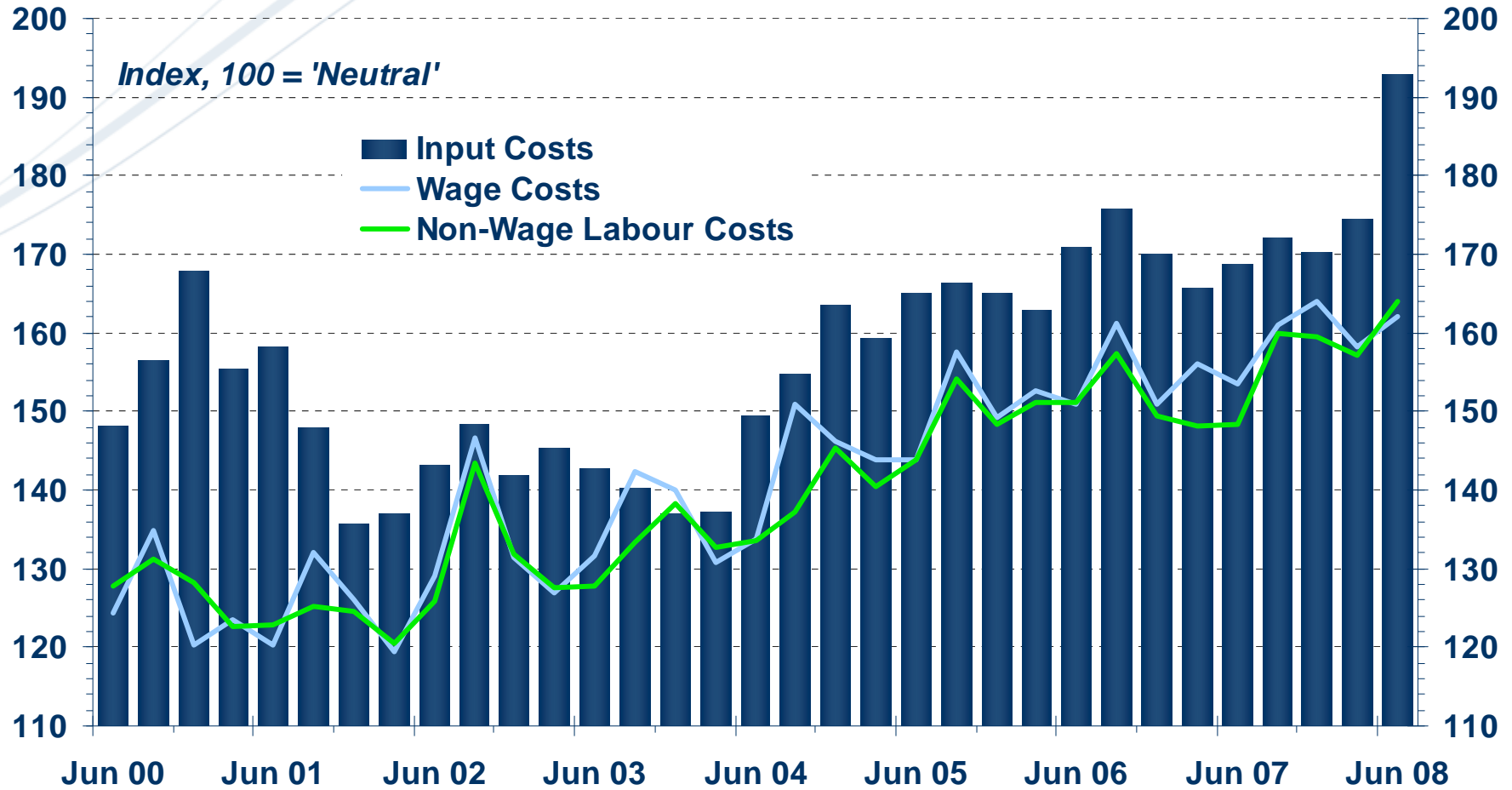
## % of WA Firms Saying Labour is "Scarce"



Source: Commonwealth Bank-CCI Survey of Business Expectations



# Index of Business Costs Western Australia



Source: Commonwealth Bank-CCI Survey of Business Expectations



# Engineering Construction, WA

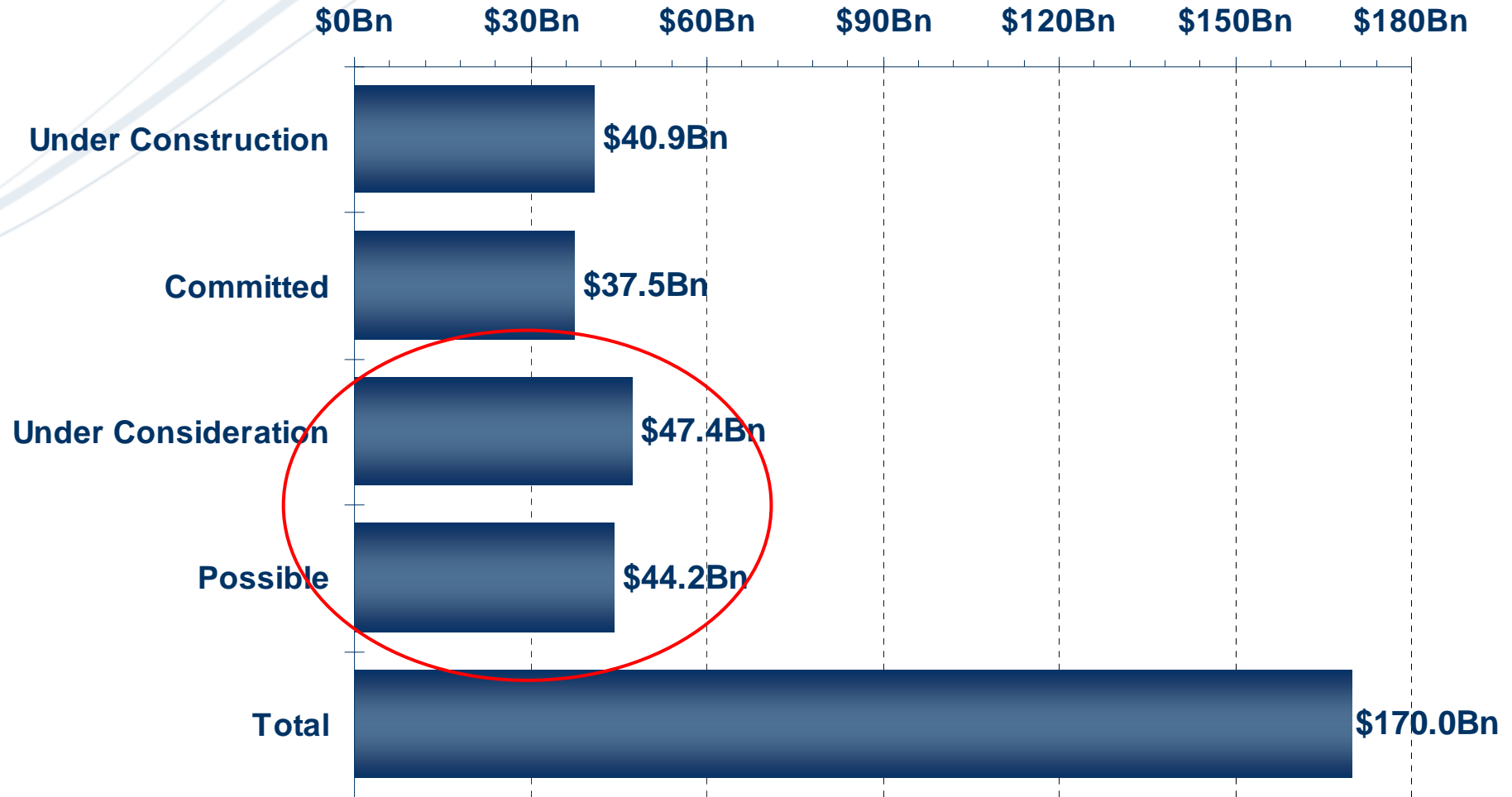
## Work Done & Yet to be Done



Source: ABS Cat. 8762.0



# WA Investment Projects Value by Status, June 08



Source: Access Economics/Delta Electricity Investment

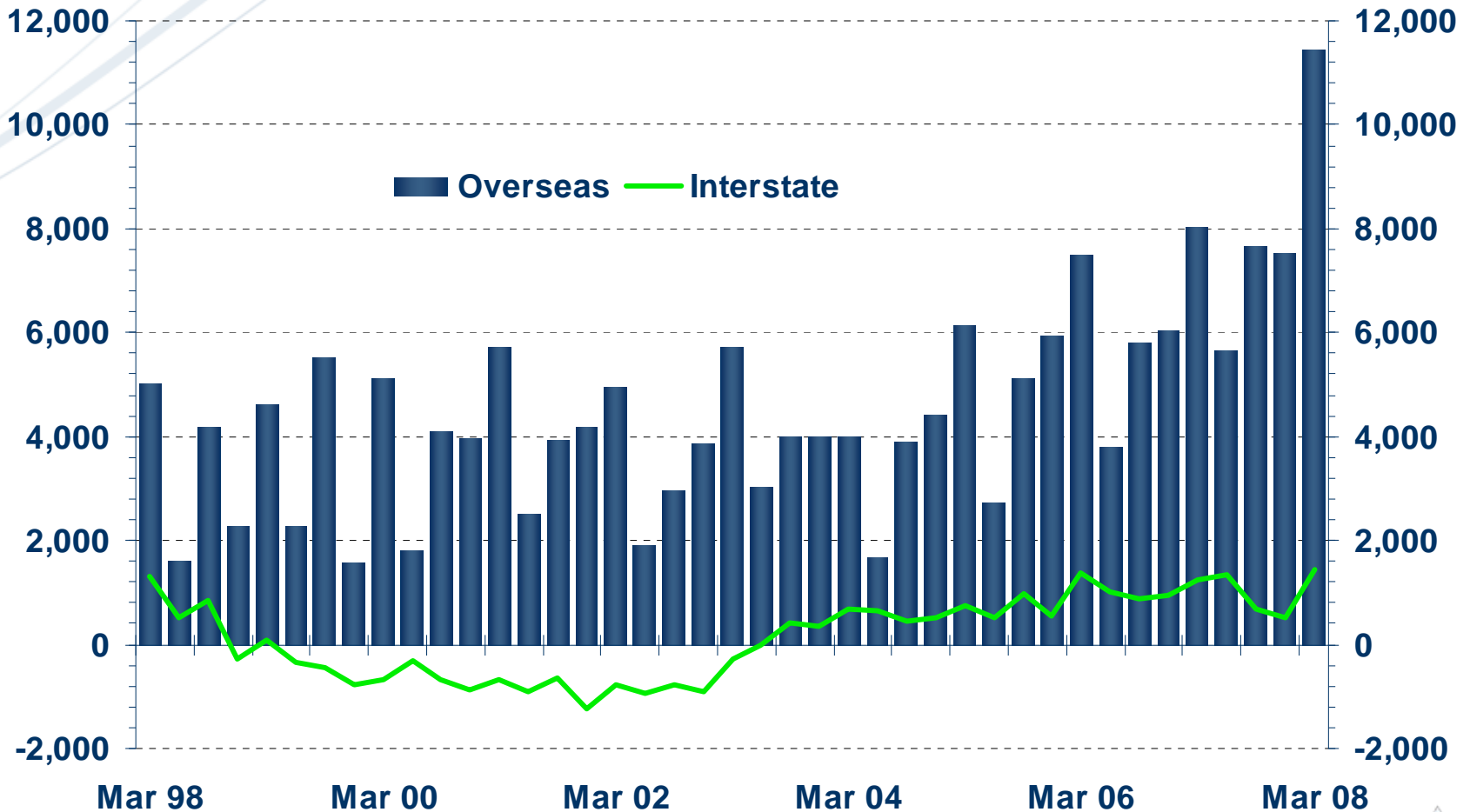


# Building Human Capital

- CCI estimates that WA will need an additional 400,000 more workers by 2017
- Even based on current strong population growth, the WA economy will be short 150,000 workers
- Clear need for a **human capital strategy** based around the 3Ps
  - Population
  - Participation
  - Productivity
- Broader policy strategies also important
  - Housing affordability and availability
  - Perth vibrancy and regional liveability



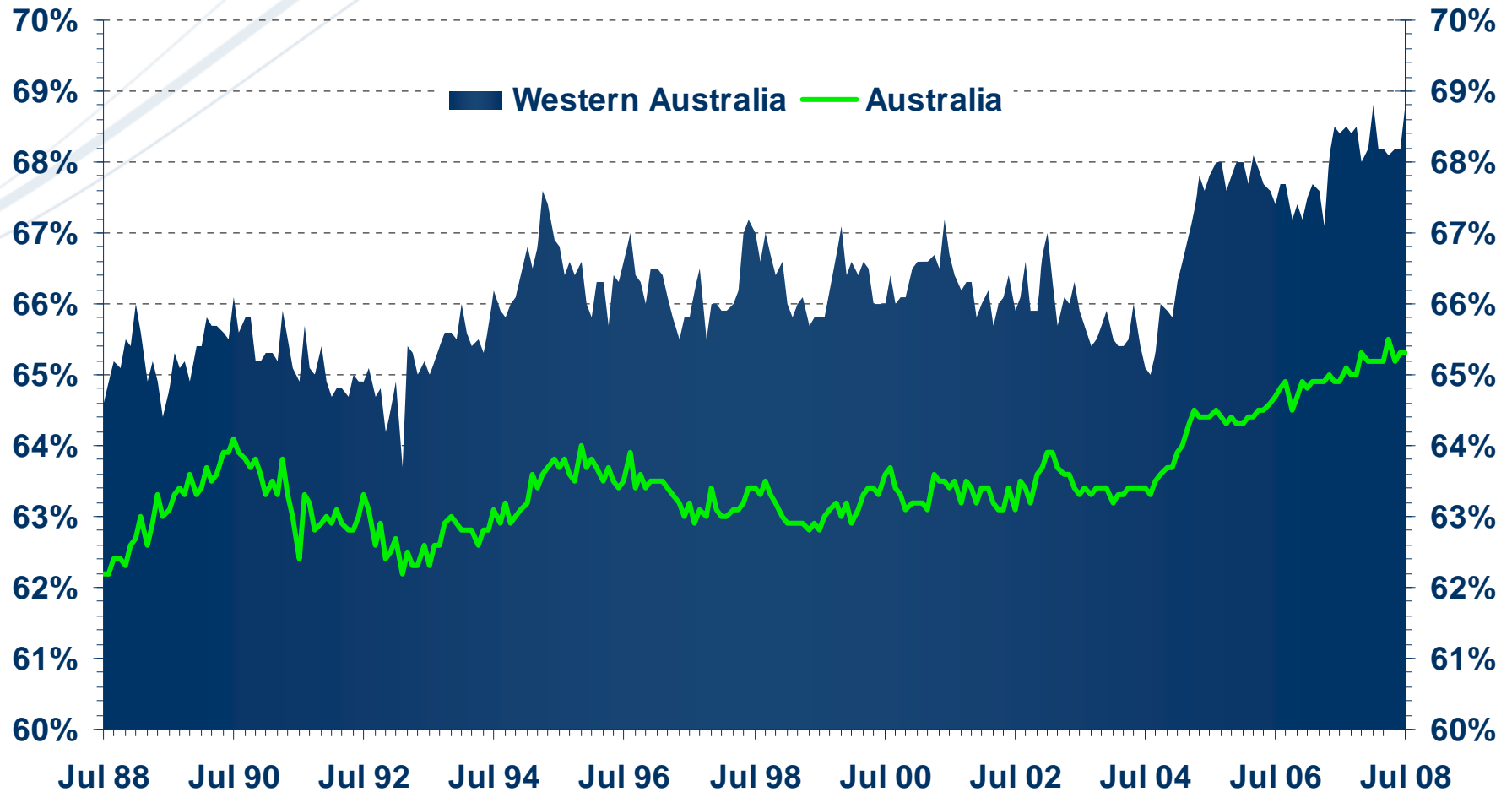
# Net Overseas & Interstate Migration Western Australia



Source: ABS Cat. 3101.0



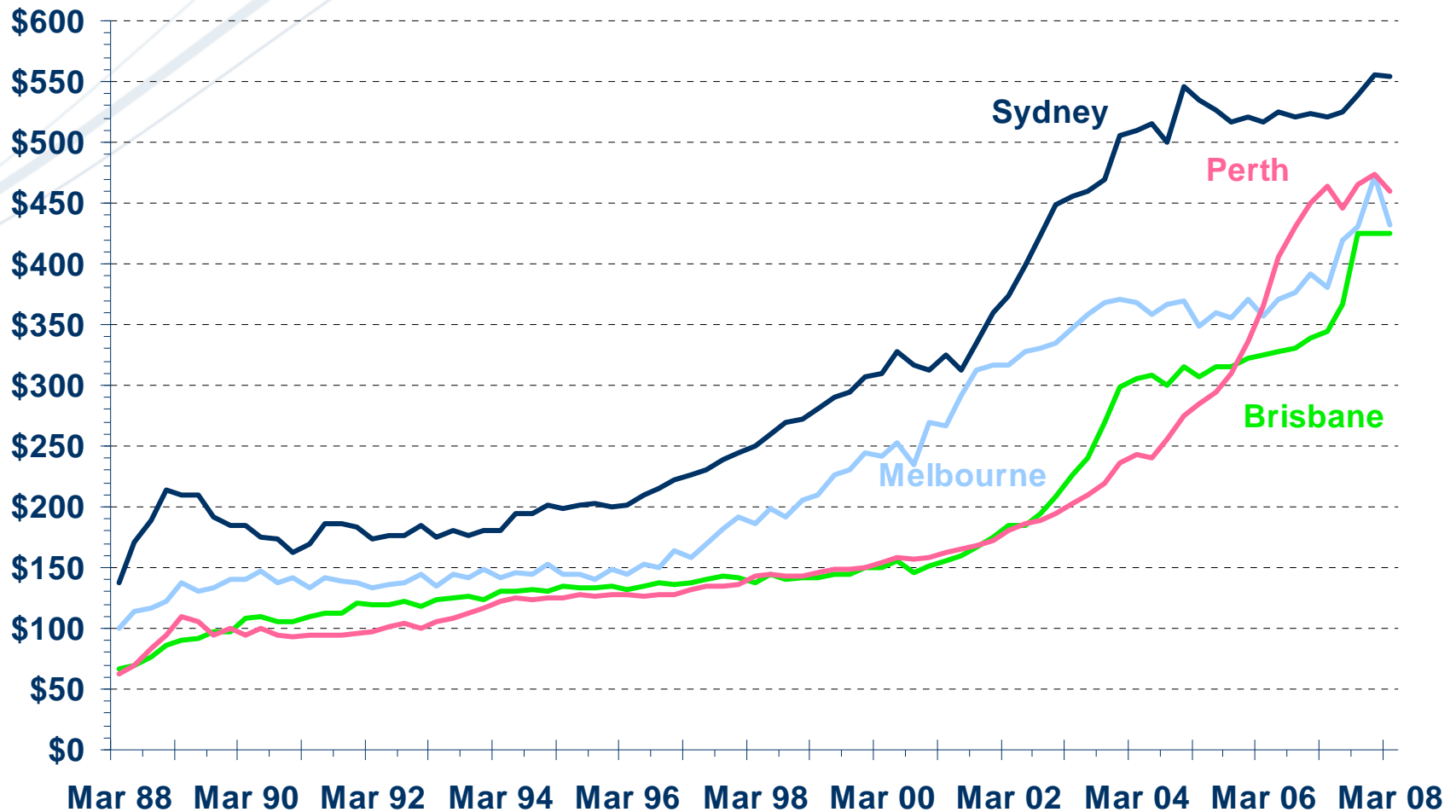
# Participation Rate, Labour Force As a % of Total Population



Source: ABS Cat. 6202.0



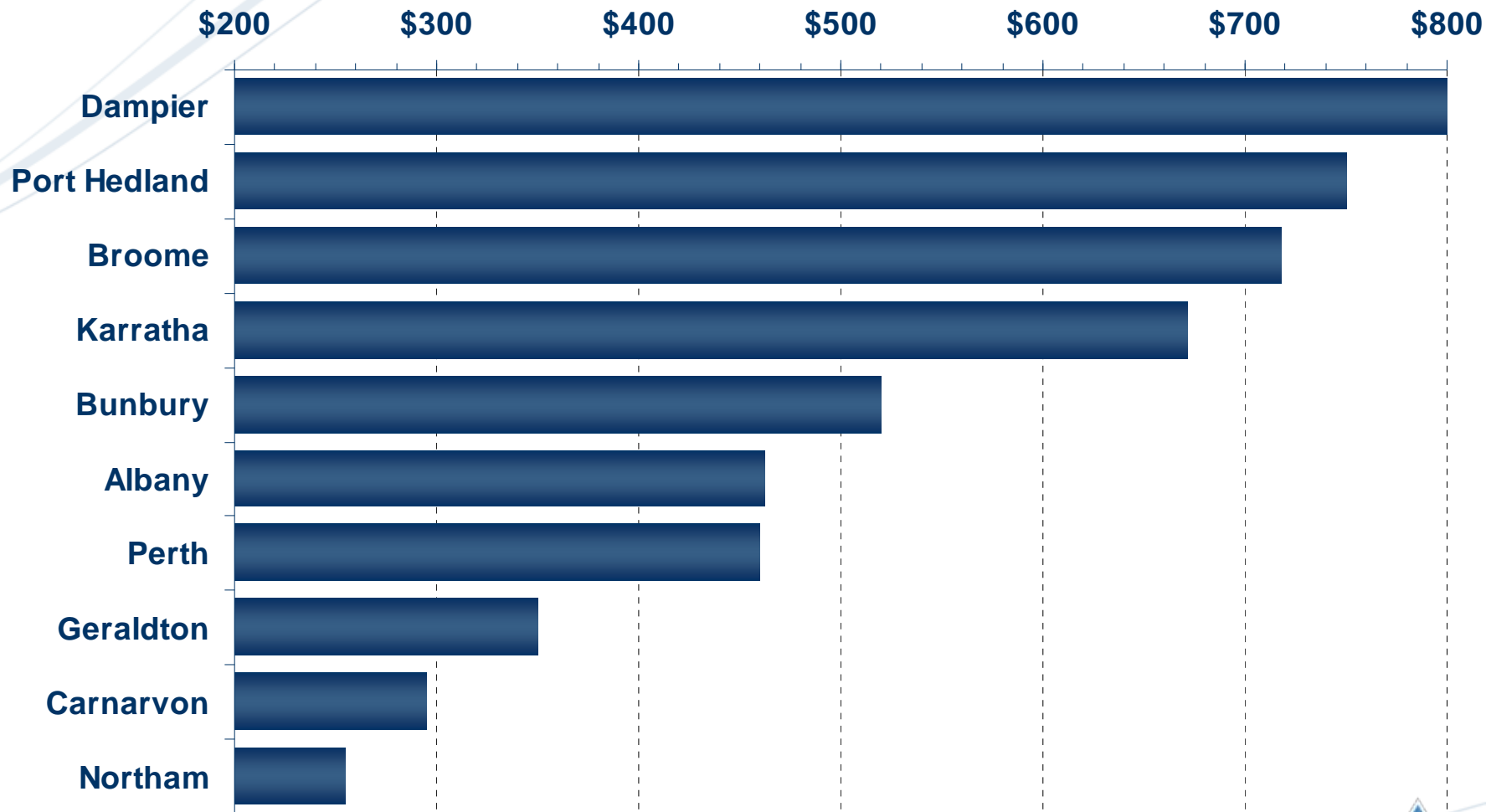
# Median House Prices, Australia Selected Cities, in \$'000s



Source: Real Estate Institute of WA



# Median House Price, Mar 08, Selected Towns, In '000s



Source: REIWA



# Future Economics, Future Jobs?

- WA economy remains strong and the outlook is undoubtedly positive, built around
  - Diversified resources base
  - Proximity to Asia
  - Skilled workforce
  - Stable environment
- Important that policies adopted which help build on the state's comparative advantages by
  - Building up the state's productive capacity
  - Facilitating and encouraging innovation and entrepreneurialism
- This will help WA realise its opportunity to establish itself as more than just a quarry but a global resources hub and a destination for people to live and work

