

# The Australian perspective: 2016 and beyond

A presentation by Gene Tunny



Back to the Future day coming up



# A lot has changed since 1989 when movie came out

Lots of privatisation and microeconomic reform, but more needs to be done





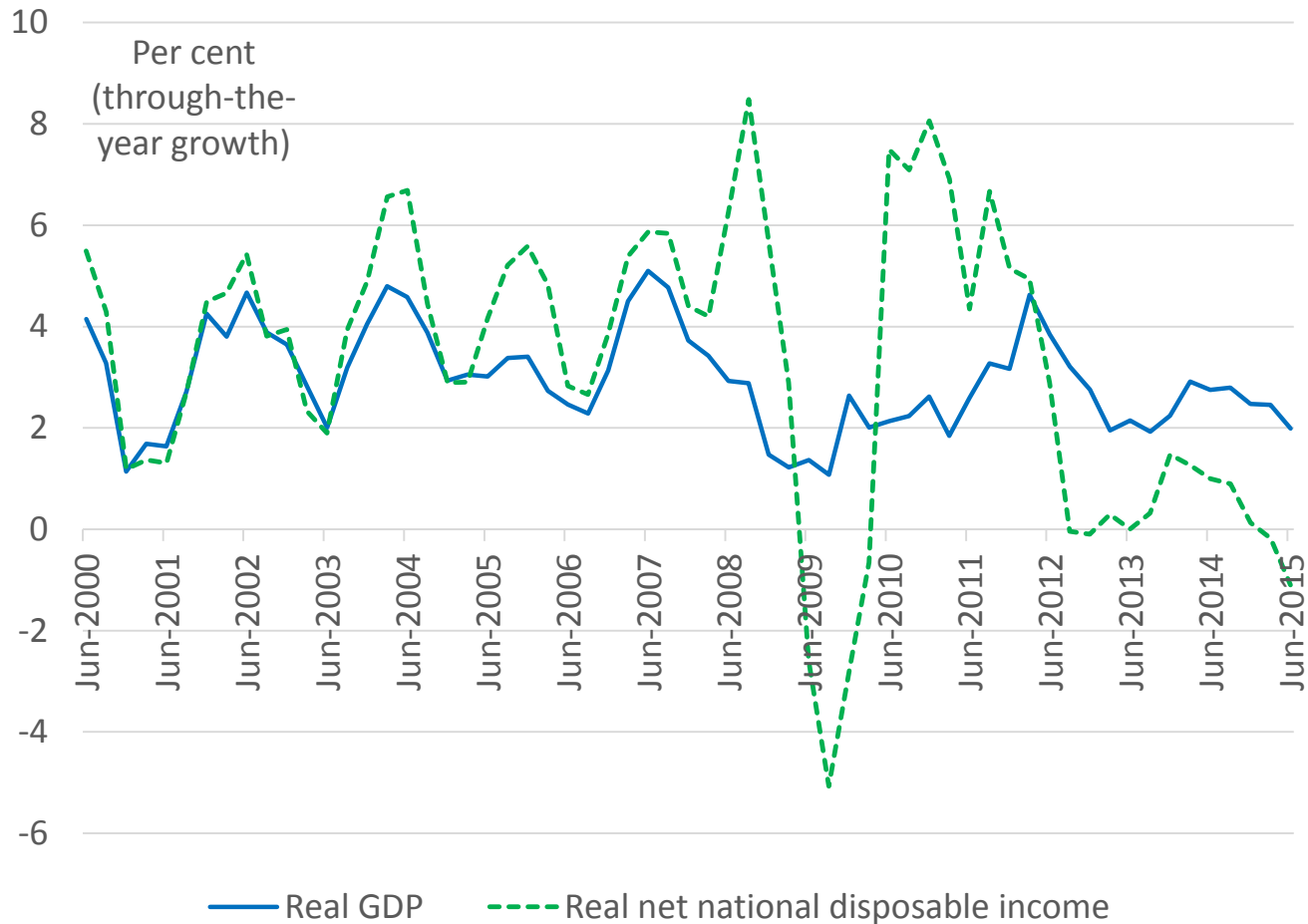
# High expectations

But only a “partial recovery” in business confidence according to NAB



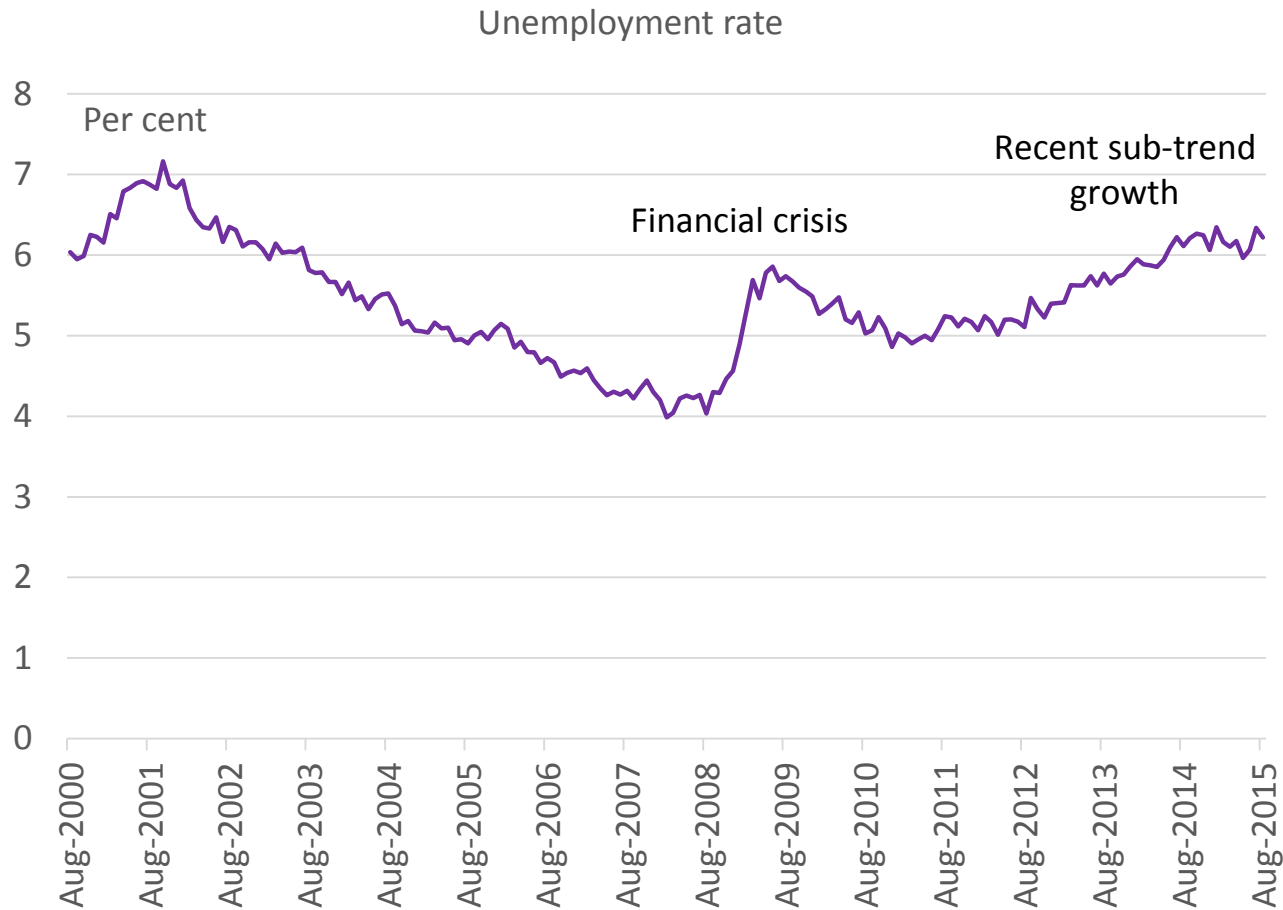
# Economy has been growing below trend

(And shrinking in real income terms)



Source: ABS.

# Keeping unemployment above 6 per cent

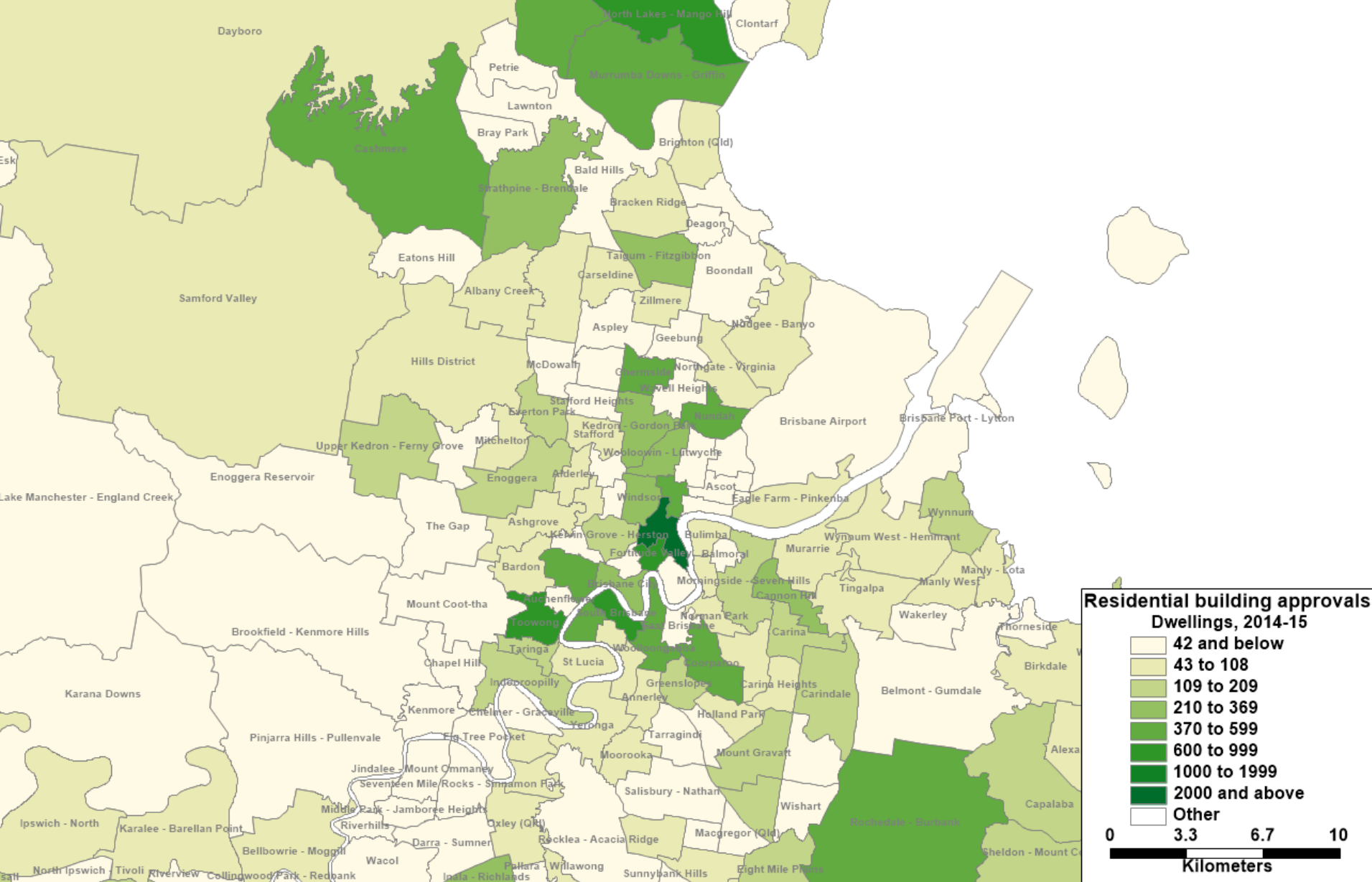


Source: ABS.

# Views on afternoon walk

Lots of excitement about residential construction

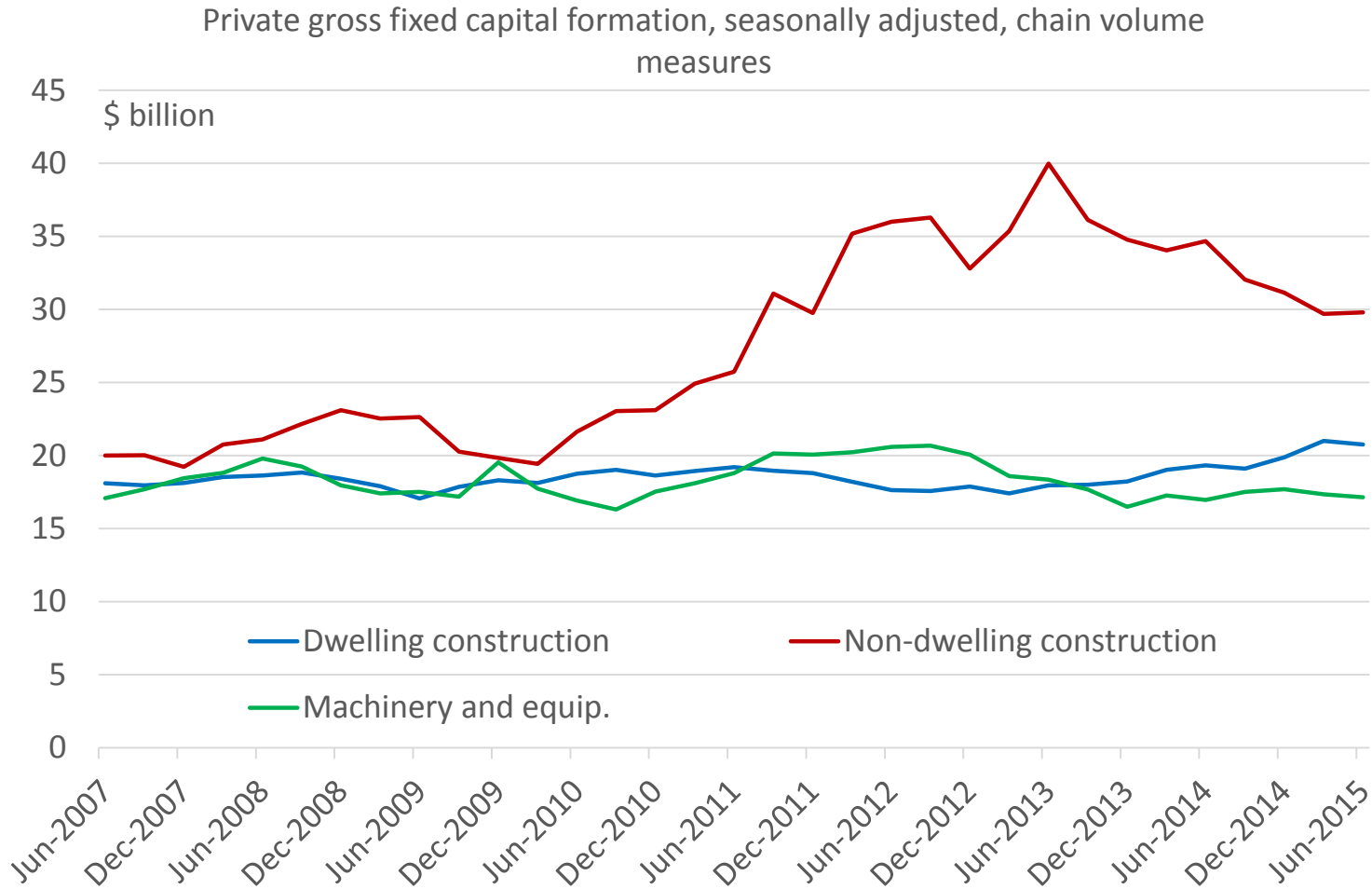




Source: ABS.

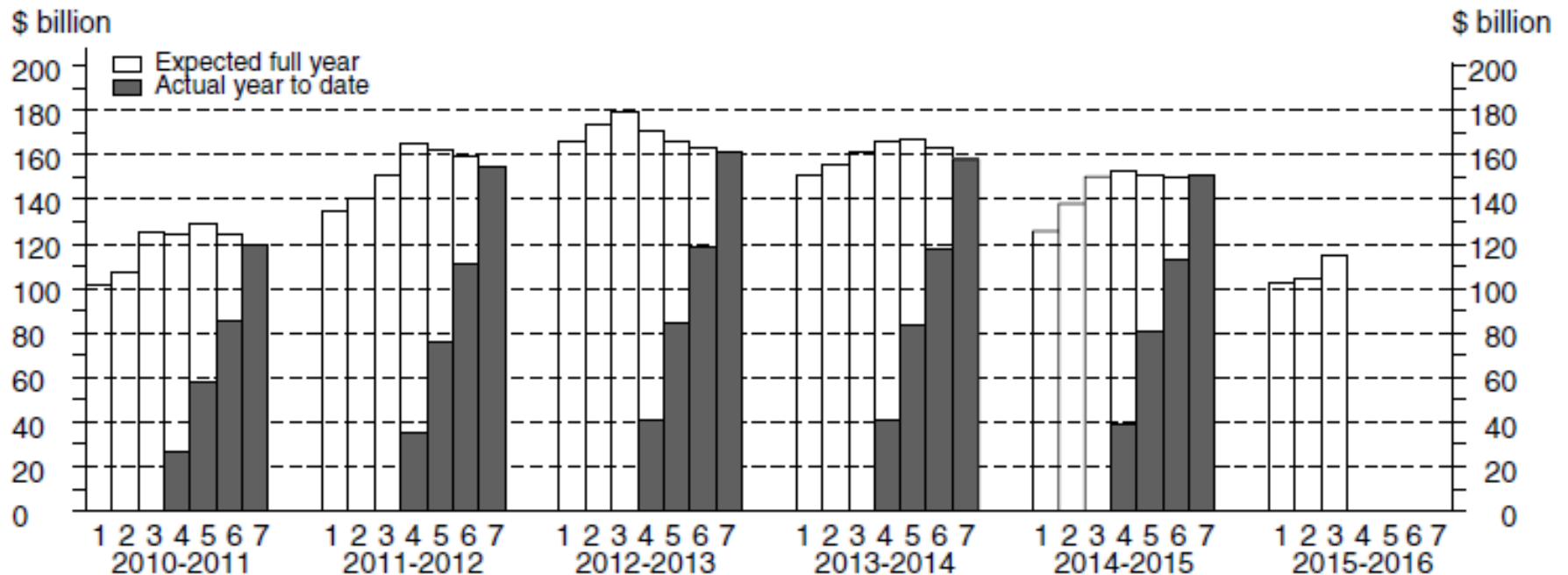


# Declining resources-related CAPEX a big challenge



Source: ABS.

# Forward estimates of CAPEX discouraging



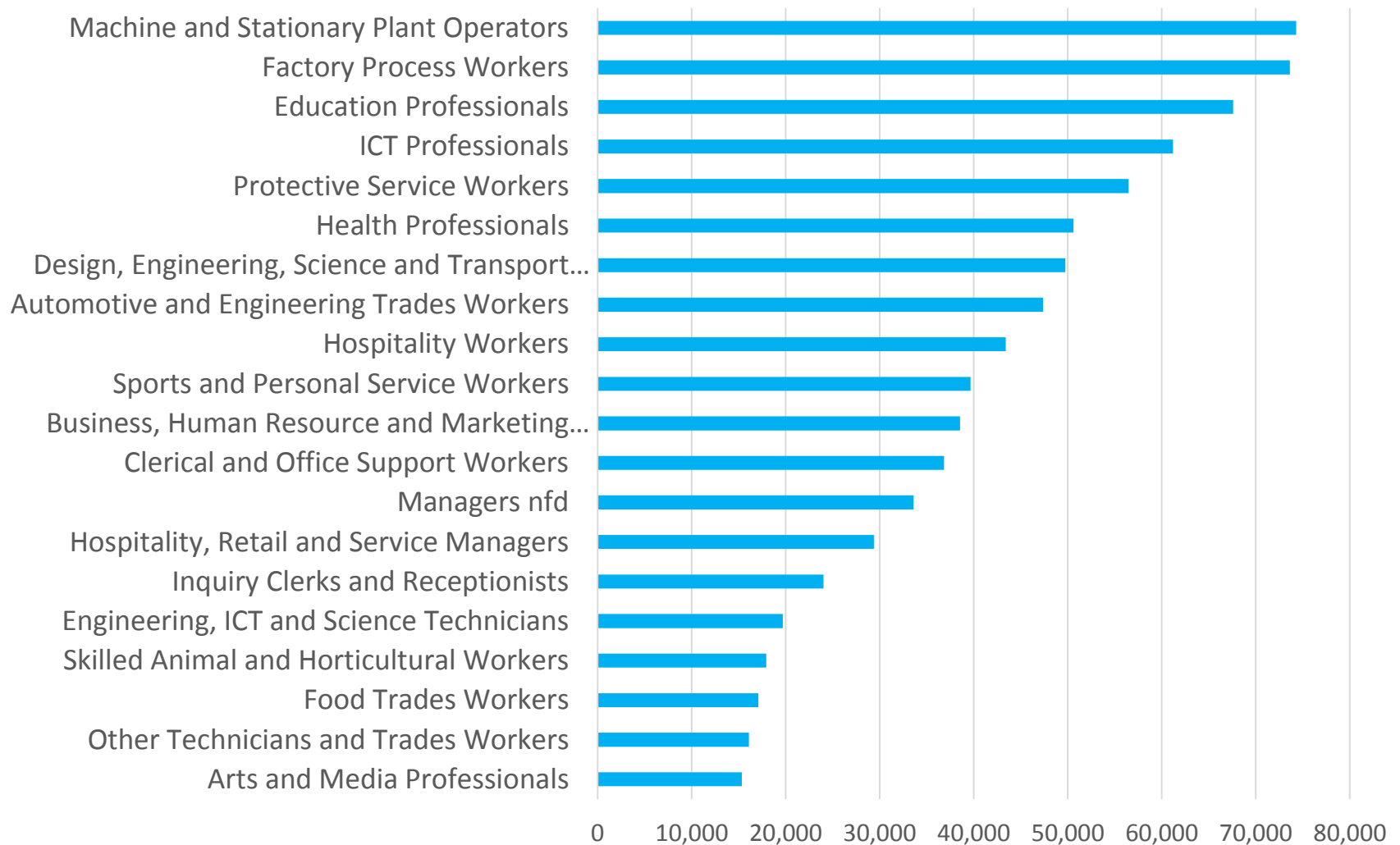
Source: ABS cat. no. 5265.0.

# Where will future jobs come from?



# Services jobs a major growth area

Employment growth over last five years, Australia, top 20/50 occupation unit groups

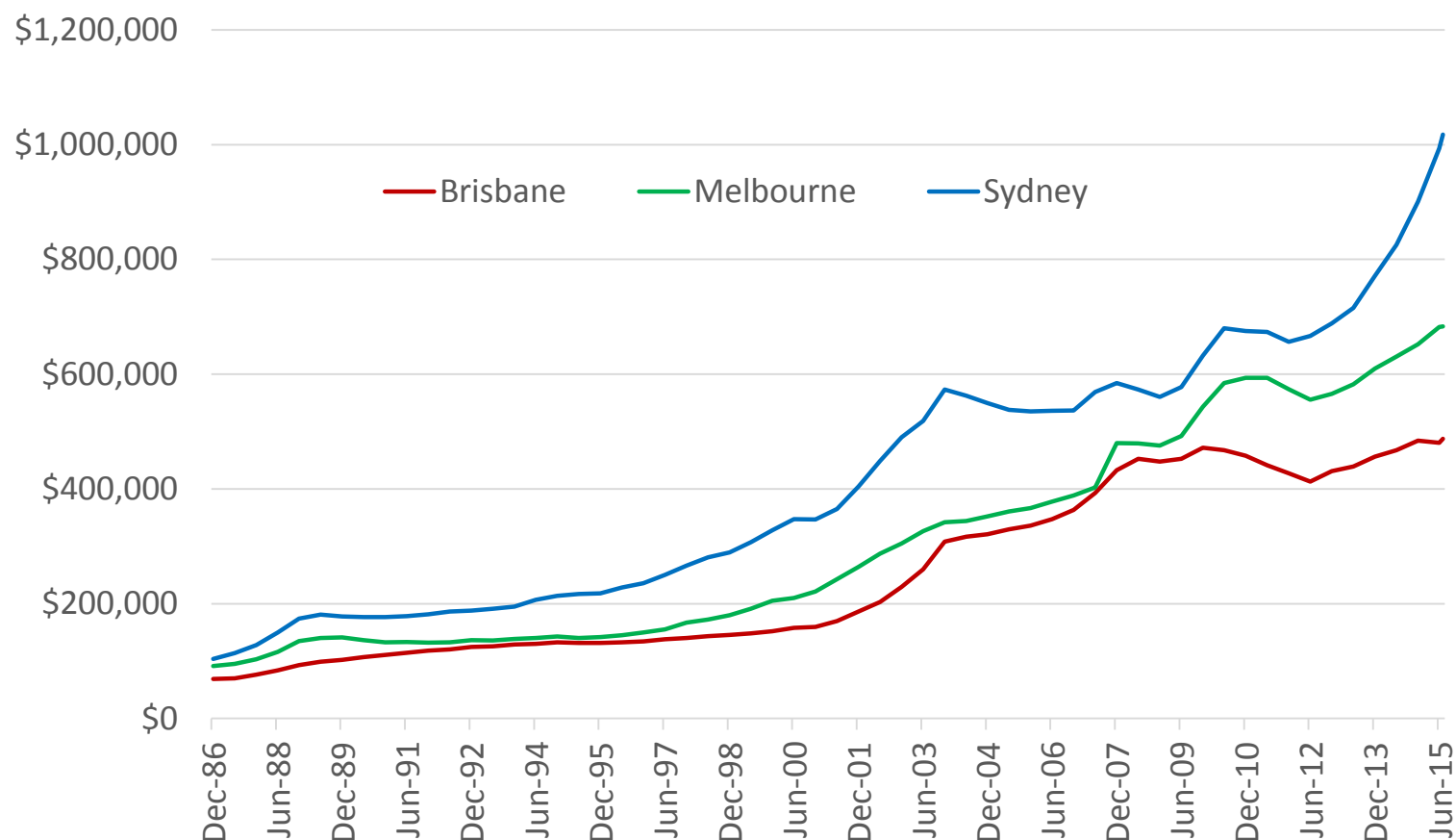


Source: ABS, using 12-month moving averages.



# Sydney house price growth does look “crazy”

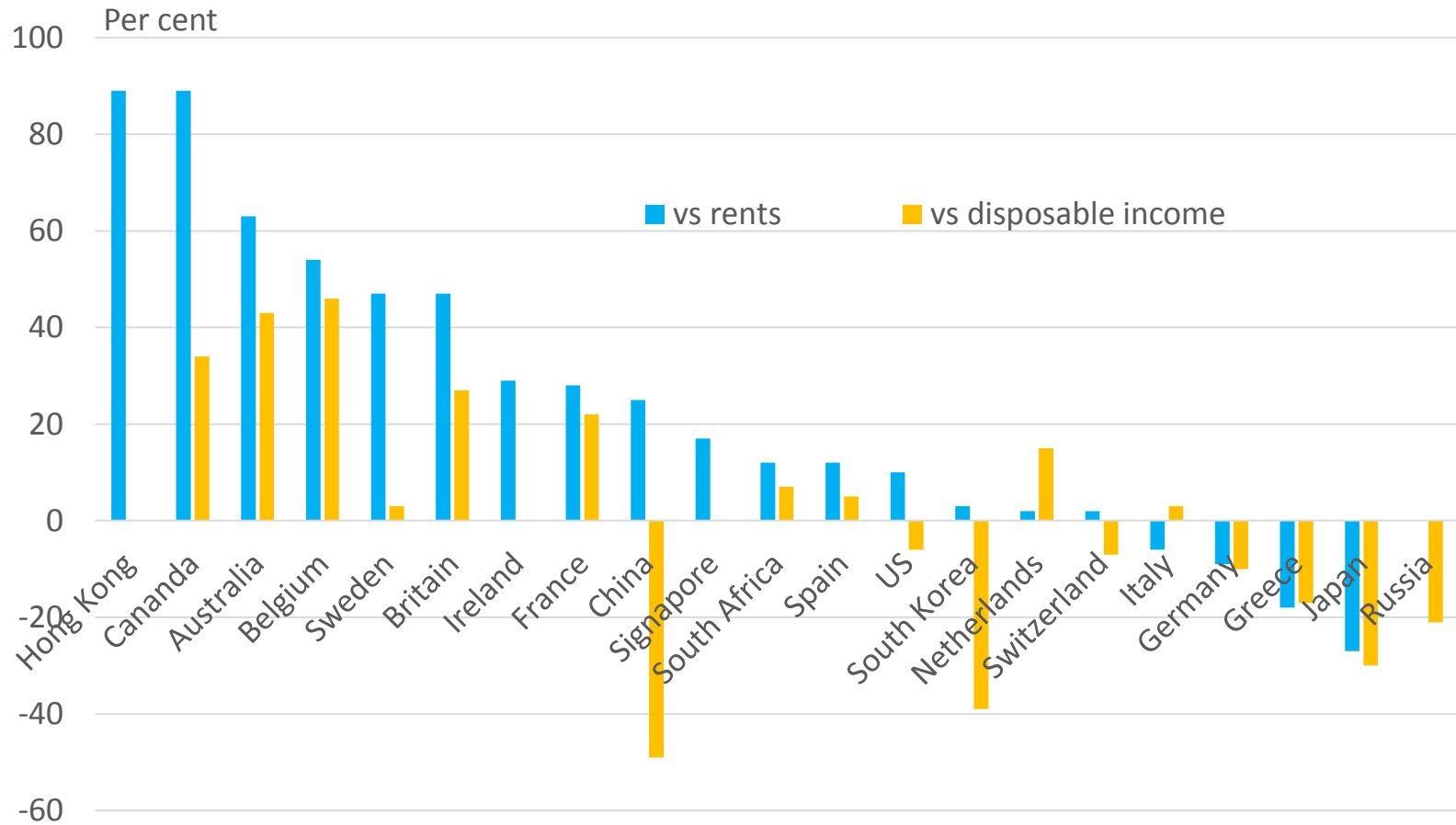
Median house prices



Source: *Your Investment Property* magazine, November 2015.

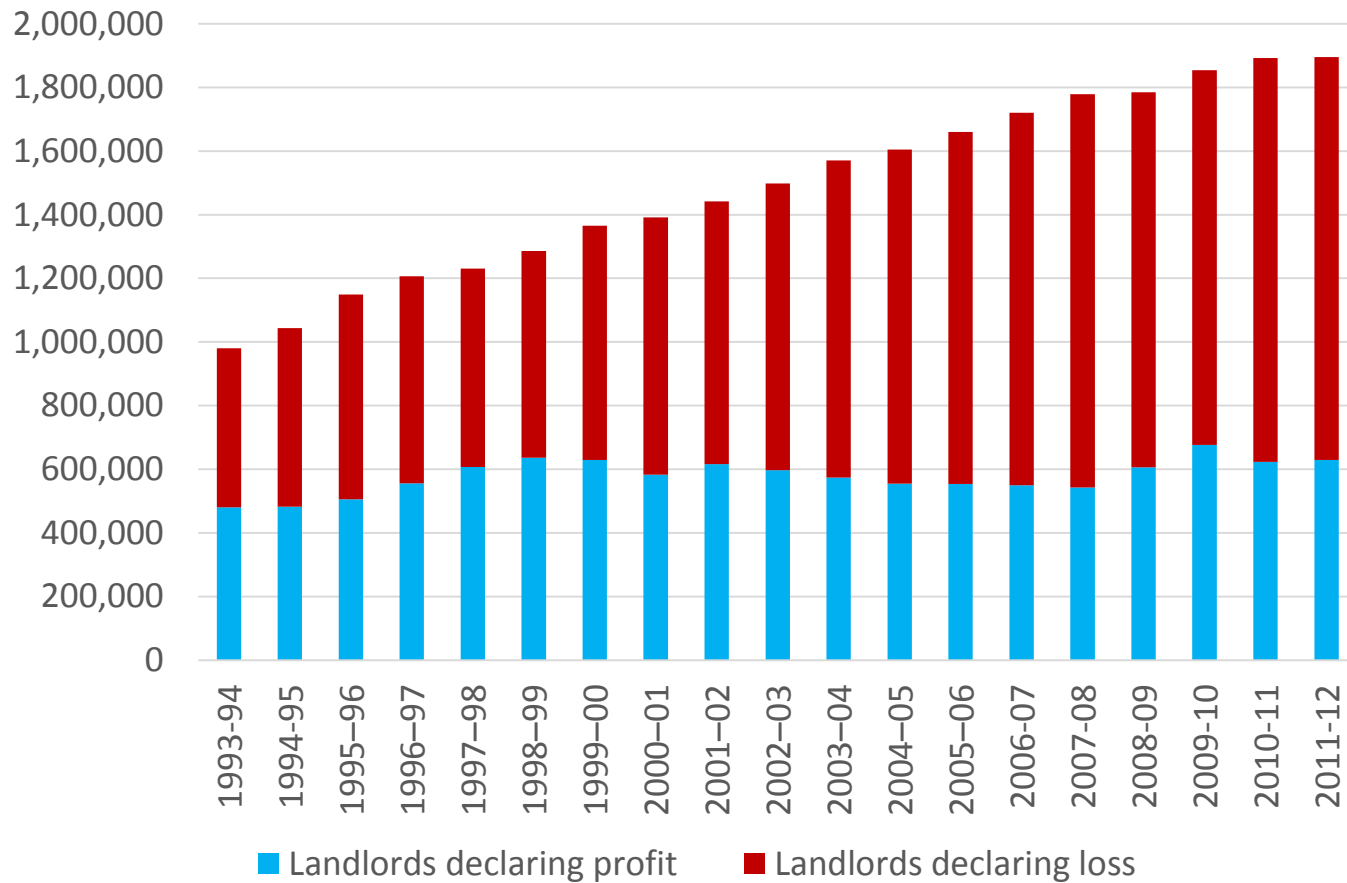
# Housing metrics are concerning

*The Economist* house-price indicators:  
over-valuation (+) & under-valuation (-)



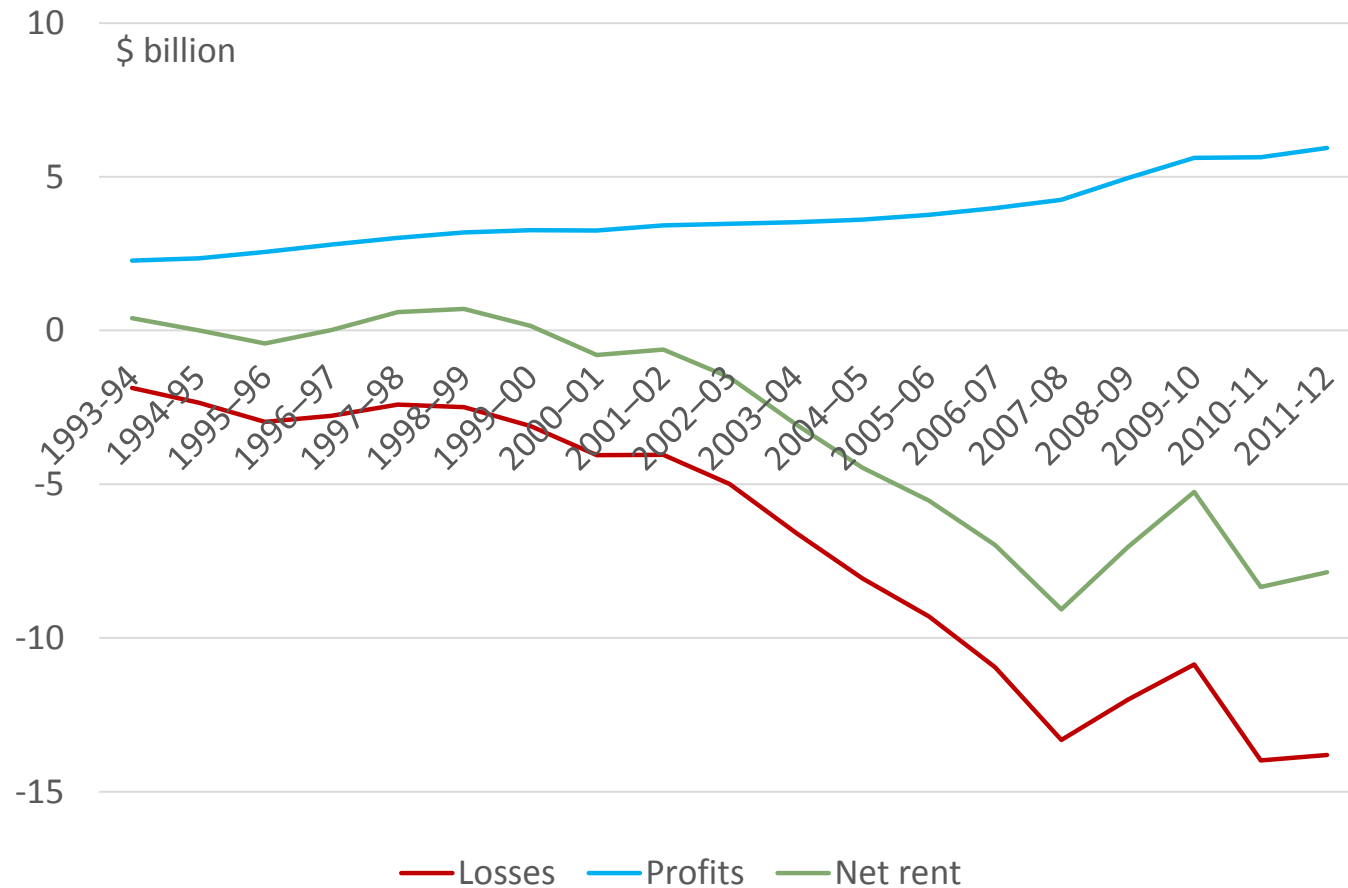
Source: *The Economist*, 3-9 October 2015.

# Huge growth in landlords negative gearing



Source: ATO.

# Blowout in declared rental losses for negative gearing

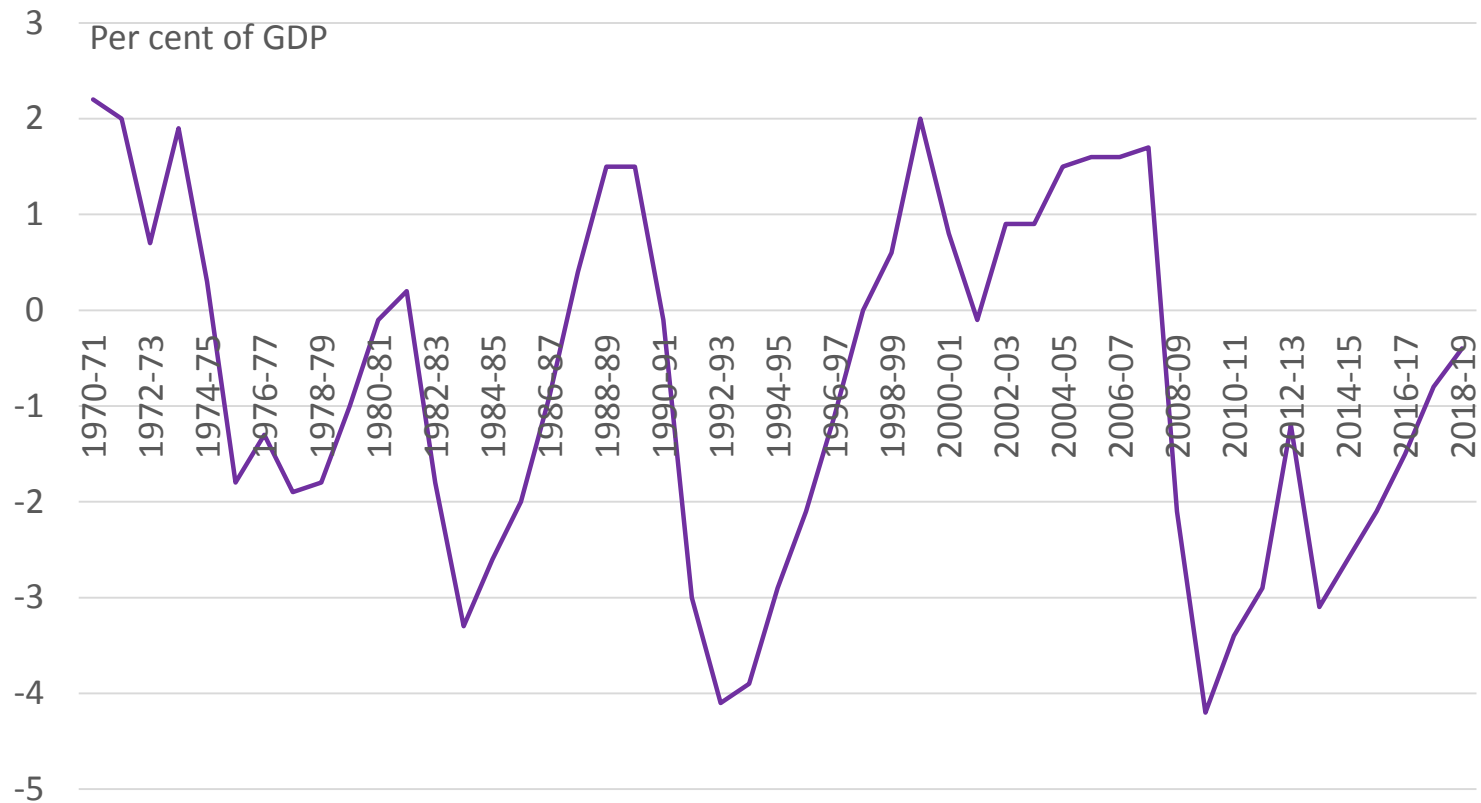


Source: ATO.



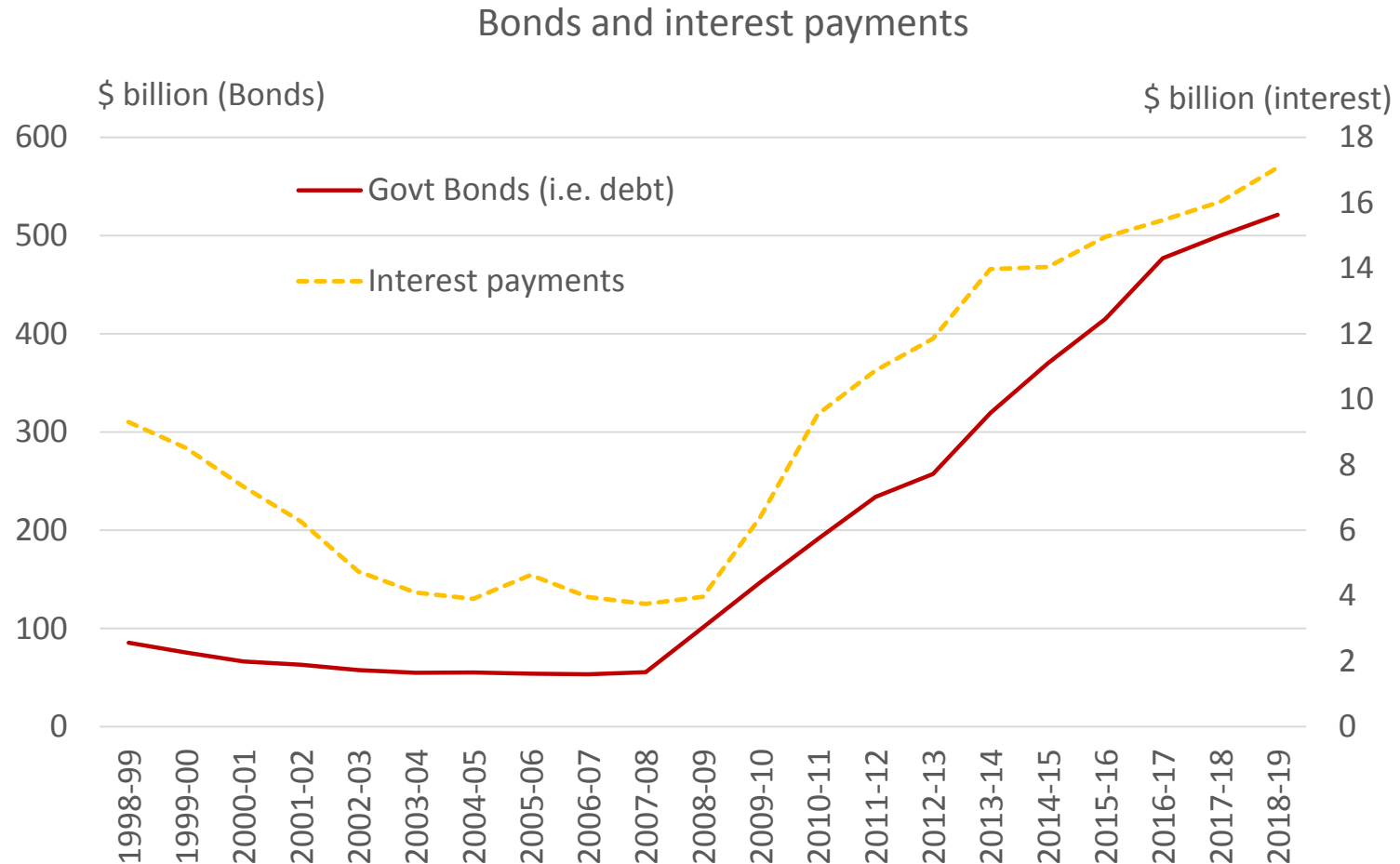
# Budget is in bad shape

Underlying cash balance (surplus/deficit)



Source: Budget papers.

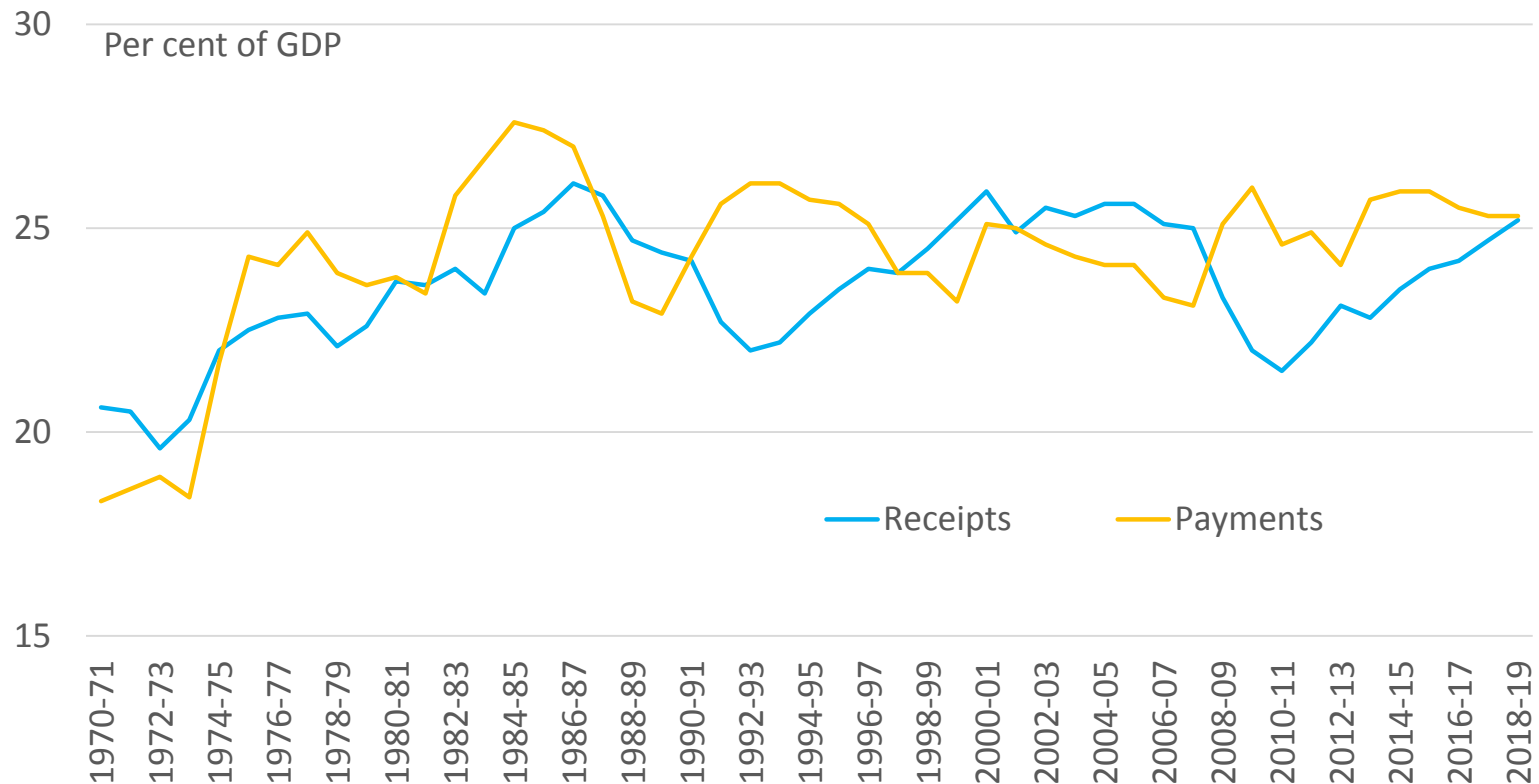
# Debt and interest bill continue to climb



Source: Budget papers.

# Budget repair that is occurring coming from bracket creep

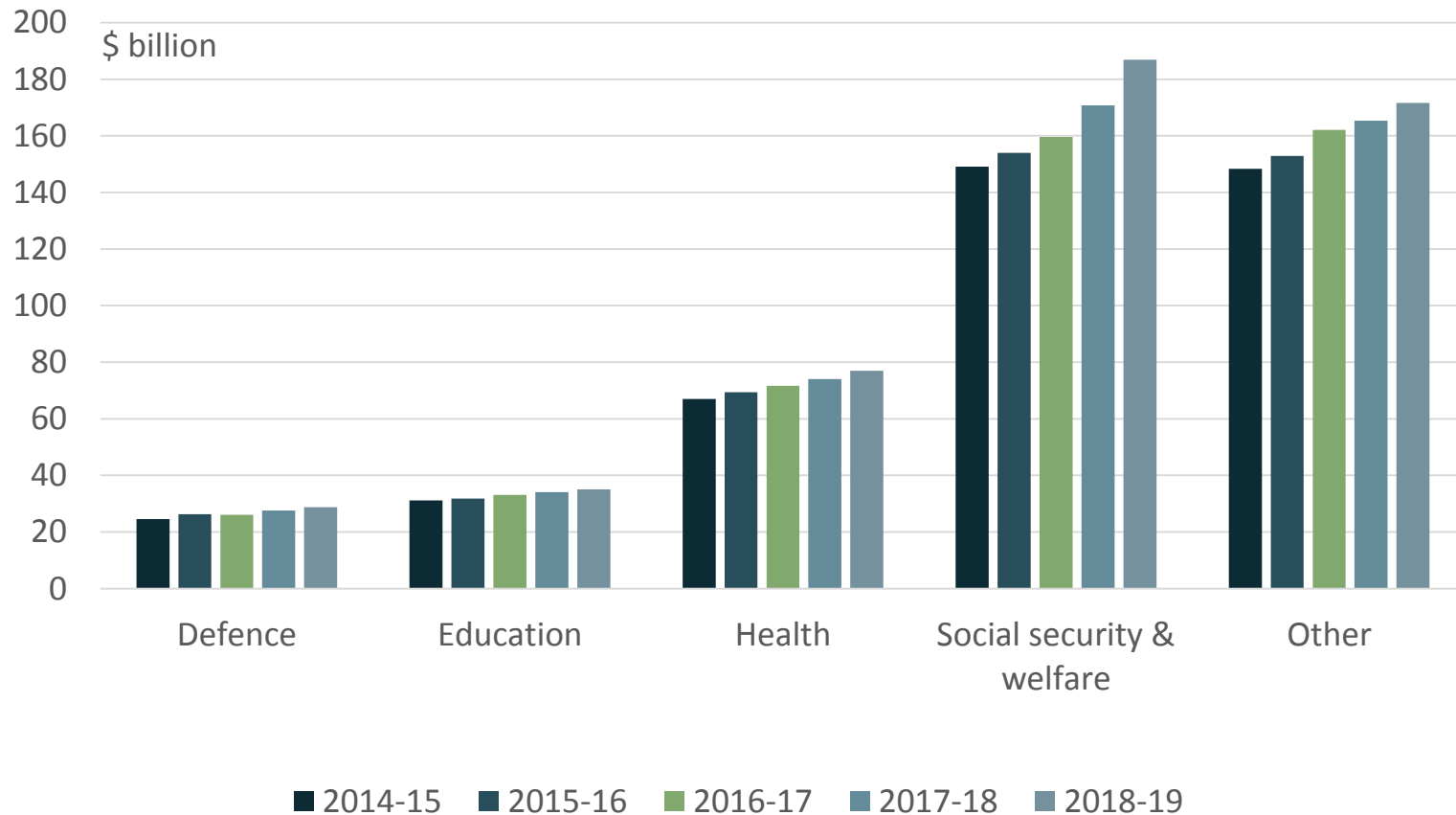
Receipts and payments, per cent of GDP



Source: Budget papers.

# Social security & welfare the big cost drivers

Commonwealth expenses by function

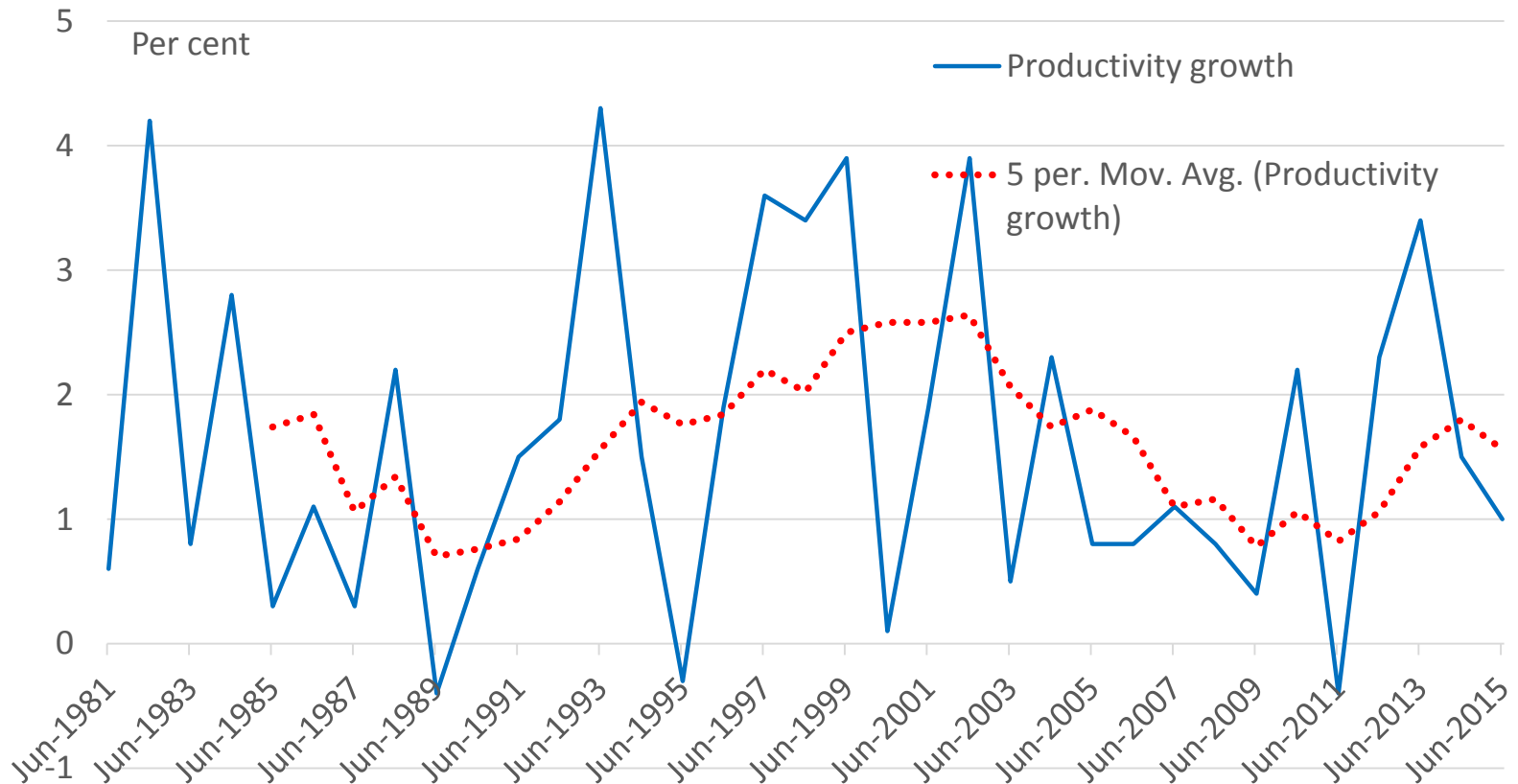


Source: Budget papers.



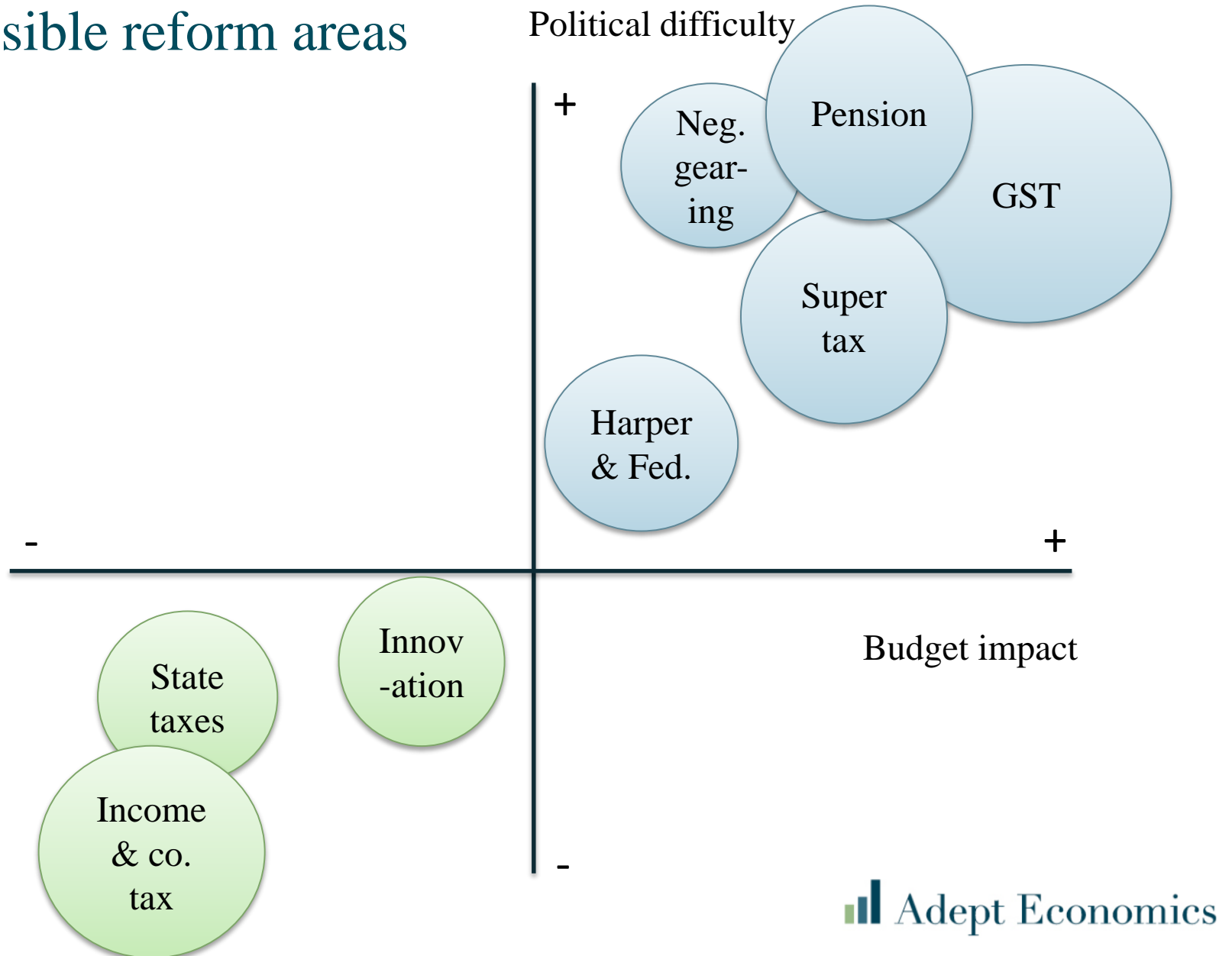
# Need to boost productivity through economic reforms

Annual growth rate of GDP per hour worked



Source: ABS.

# Possible reform areas



# Thanks for listening

Contact: [gene.tunny@adepteconomics.com.au](mailto:gene.tunny@adepteconomics.com.au)

Blog: [queenslandeconomywatch.com](http://queenslandeconomywatch.com)