

Business Outlook: Positioning for the next wave of prosperity

2014 Australian Resource People Summit

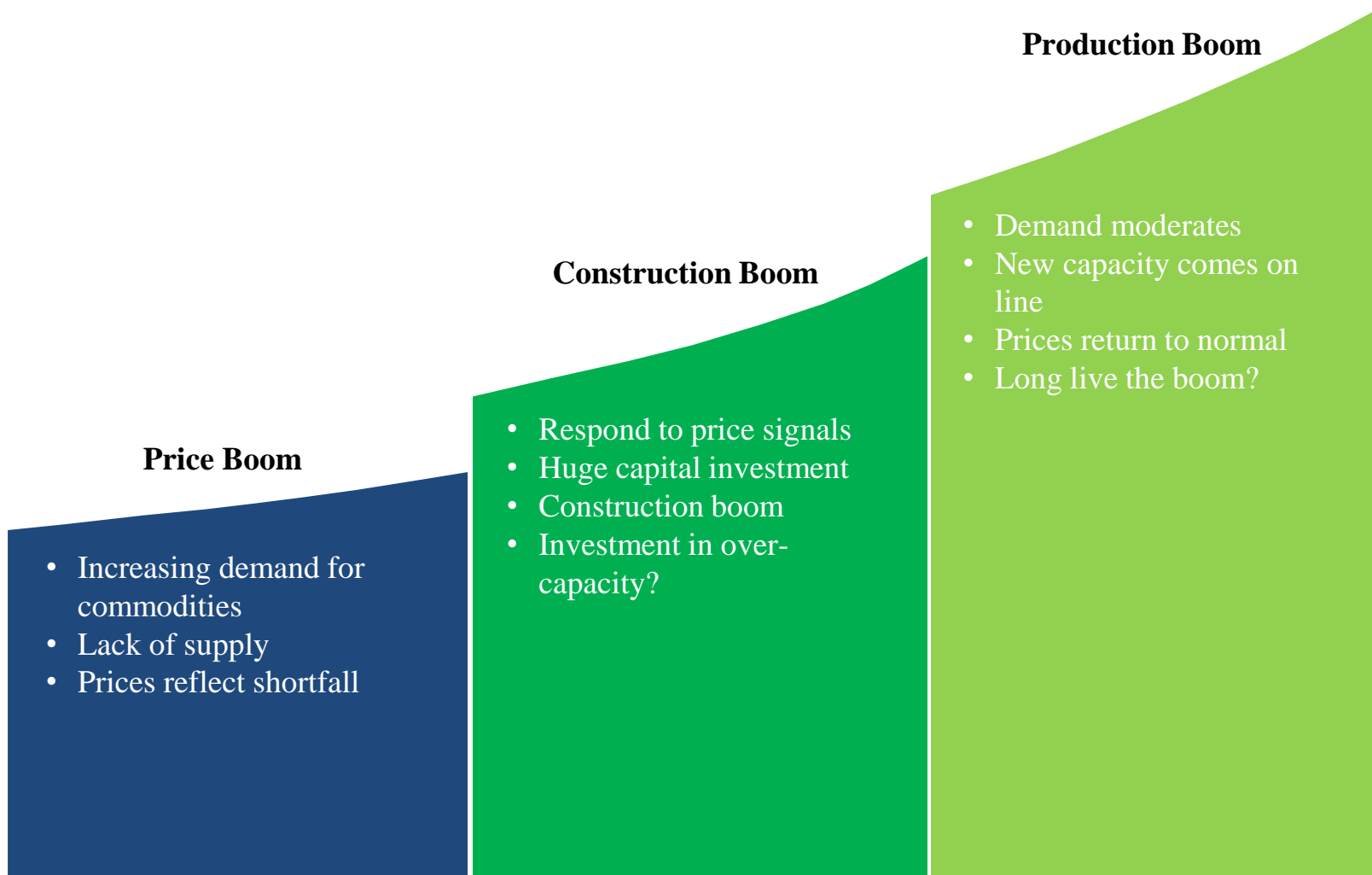
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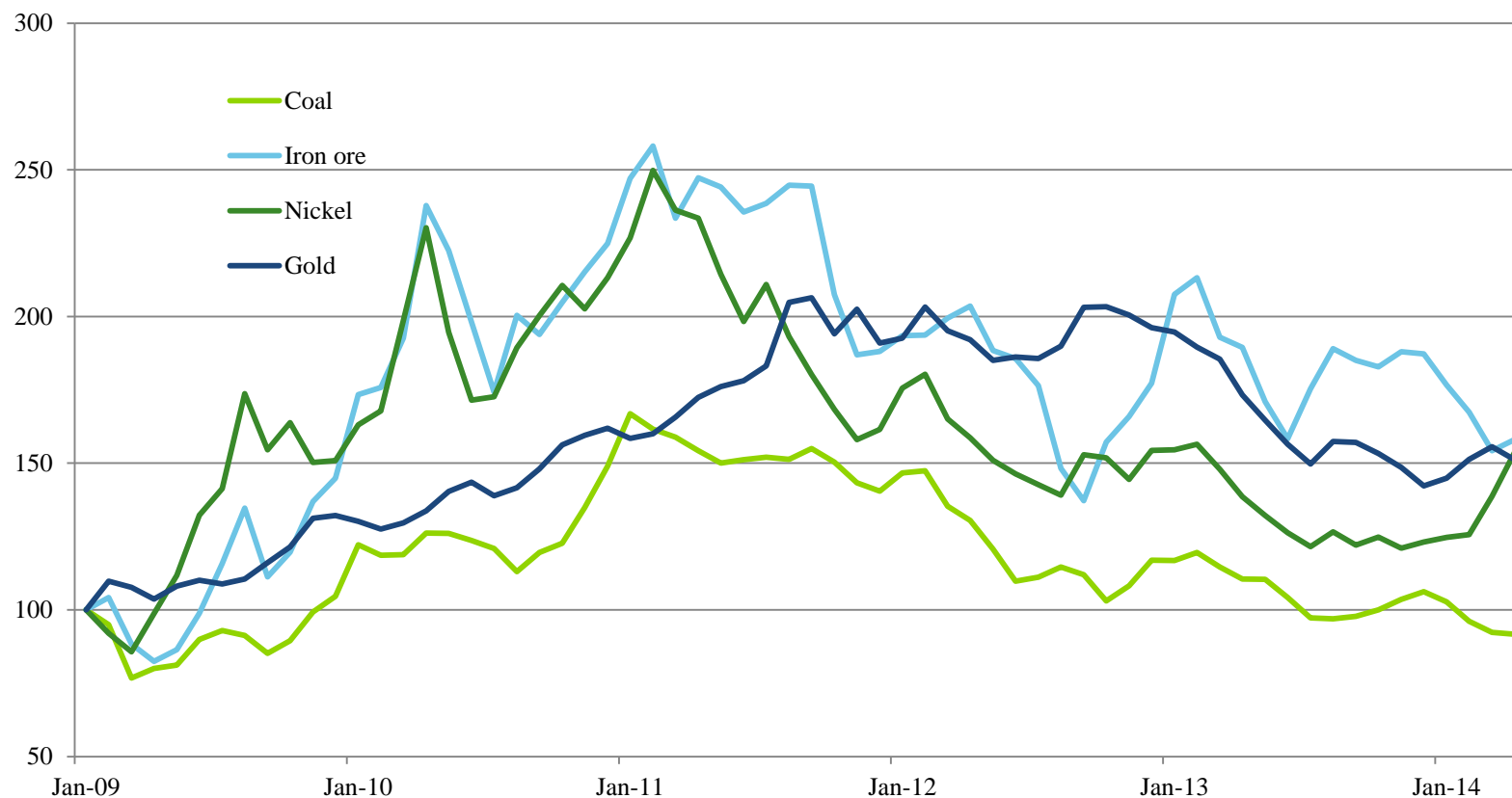
The resources sector has created three booms for Australia



Prices across commodity classes are waning

Commodity price movement

Index (100 = Jan 2009)

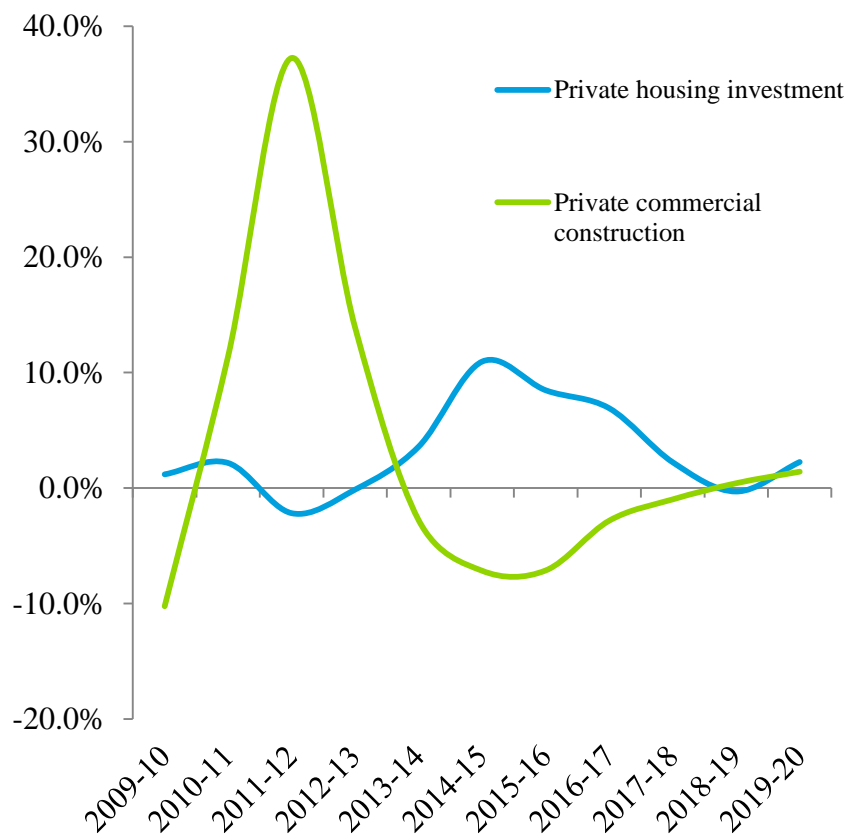


Source: The World Bank, Monthly World Prices of Commodities and Indices, April 2014

With residential construction replacing engineering construction as the key driver

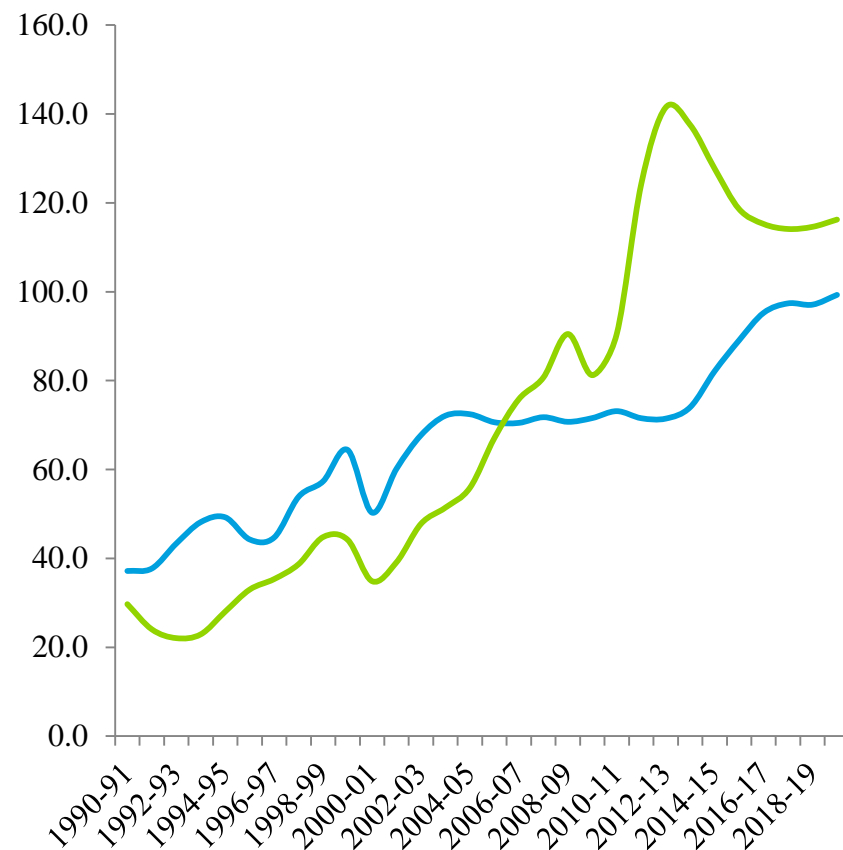
Private Housing Investment vs Private Construction Investment (Australia)

% change from previous year



Source: Deloitte Access Economics Business Outlook March 2014

Constant prices \$m



Source: Deloitte Access Economics Business Outlook March 2014

However the impact is skewed across the resource states

Resource State growth verses Australian output

Percent change on year earlier



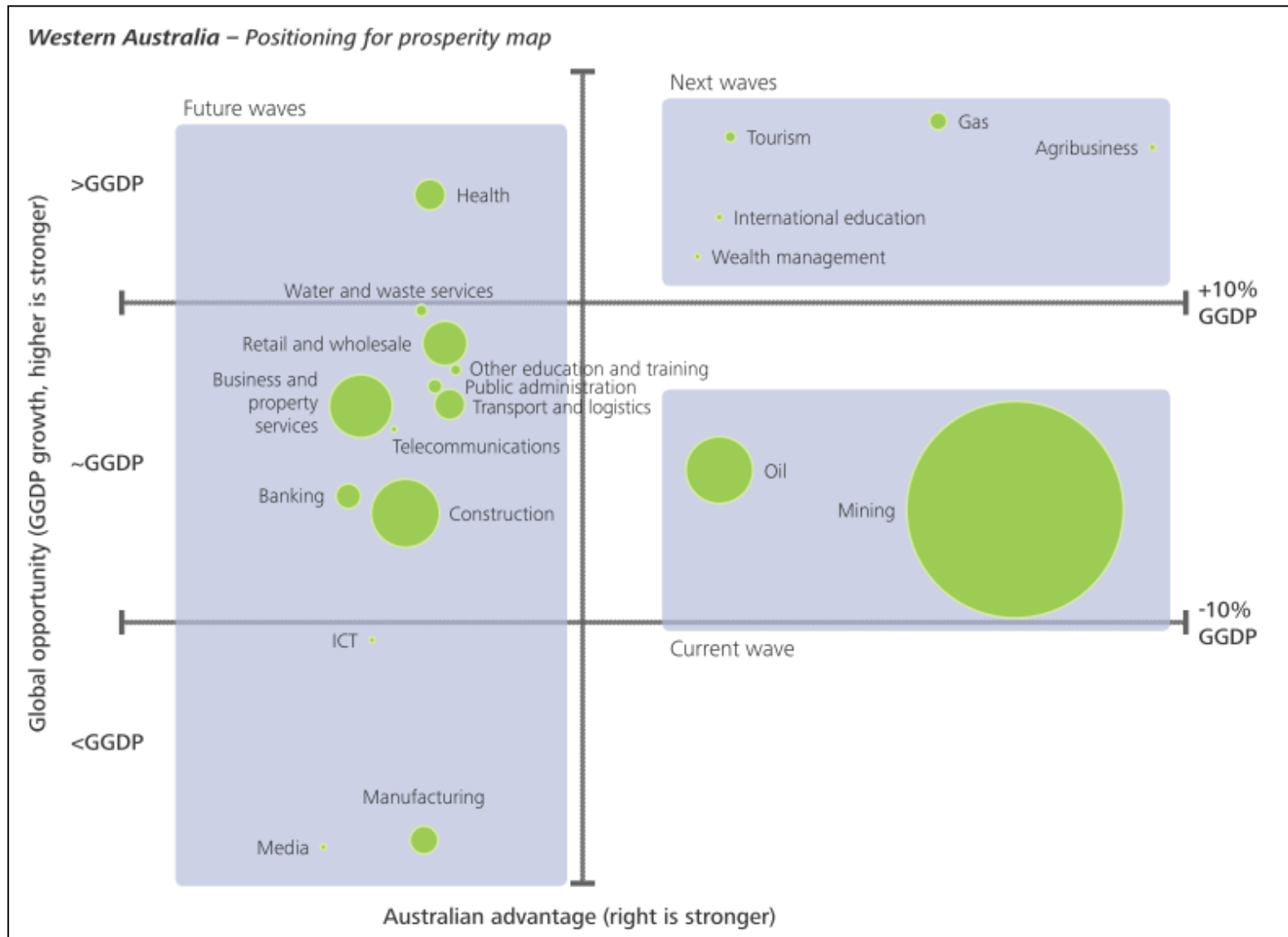
Source: Deloitte Access Economics Business Outlook March 2014

The resource sector continues to be an important part of the economy



Source: Deloitte Access Economics, *Building the Lucky Country No 3*.

And in Western Australia even more so

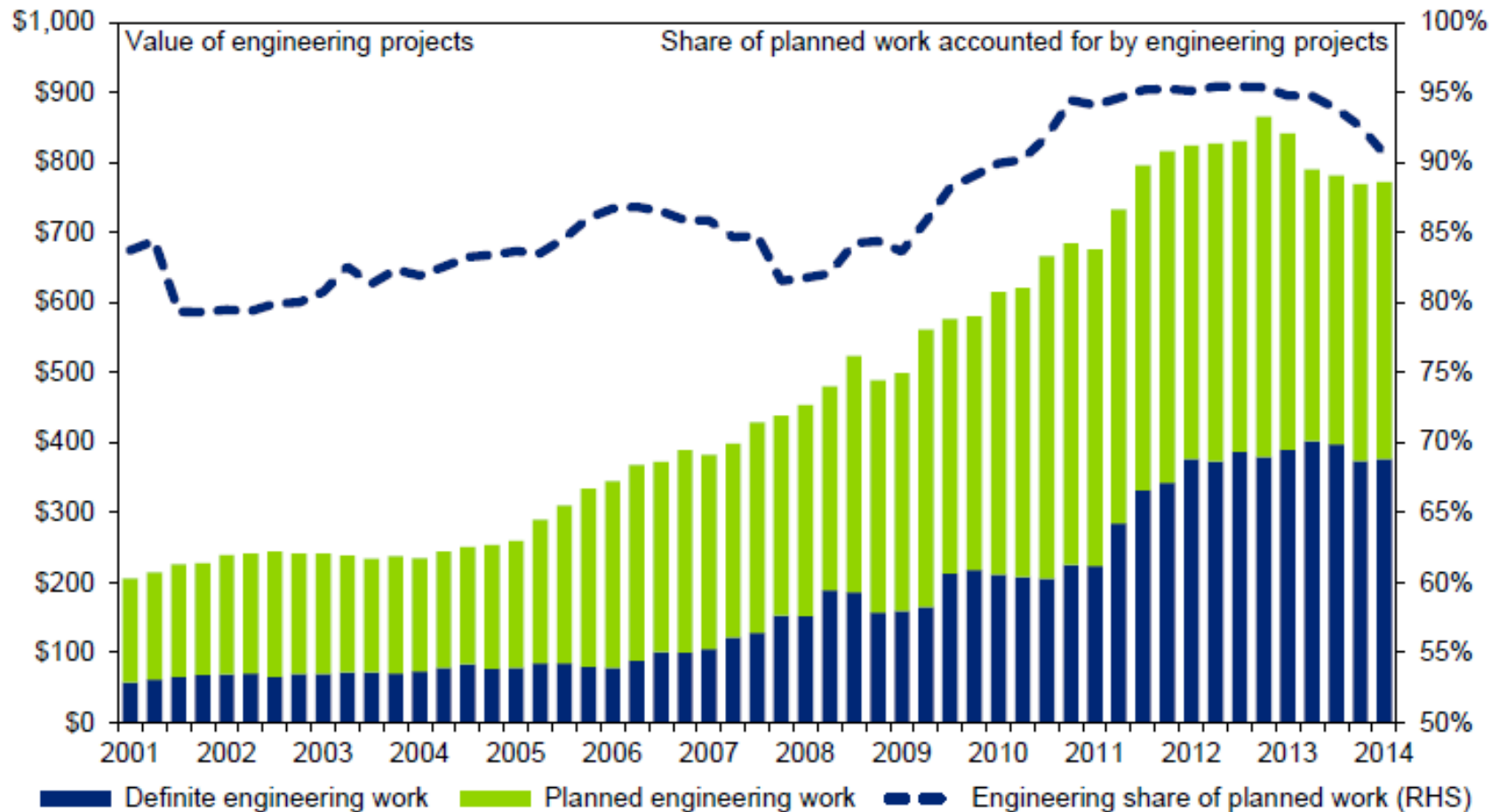


Source: Deloitte Access Economics, Building the Lucky Country No 3.

However we need to extend the runway in the resources sector

Value of engineering projects and engineering share of all planned projects

(\$million, Percent)

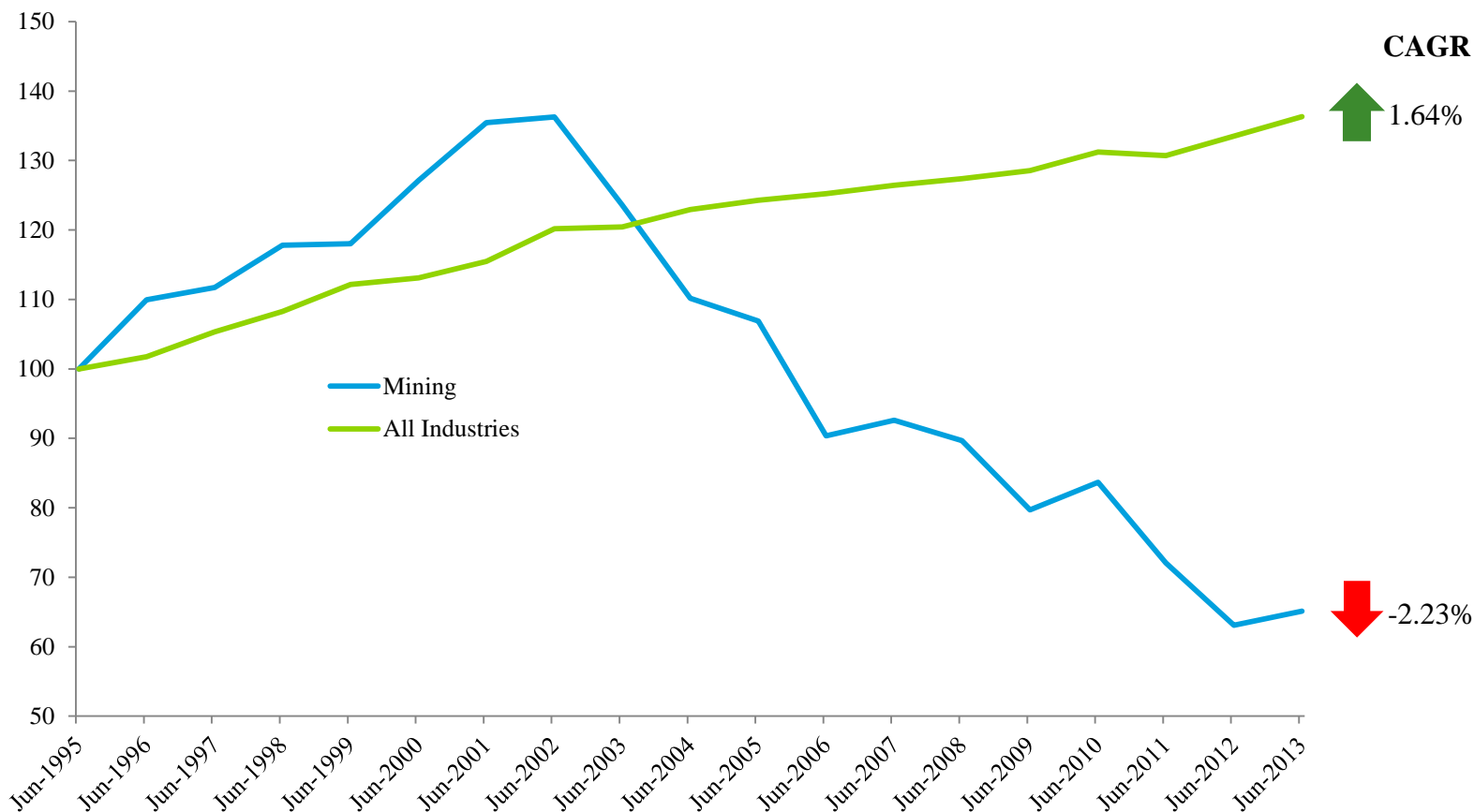


Source: Deloitte Access Economics, Investment Monitor March 2014

Productivity has been an issue recently...

Australian labour productivity

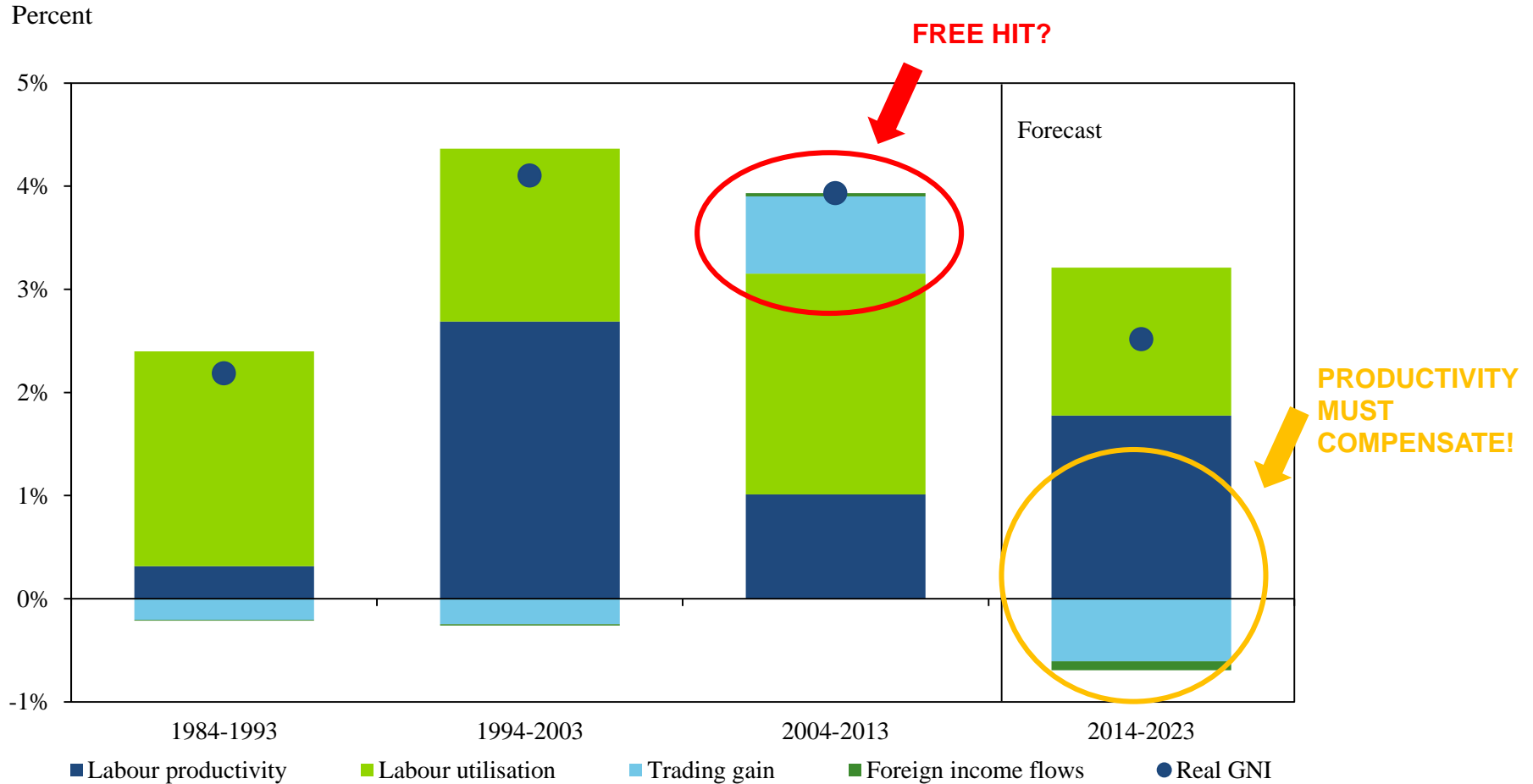
Base Index June 1995, Gross Value Add



Source: ABS 5204, Table 15: GVA per hour worked by Industry

Requiring a renewed focus to compensate for the resources 'free hit'

Contribution to real GNI growth

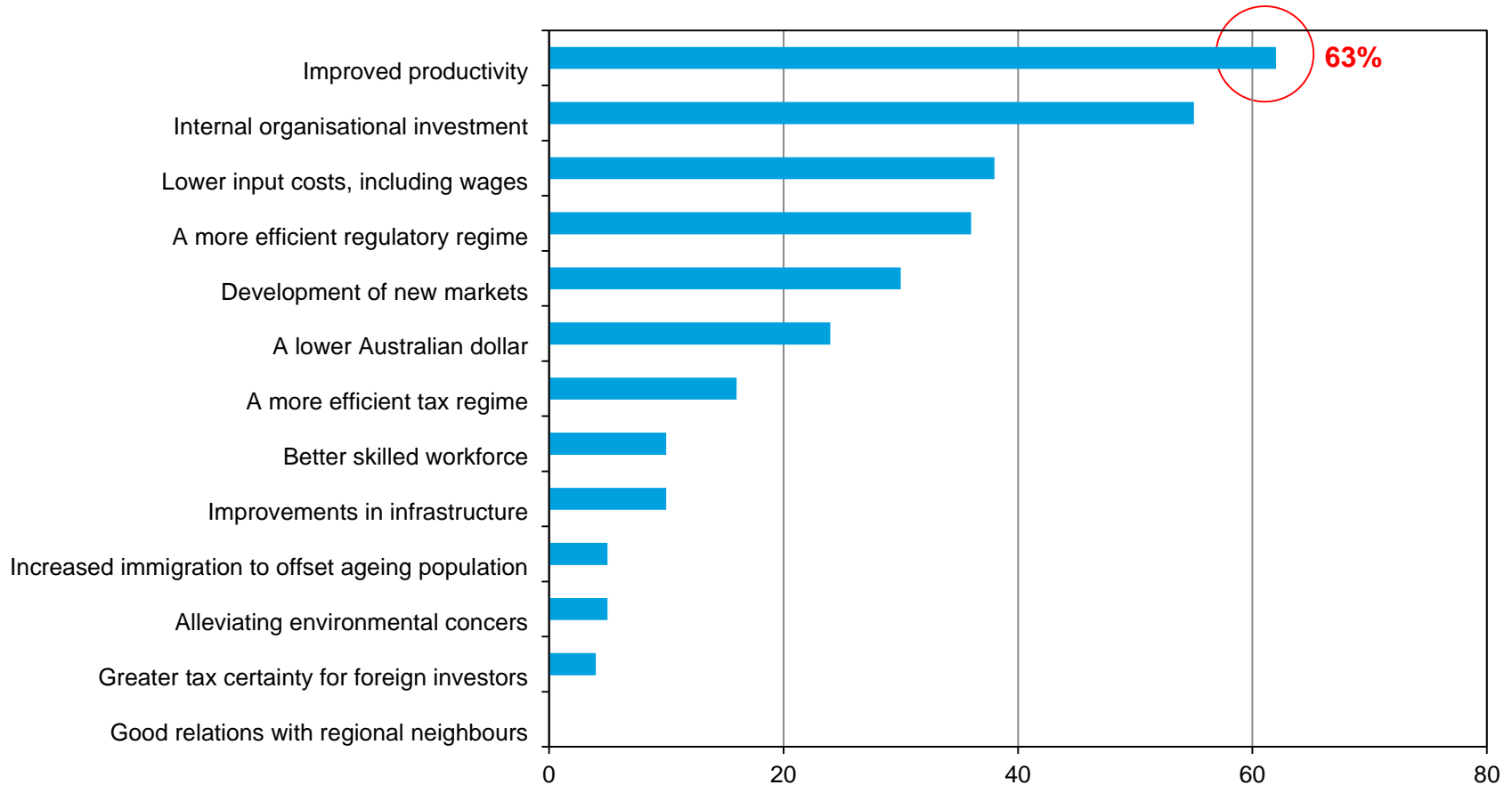


Source: ABS, Deloitte Access Economics

The good news is businesses are focused on improved productivity

Key fundamentals of growth

% of respondents choosing this option



Source: Deloitte Access Economics CFO survey, March 2014

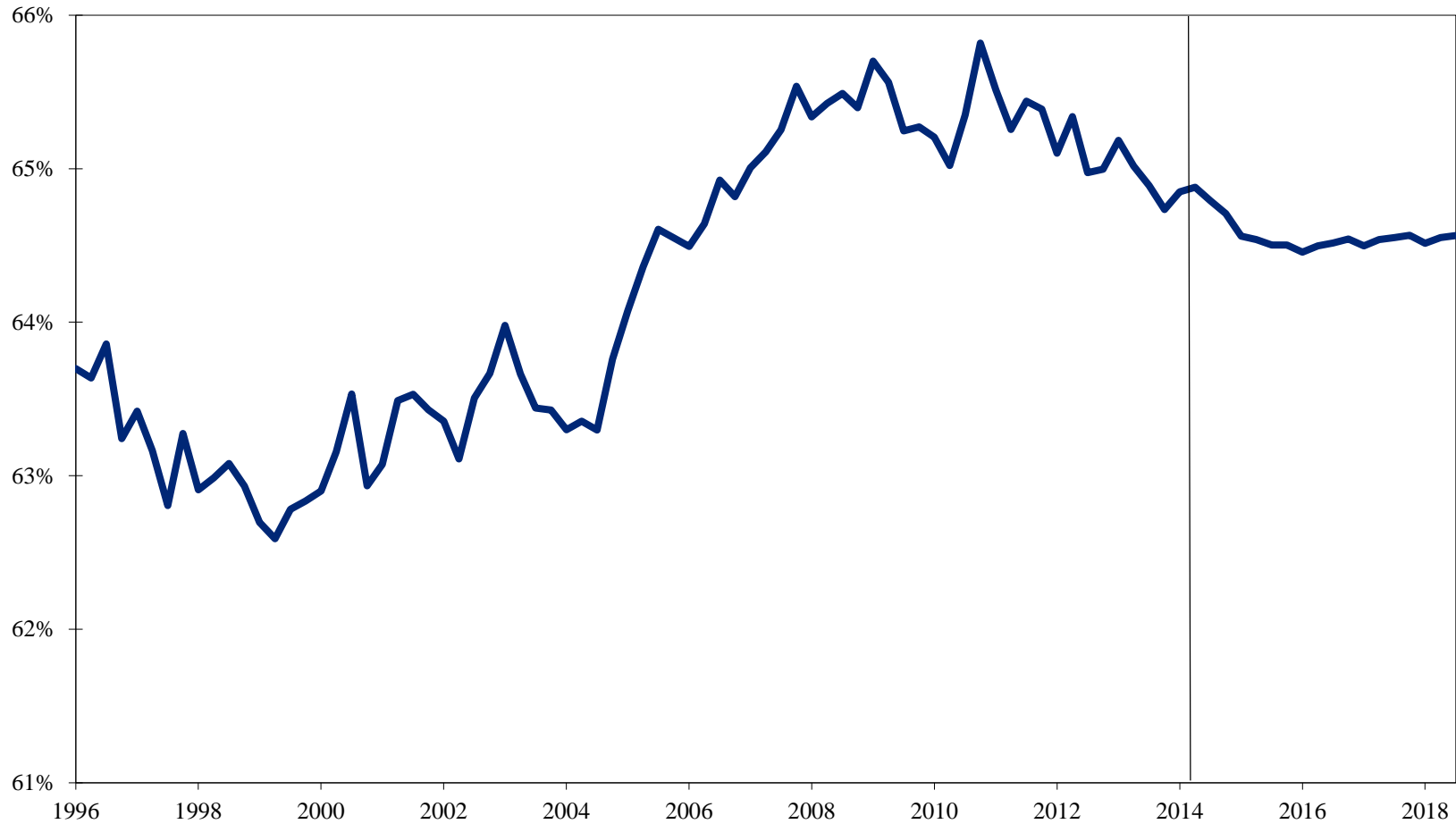
“For the nation as a whole, just one percentage point gain in efficiency, adds \$14 billion to the productive power of the nation”

Deloitte Access Economics

At the same time labour demographics are changing

Labour participation rate

Percent (Labour force/ population)



Source: Deloitte Access Economics

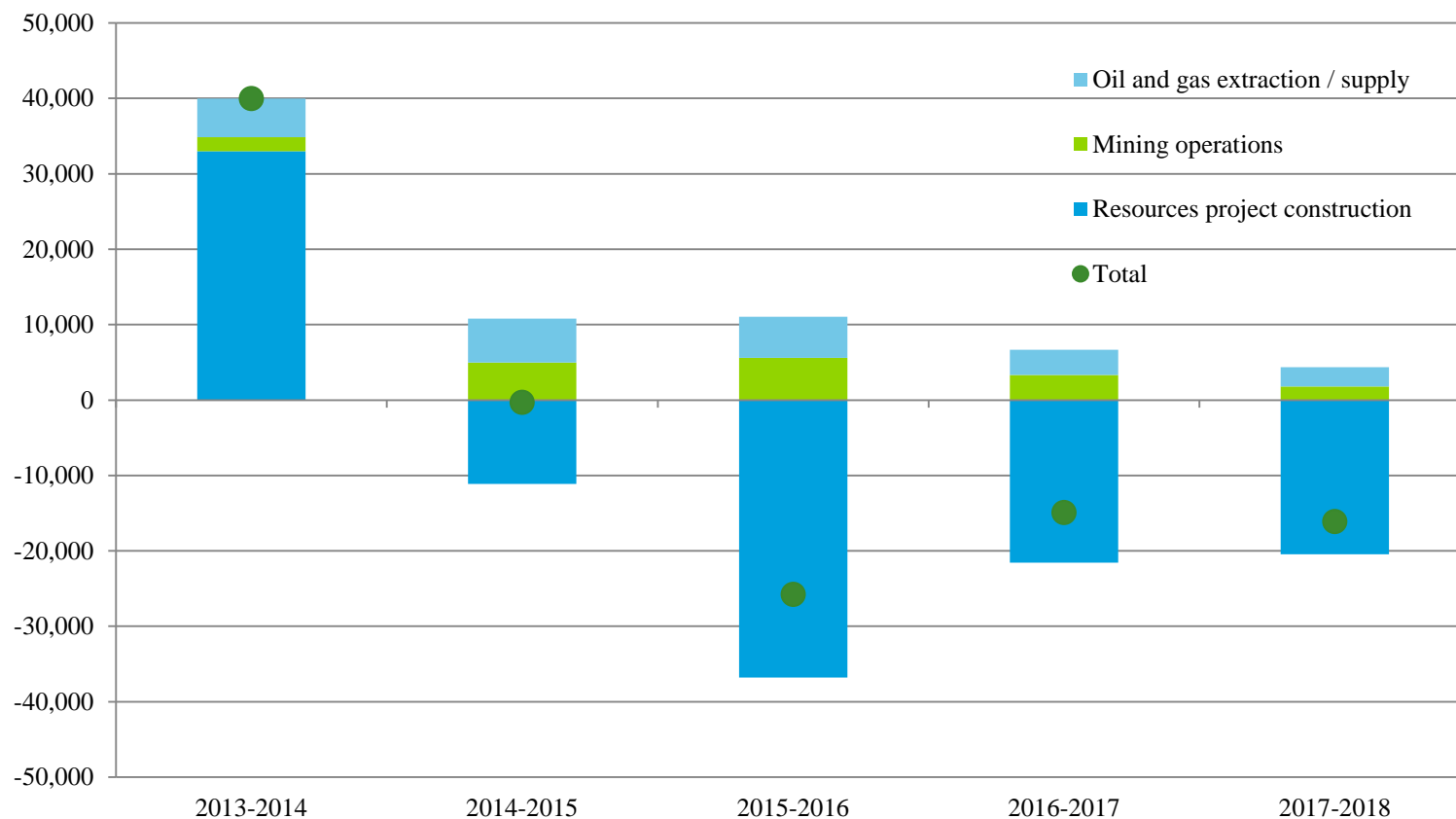
“Estimates show that Australia could increase its GDP by 13% or \$180 billion, if it relaxed the gap between male and female participation rates”

Goldman Sachs Economic Research

In aggregate the move from construction to production will have a significant impact on resource sector employment

Residual change in projected employment by sector

Full time equivalent



Source: ABS labour force data. Deloitte Access Economics



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