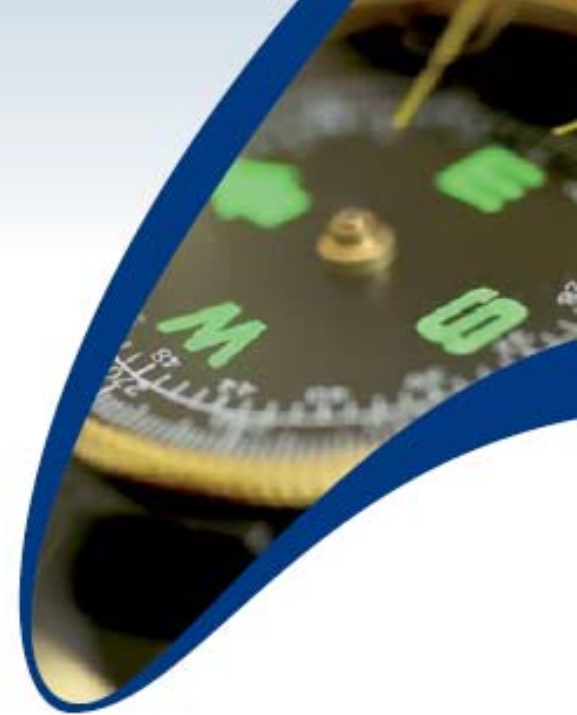


Building Human Capital – An Economic Imperative

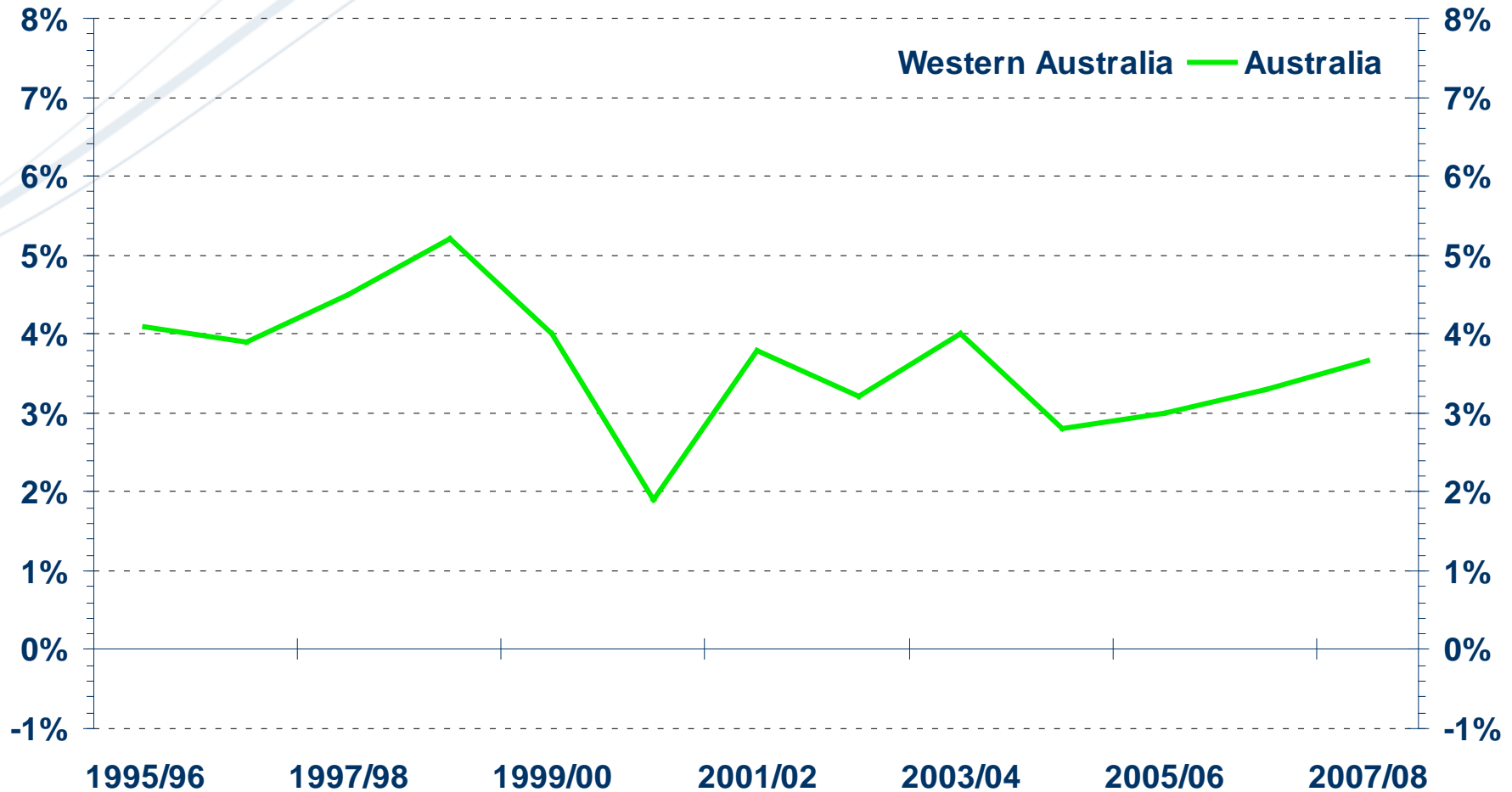
John Nicolaou
Chief Officer, Membership & Advocacy
Chief Economist



That was then...



Real Gross State & National Product Yearly % Change

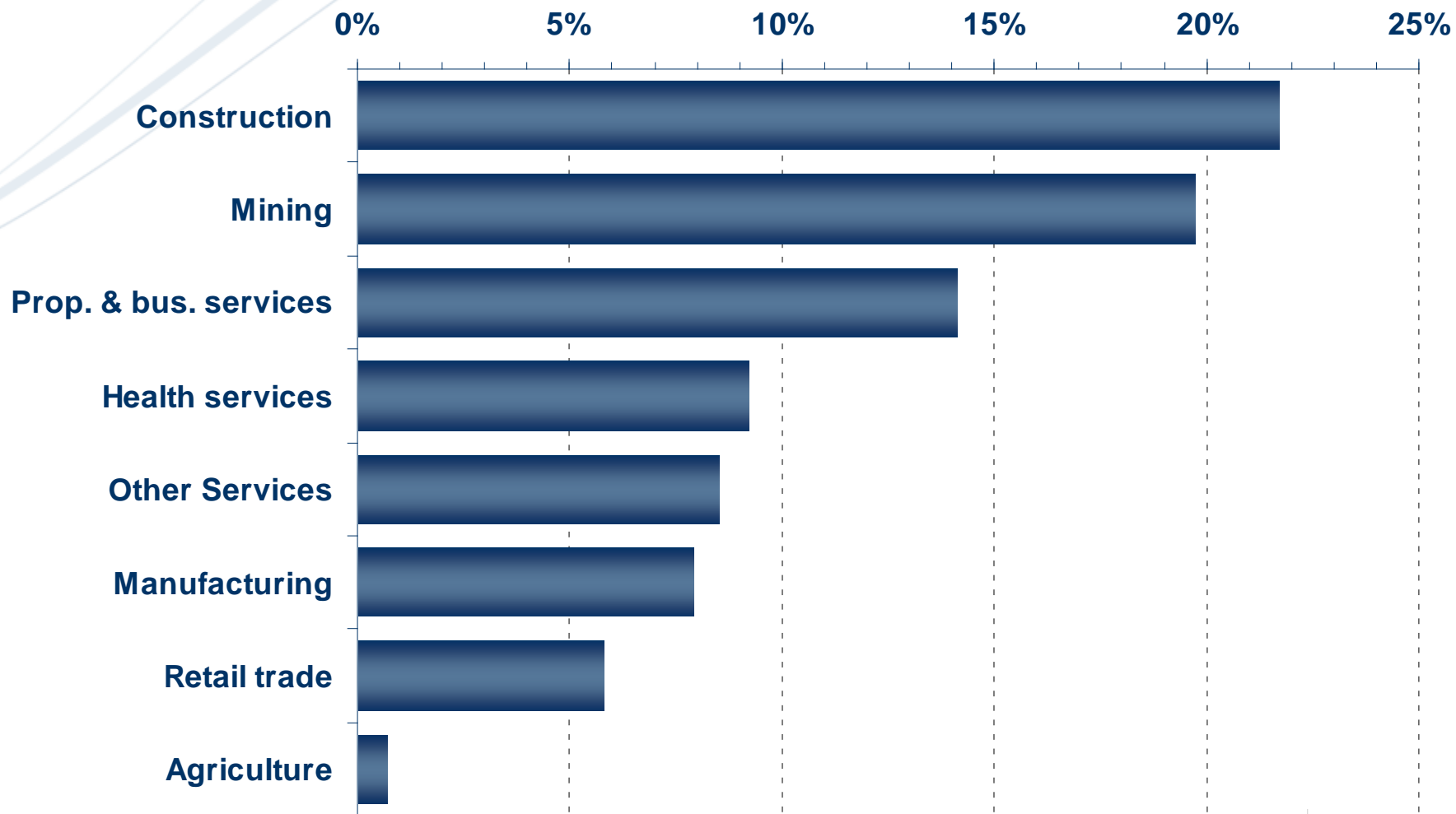


Source: ABS Cat. 5206.0, 5220.0



WA Output by Sector

Ave % Change, 2002-03 to 2007-08



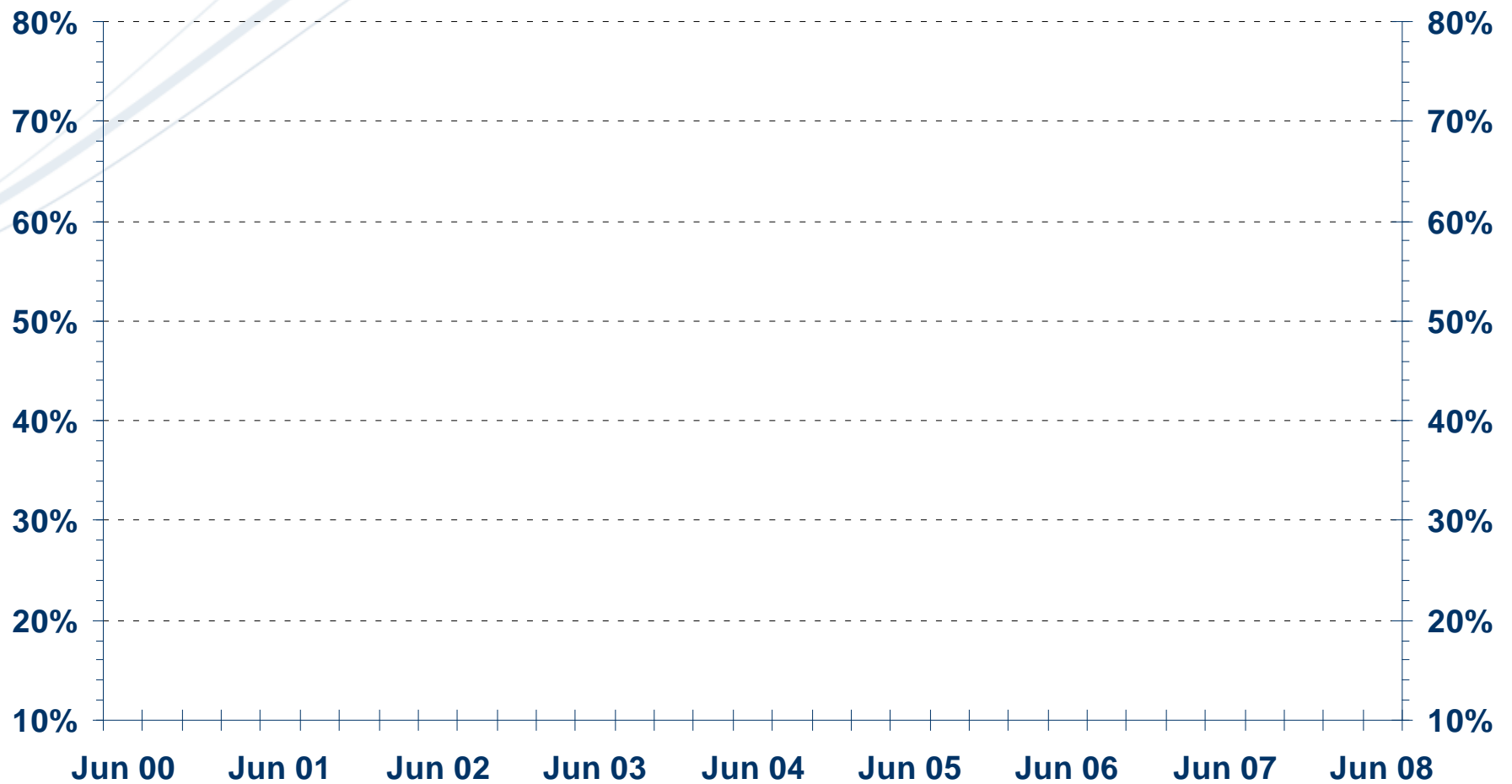
Source: ABS Cat. 5220.0





Labour Scarcity, WA

% of WA Firms Saying Labour is "Scarce"

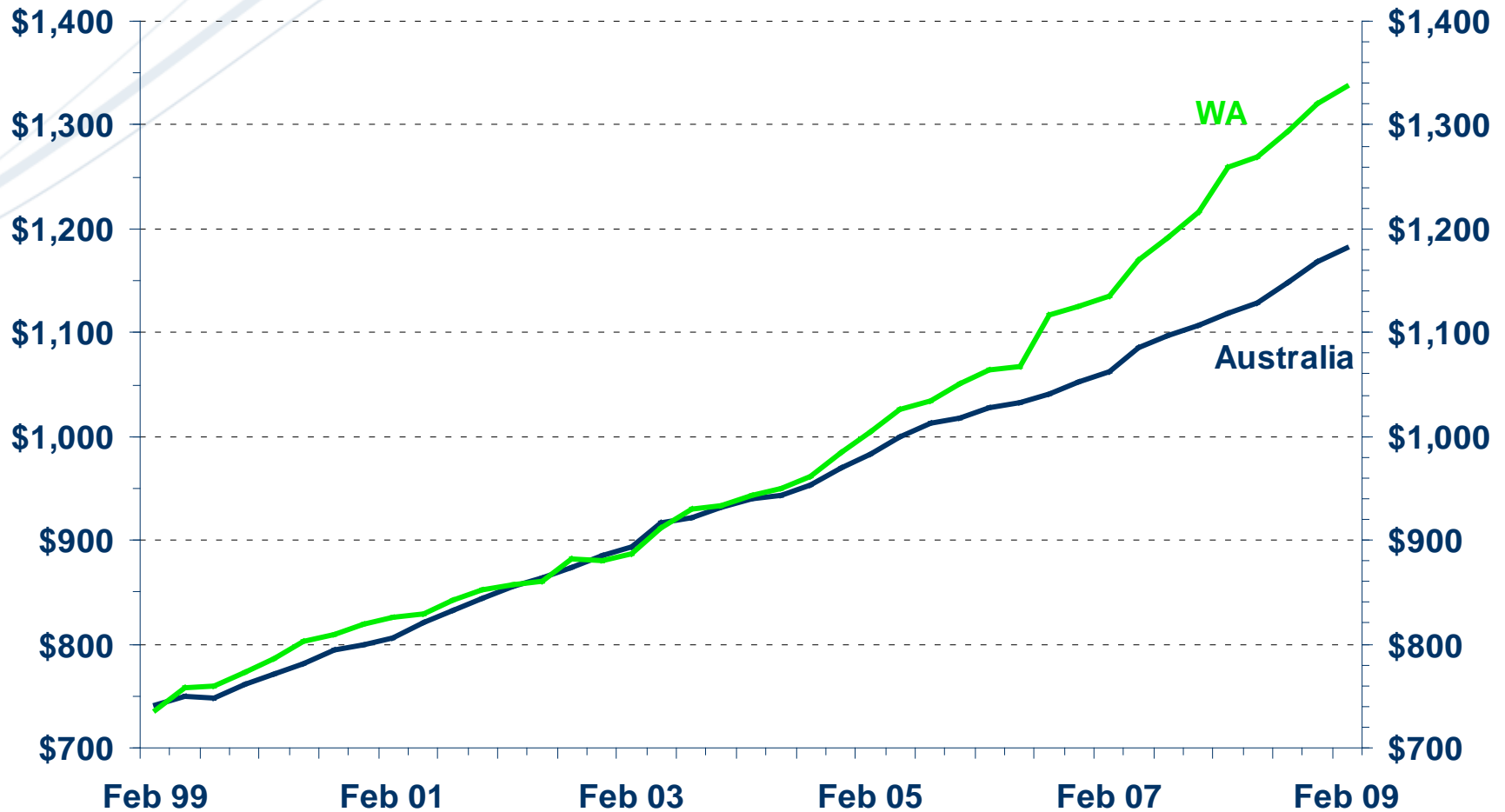


Source: Commonwealth Bank-CCI Survey of Business Expectations



Average Weekly Earnings*

WA vs Australia



Source: ABS Cat. 6302.0, *Ordinary time earnings, full-time adults



Engineering Construction, WA

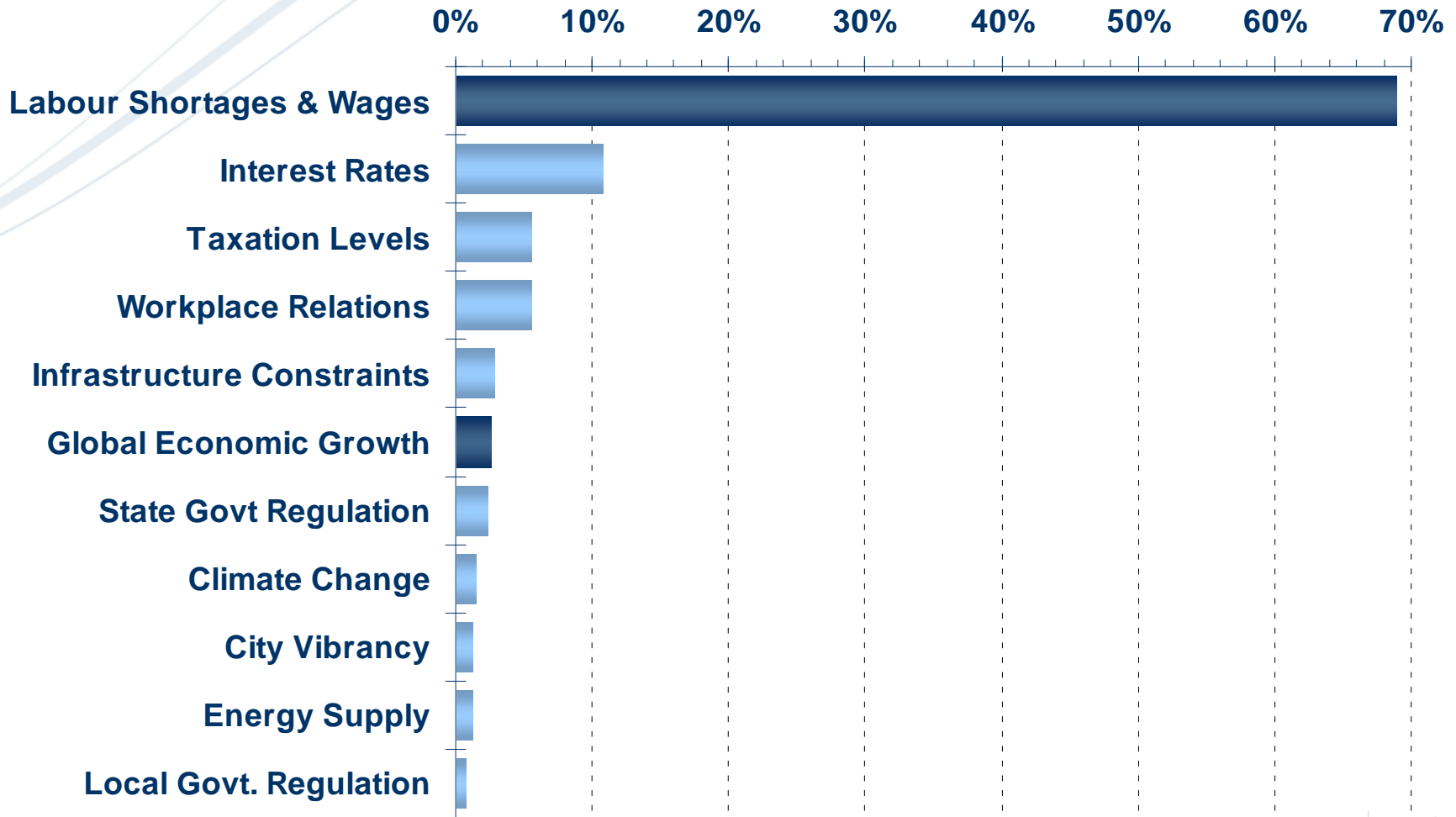
Work Done & Yet to be Done



Source: ABS Cat. 8762.0



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



Source: Commonwealth Bank-CCI Survey of Business Expectations



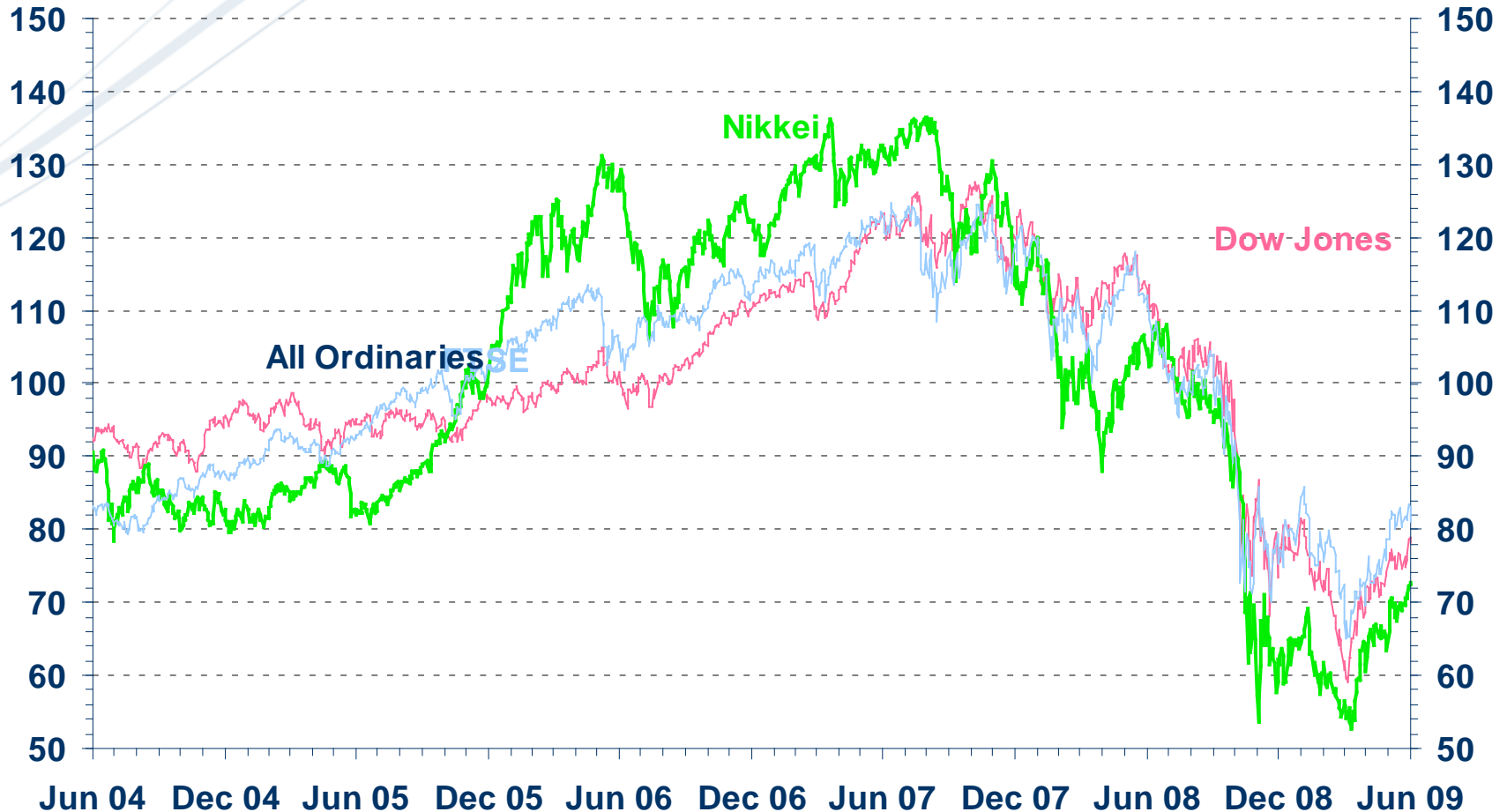
This is now...

P.J. O'Rourke on the GFC...

“Joe lives down the road from me, he falls behind on his mortgage payments and the economy of Iceland explodes... nobody understands something like that.”



Major Sharemarkets Re-Indexed, Period Average = 100

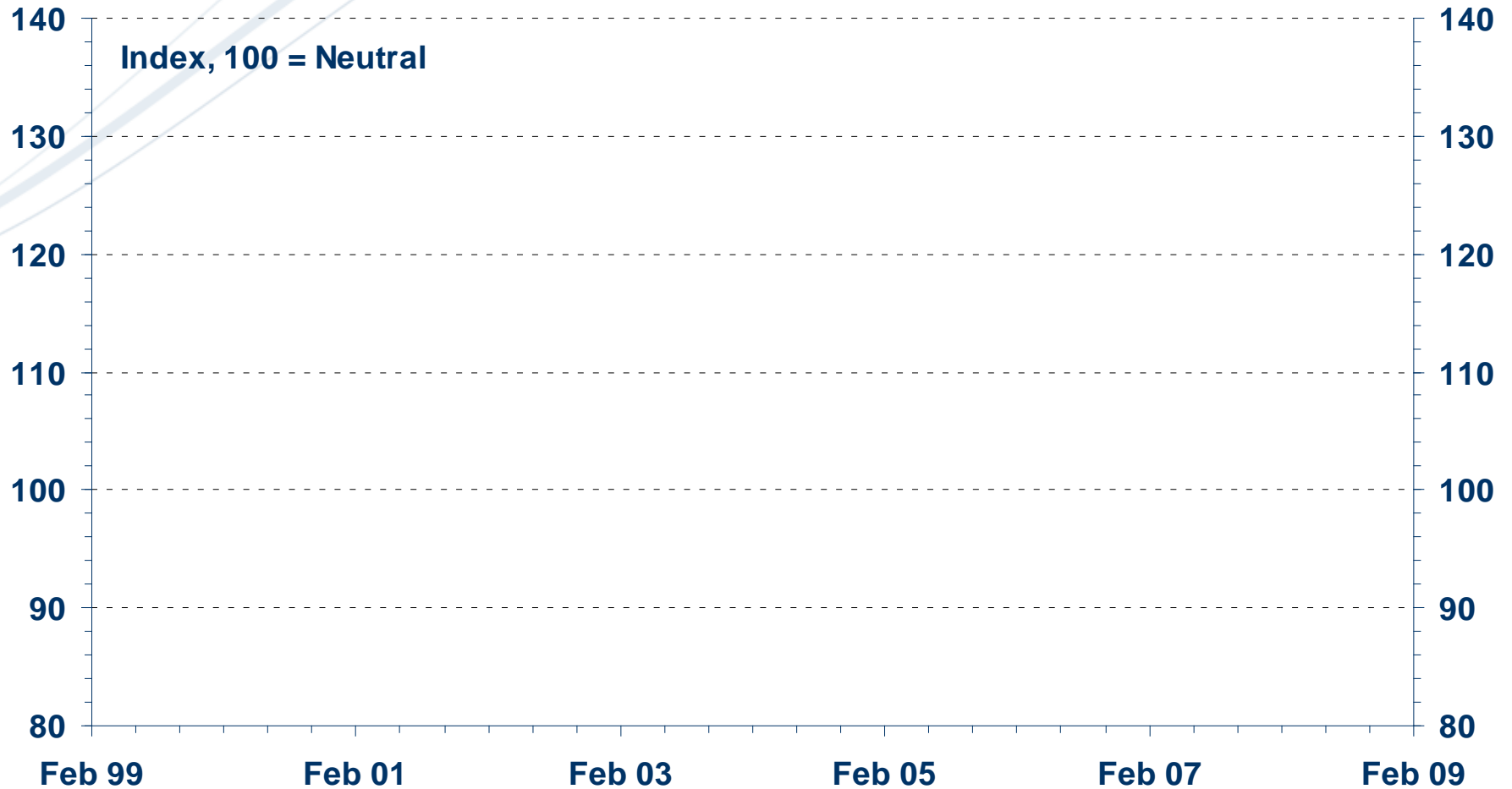


Source: Yahoo! Finance, updated to close of trade on 3 June 2009



Consumer Confidence, Australia

Roy Morgan Confidence Index

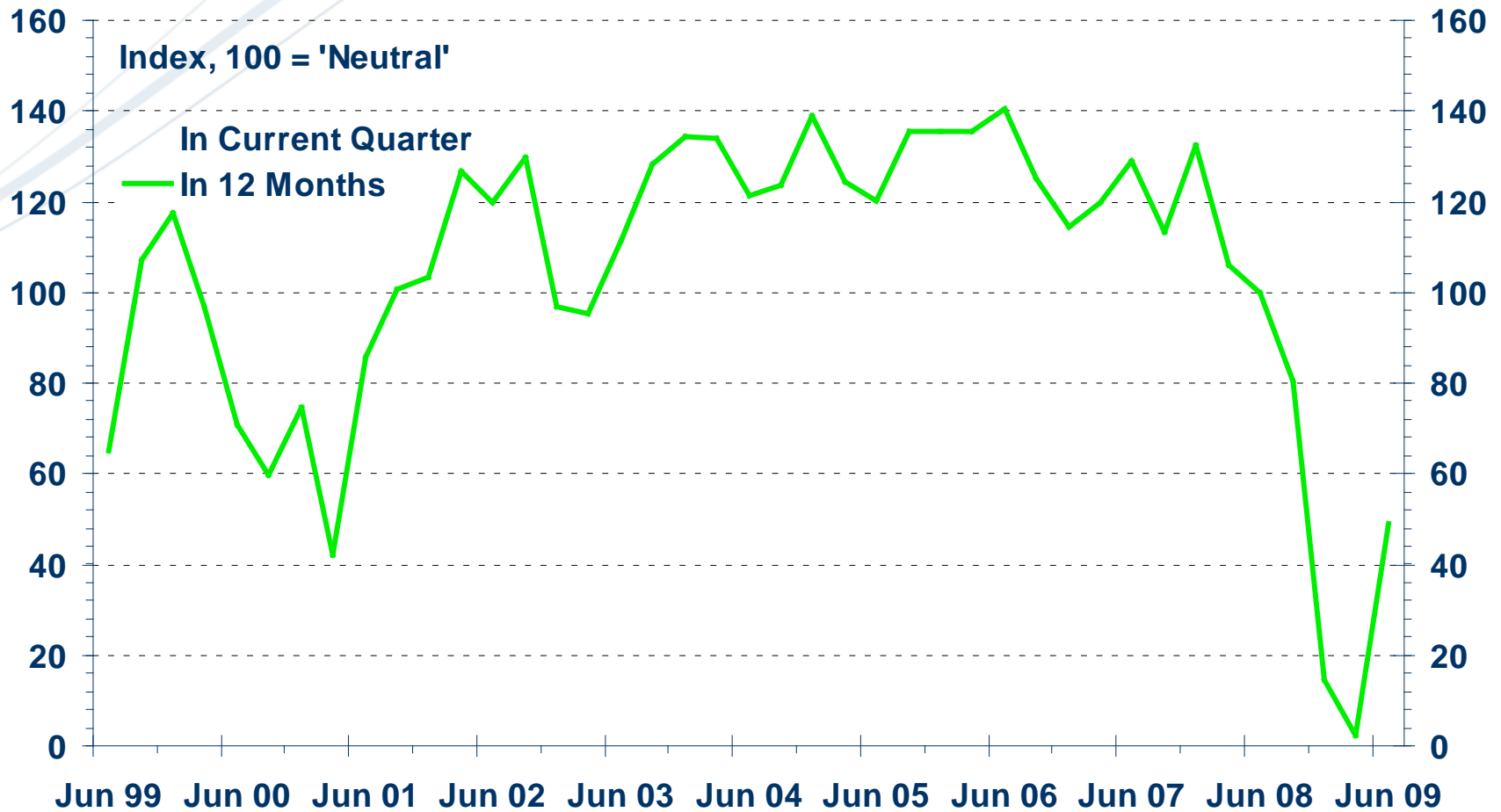


Source: Roy Morgan Research



WA Business Confidence

Confidence in WA Economy



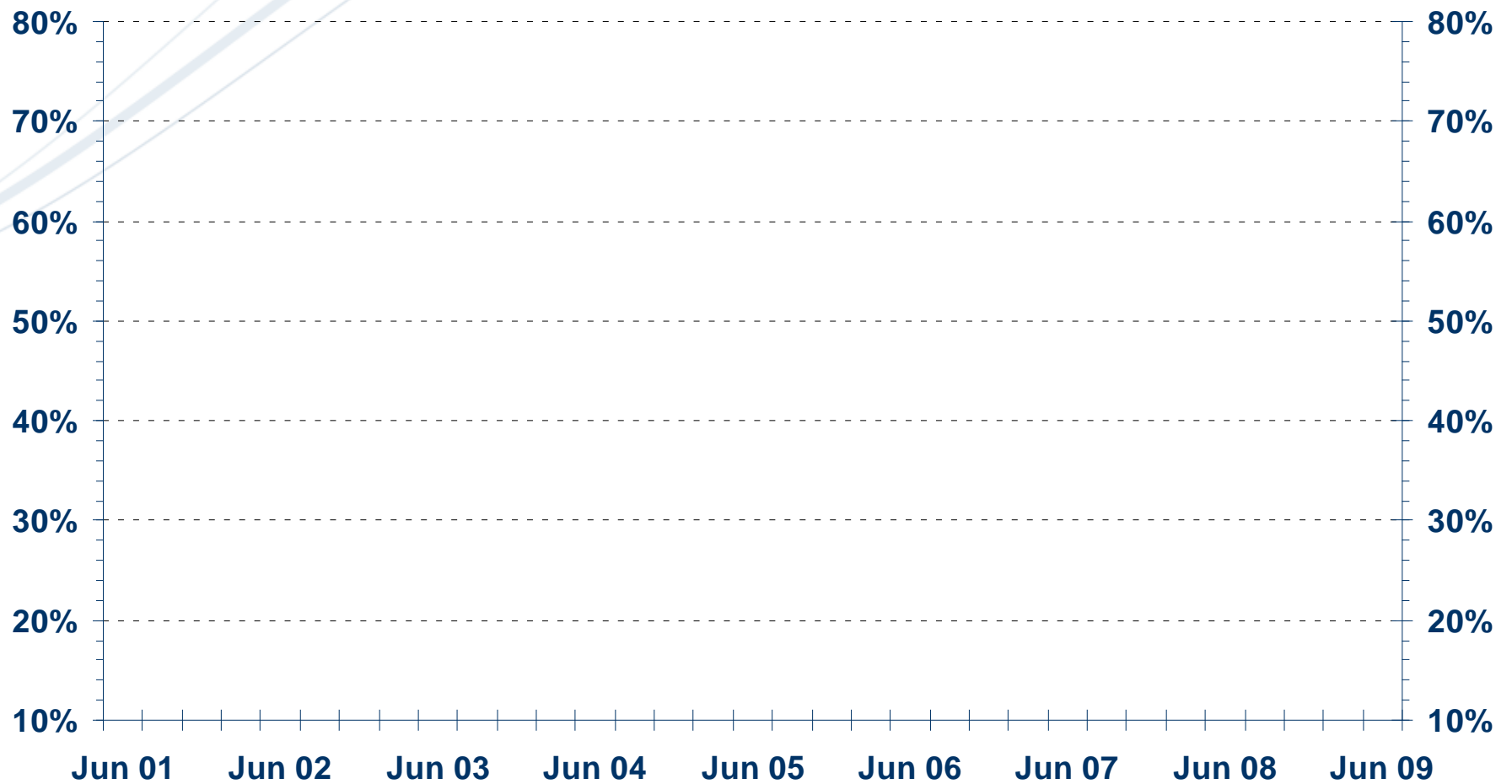
Source: Commonwealth Bank-CCI Survey of Business Expectations





Labour Scarcity, WA

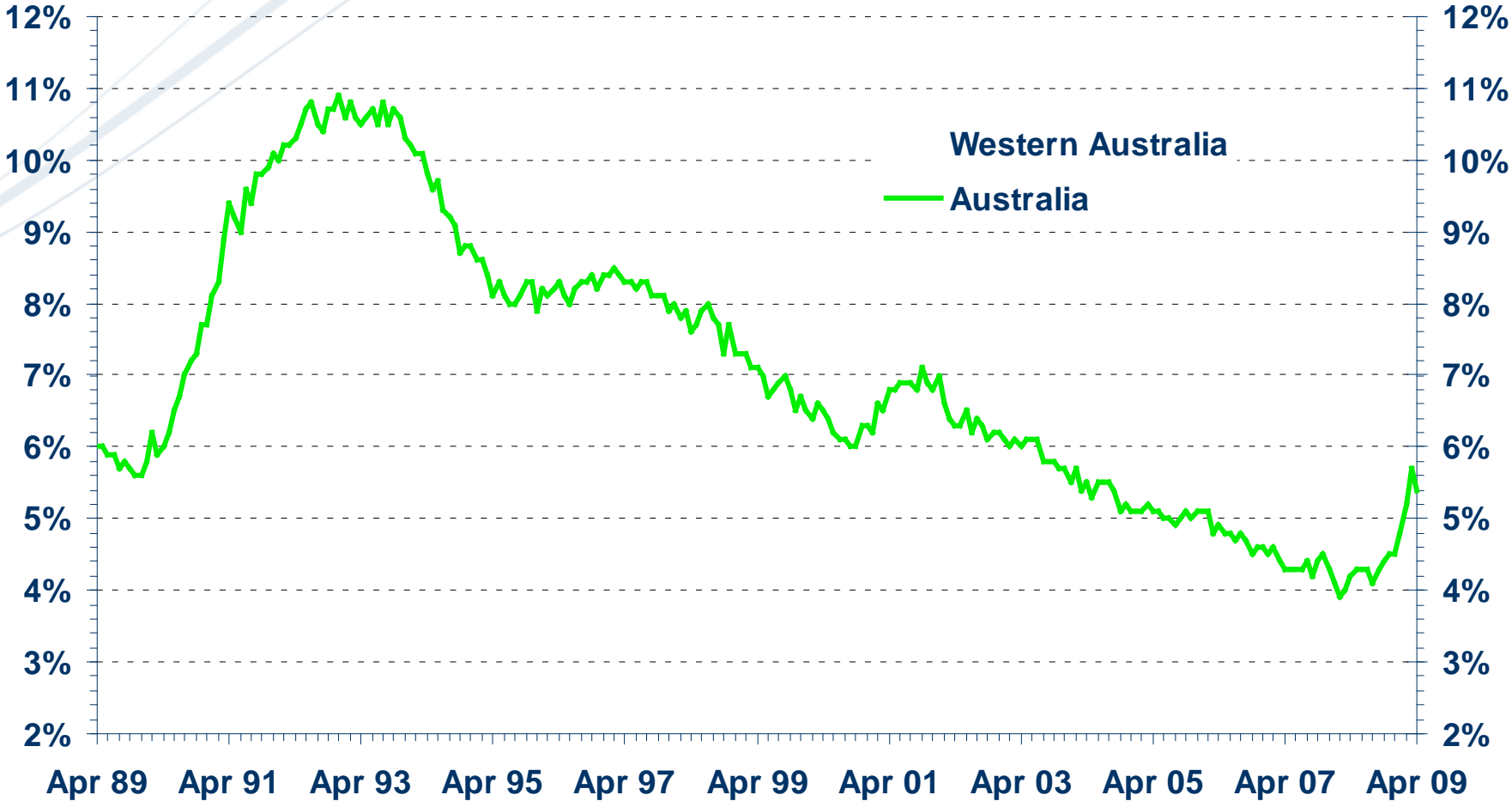
% of WA Firms Saying Labour is "Scarce"



Source: Commonwealth Bank-CCI Survey of Business Expectations



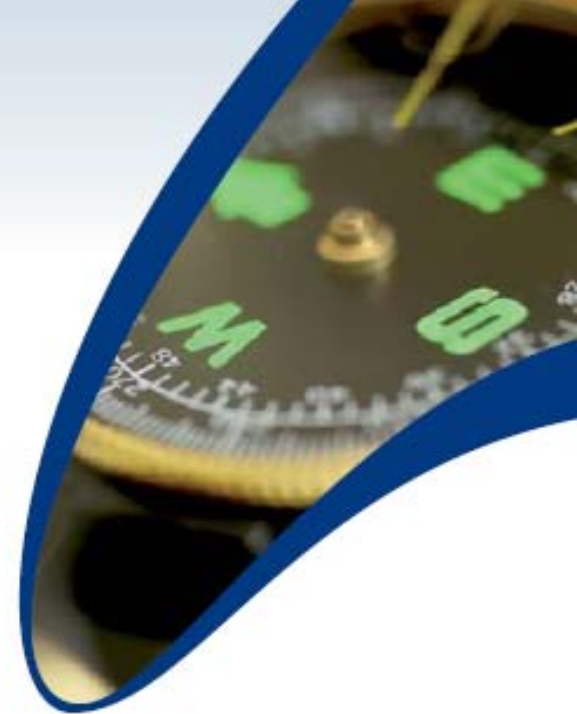
Unemployment Rate Seasonally Adjusted



Source: ABS Cat. 6202.0



Green shoots of recovery?



Interbank Lending Risk Premium

US 3-month T-Bill to LIBOR* Spread



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



CBOE Volatility Index - "Fear Gauge" Daily Closing Price

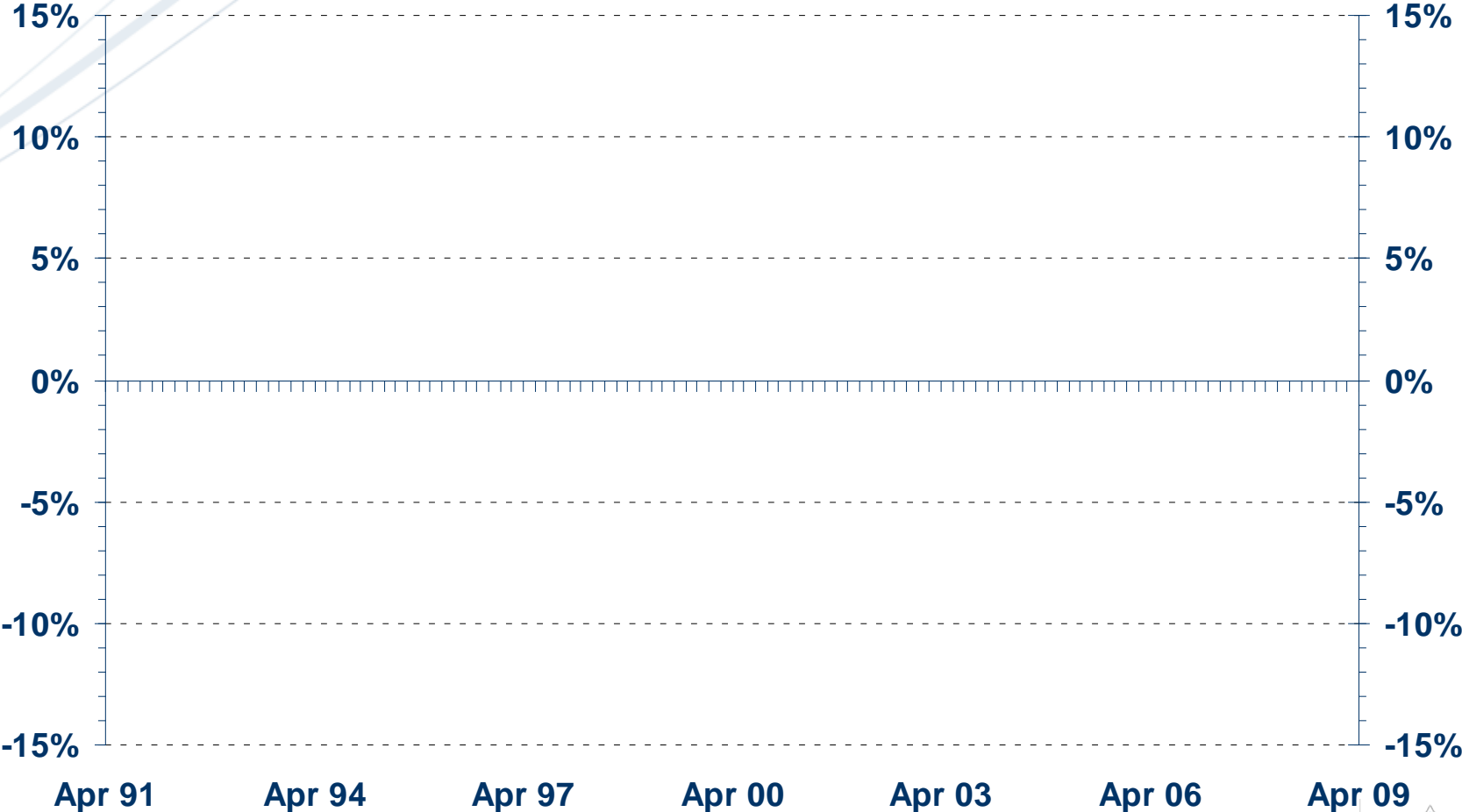


Source: CBOE



Industrial Production, United States

Annual % Change

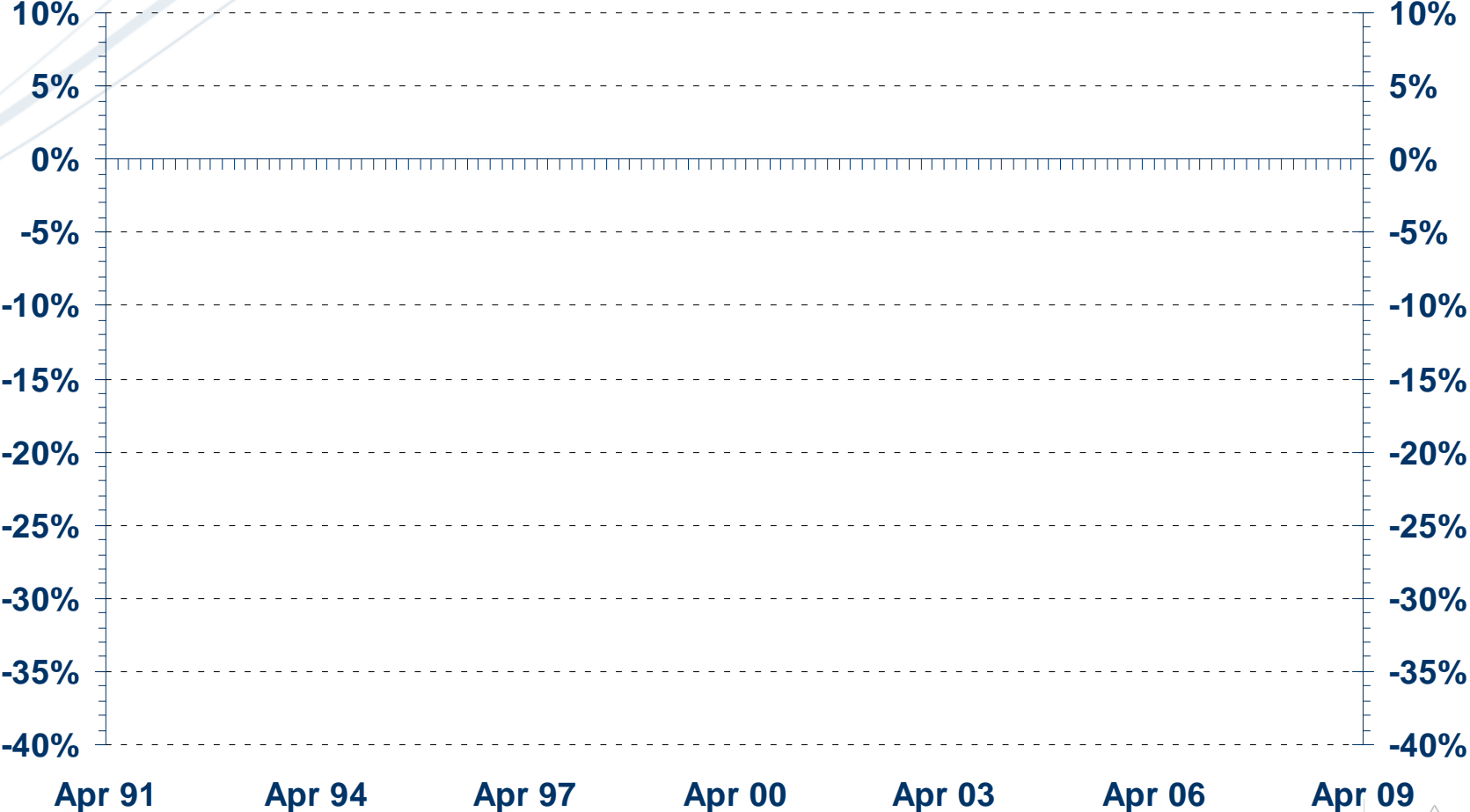


Source: IMF



Industrial Production, Japan

Annual % Change

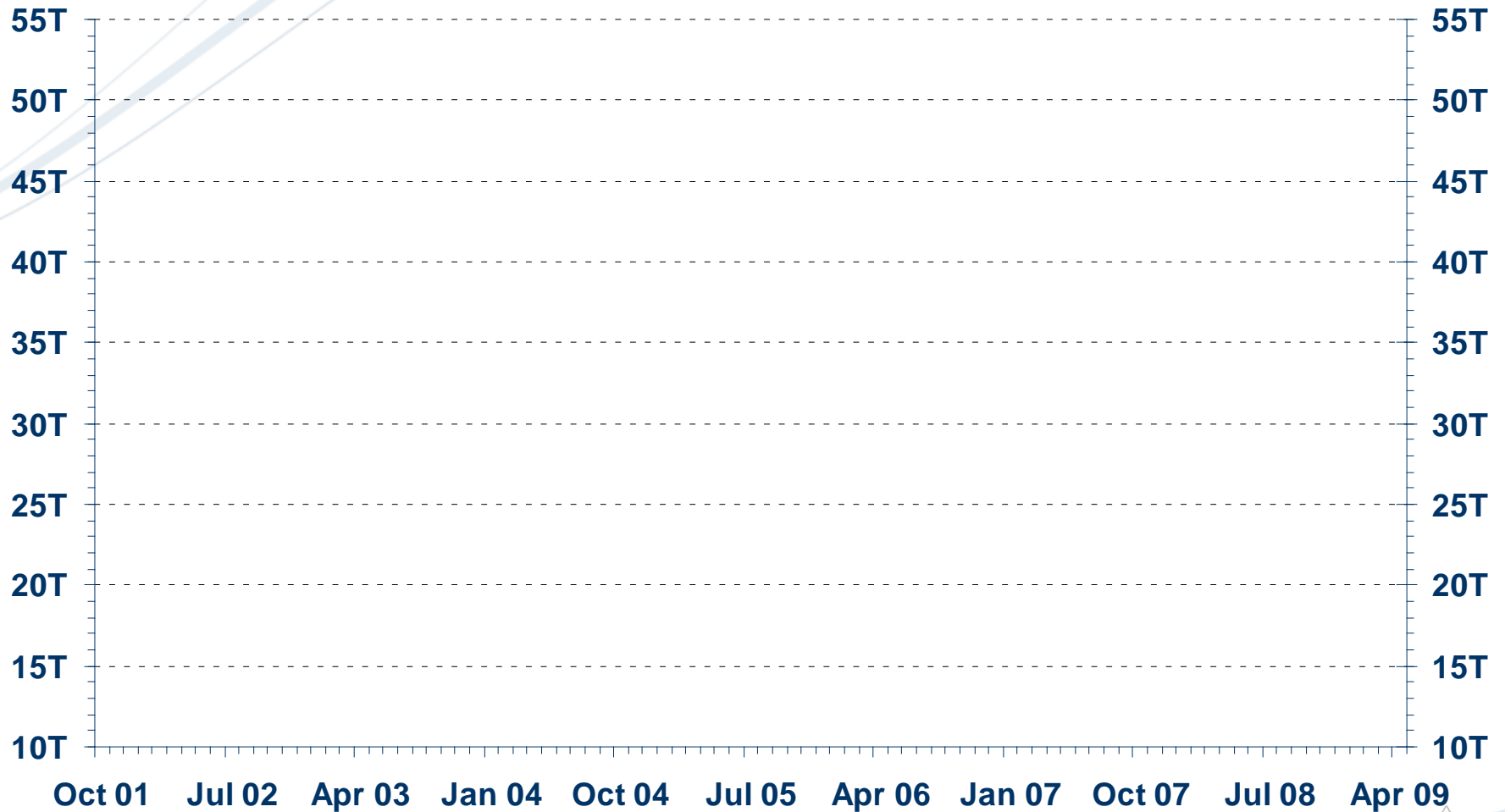


Source: IMF



Steel Production, China

Monthly, Tonnes, in '000s



Source: CEIC



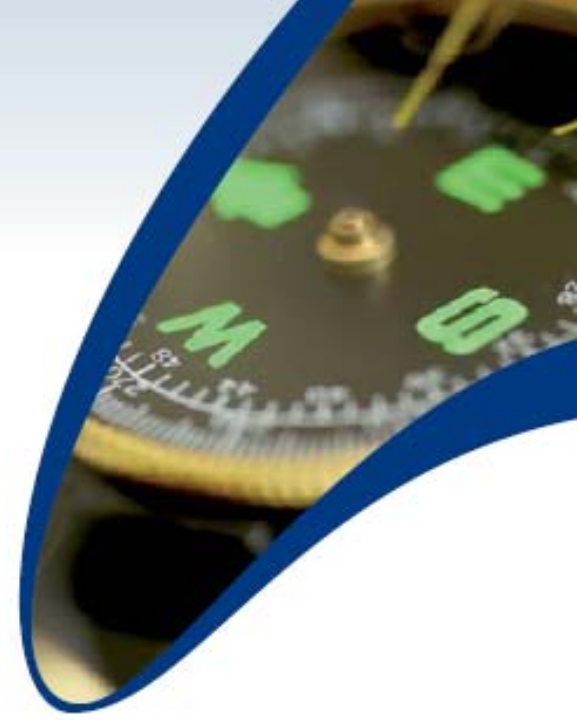
Baltic Capesize Shipping Index Weekly Closing Price



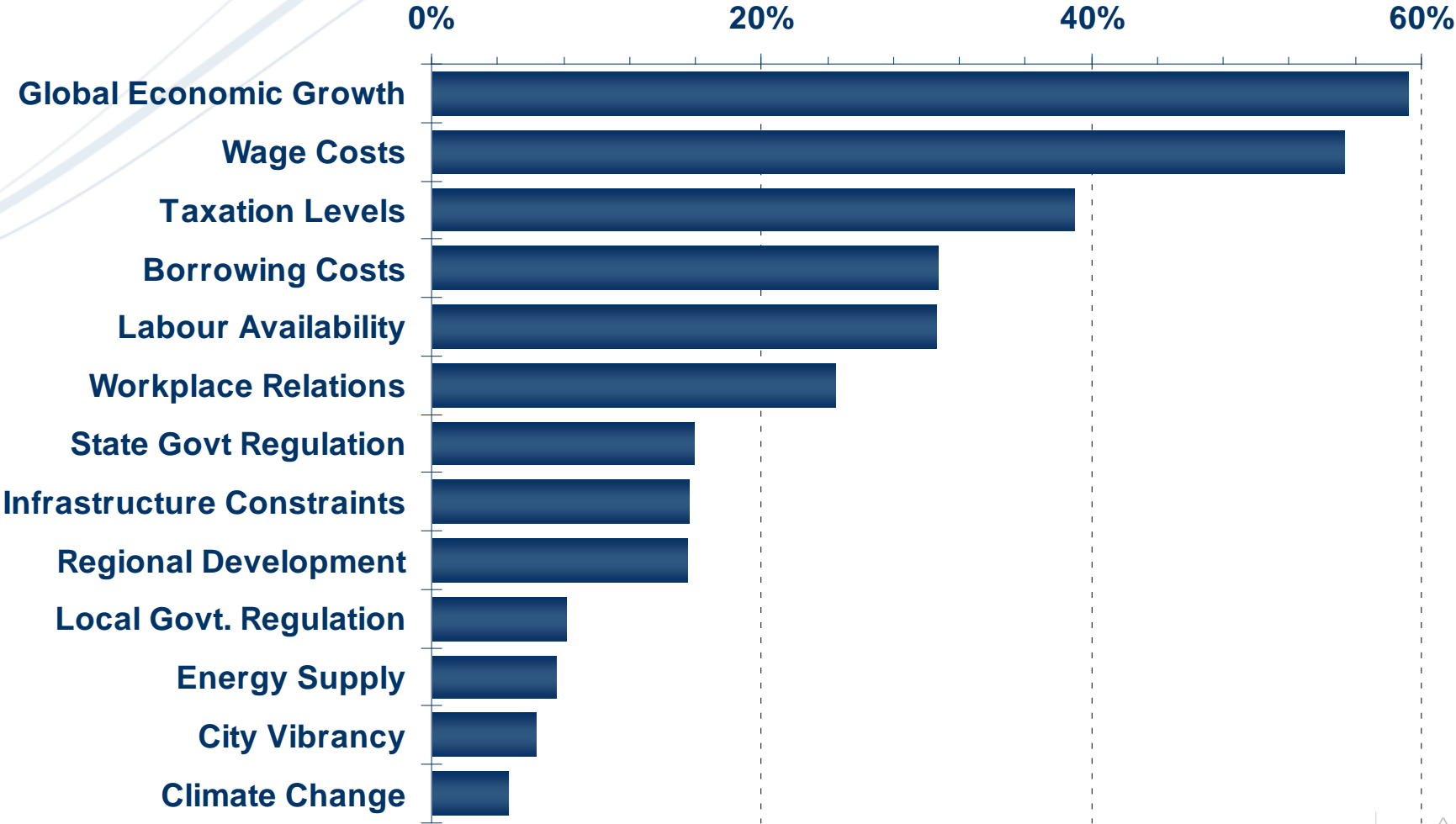
Source: Datastream



Beyond the GFC – The Long Term Challenge of Human Capital Shortages...



Key Issues for WA Business in 2009, % of Total Respondents

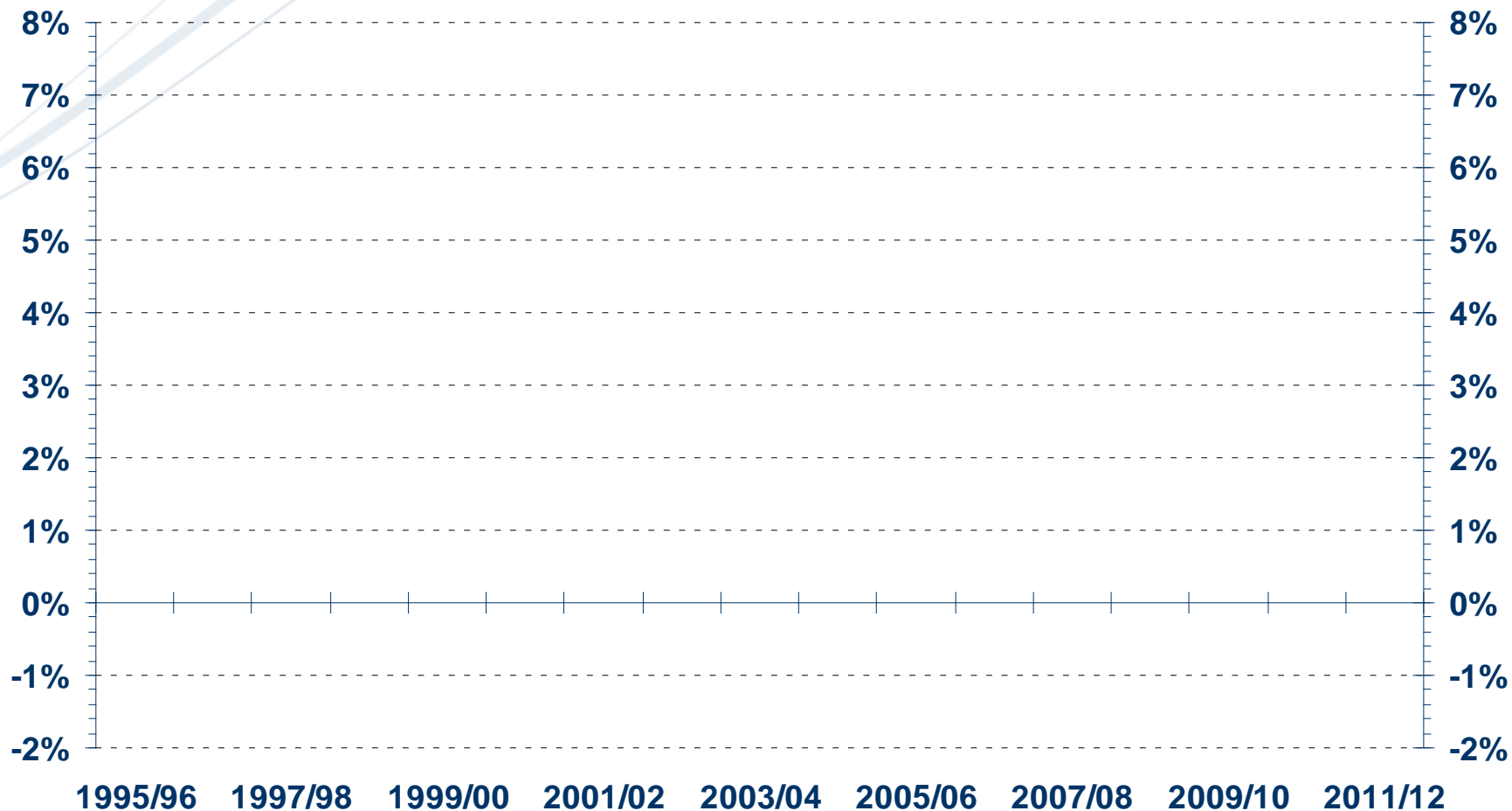


Source: Commonwealth Bank-CCI Survey of Business



Real Economic Growth, WA

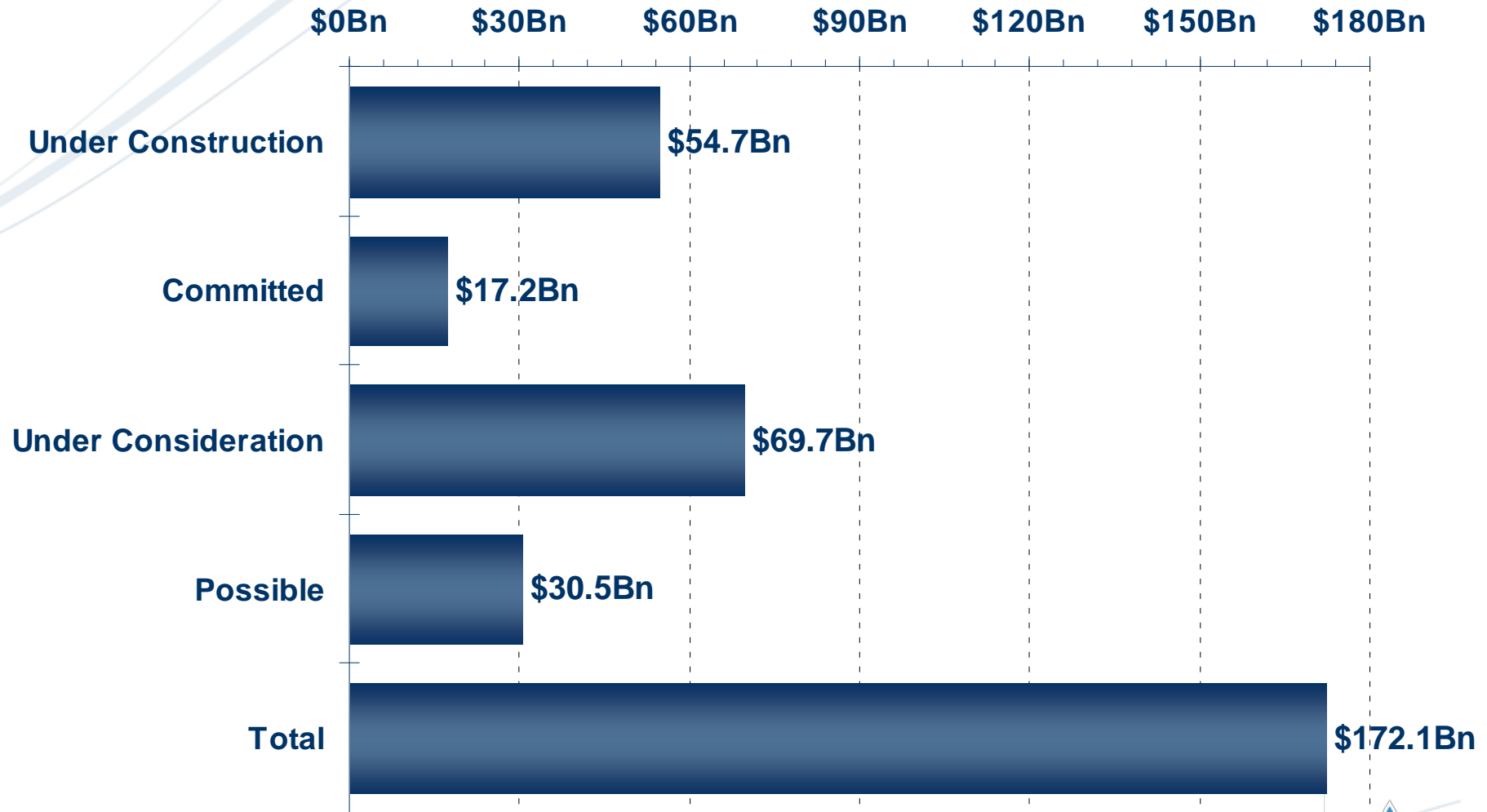
Yearly % Change



Source: ABS Cat. 5206.0, 5220.0, CCI



WA Investment Projects Value by Status, March 09



Source: Access Economics/Delta Electricity Investment

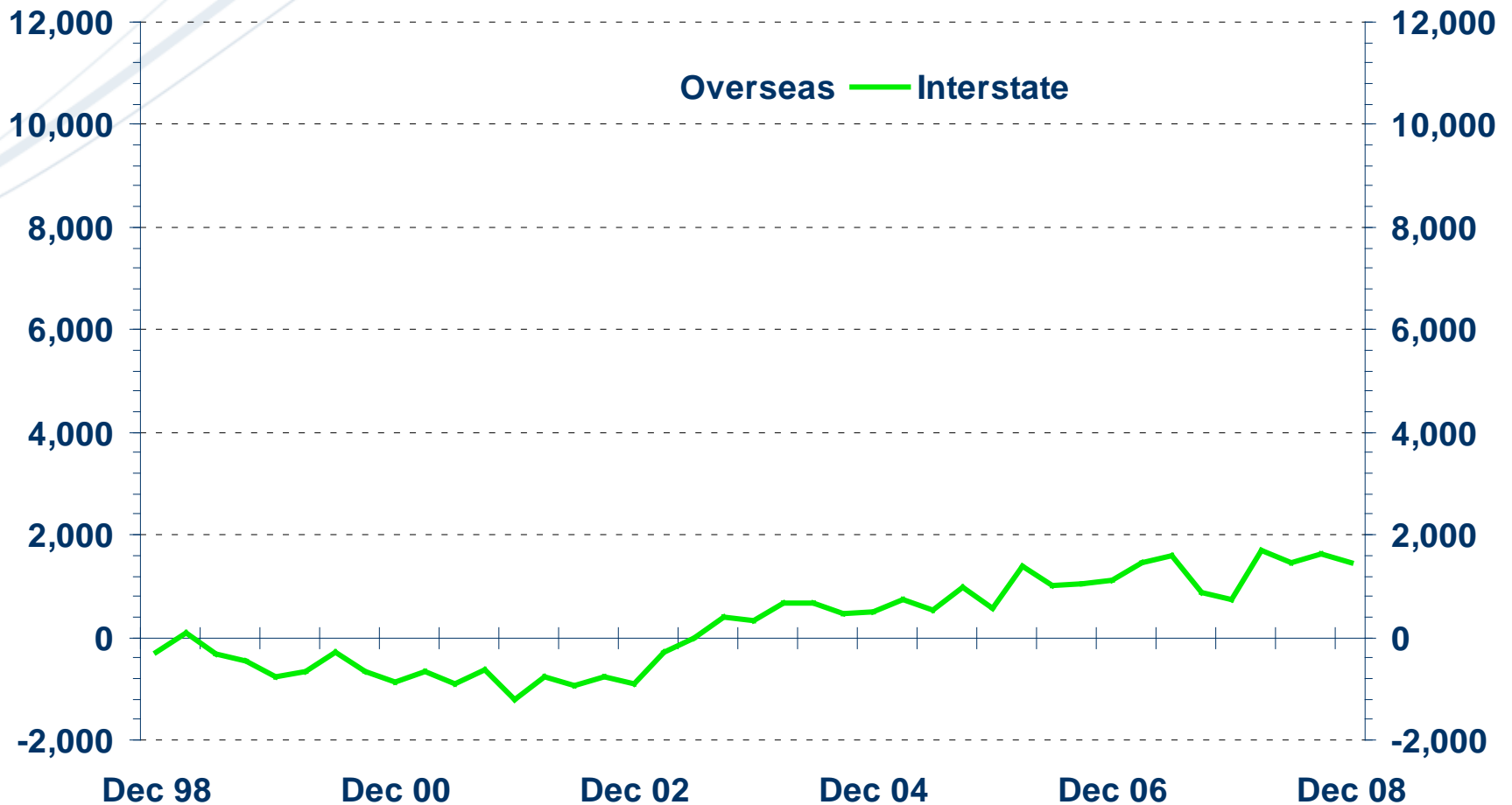


Building Human Capital

- In 2007, CCI estimated that WA would 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



Net Overseas & Interstate Migration Western Australia



Source: ABS Cat. 3101.0



Participation Rate, Labour Force As a % of Total Population

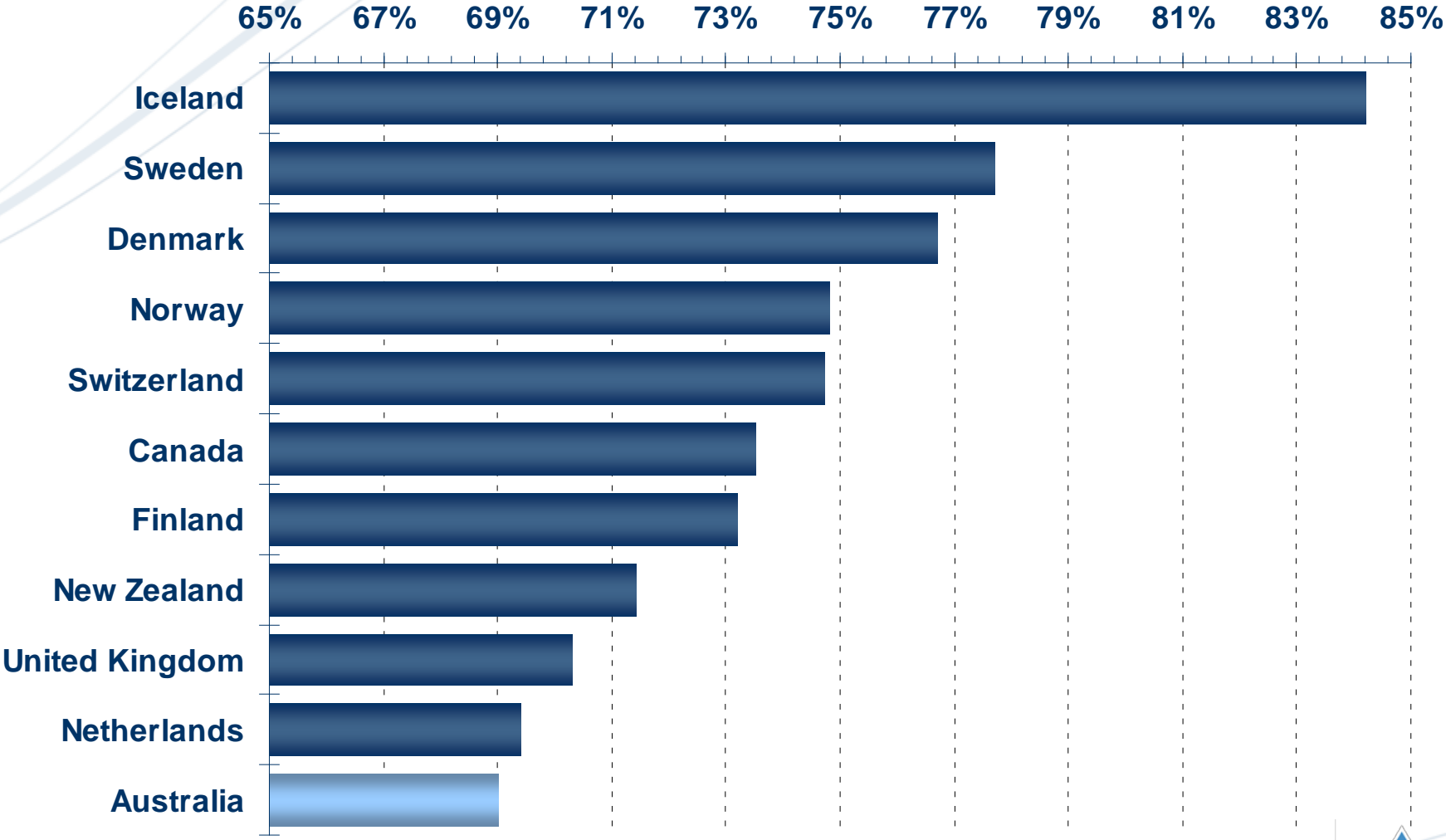


Source: ABS Cat. 6202.0



Female Participation Rate

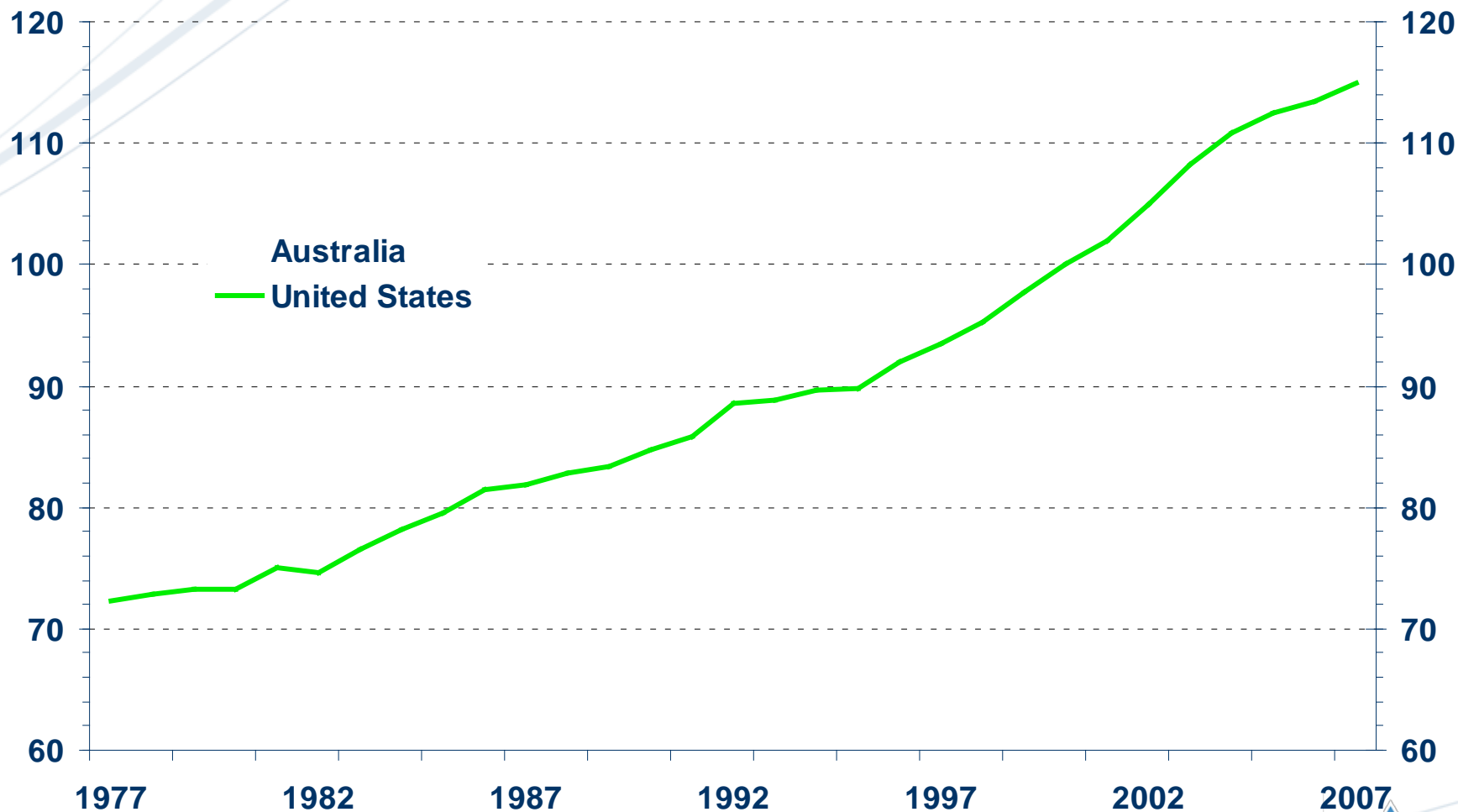
Australia vs Selected Countries, 2006



Source: OECD



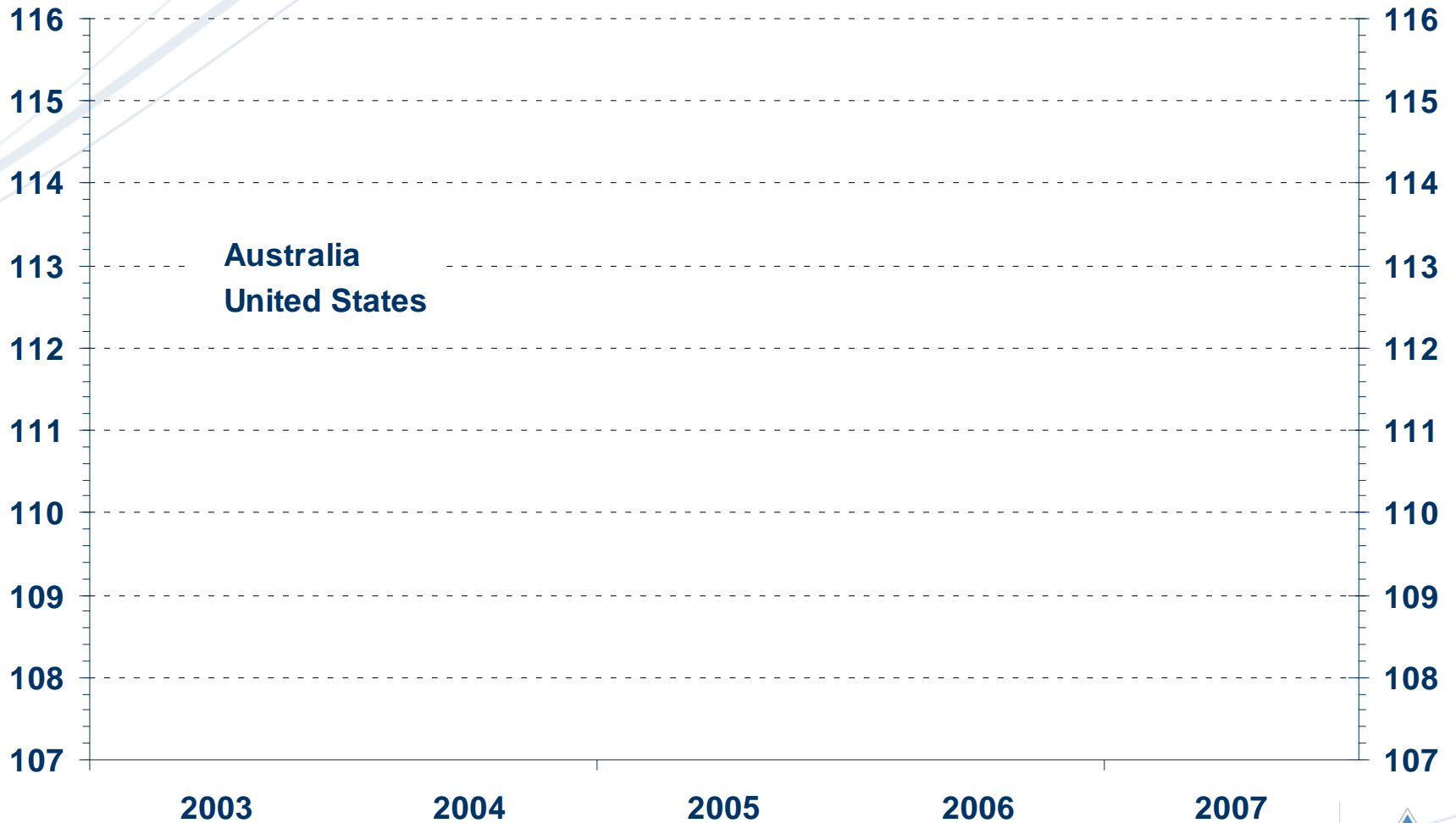
Productivity Index, Australia vs United States, 2000 = 100



Source: OECD



Productivity Index, Australia vs United States, 2000 = 100

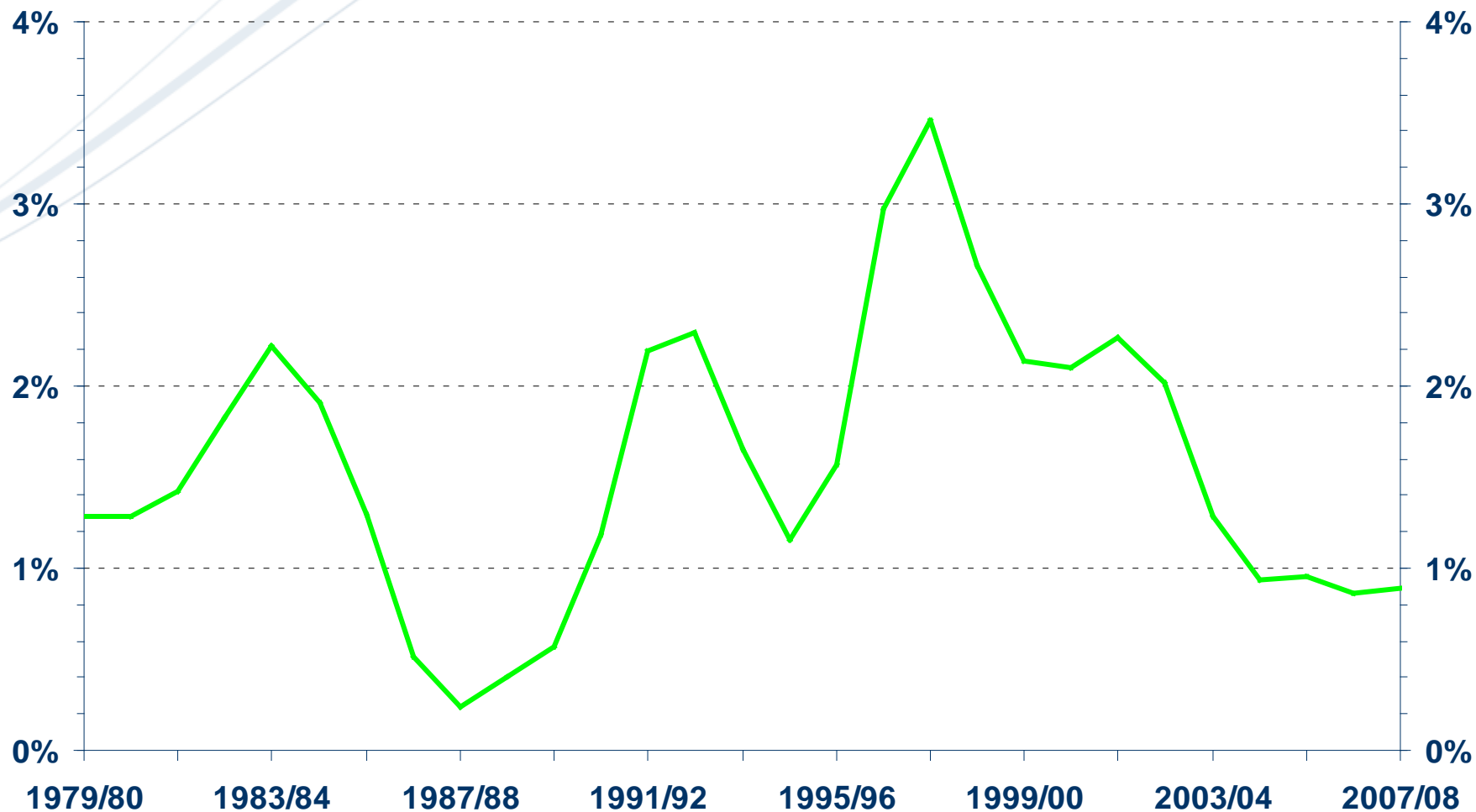


Source: OECD



Labour Productivity, Australia

Annual % Change, Trend



Source: ABS Cat. 5204.0

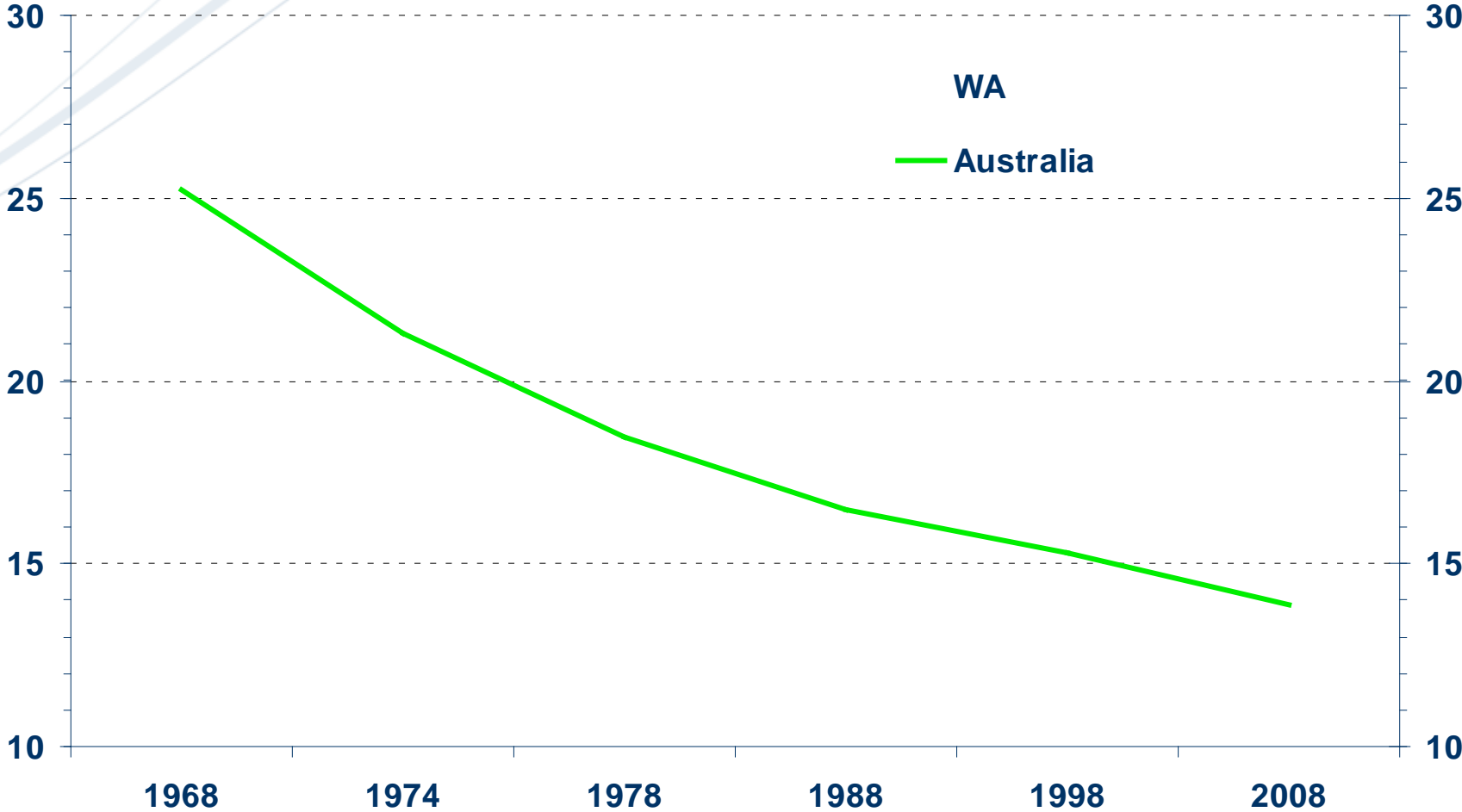




Importance of education and training in productivity agenda

- Educated workforce a key source of competitive advantage and a key building block of the economy and society
- Increase of one year in the average educational attainment of the workforce can boost labour productivity by 8 per cent
- What needs to be done?
 - Ensure basic literacy and numeracy
 - Build a competitive and sustainable education sector, by providing greater autonomy for schools and principals
 - Reinforce teaching as a profession

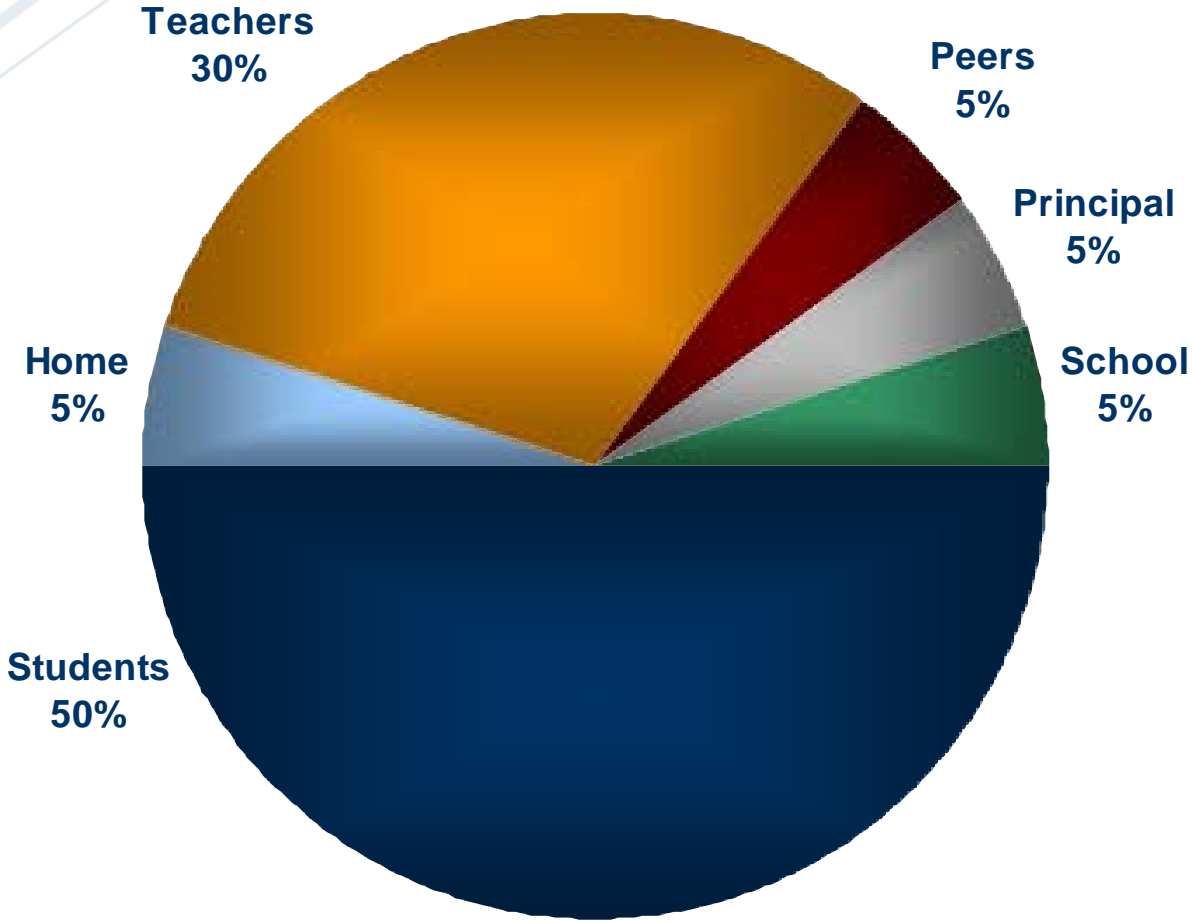
Student to Teacher Ratios, Western Australia and Australia



Source: ABS Cat. 4221.0



Factors Influencing Student Achievement



Source: Adapted from Hattie (2003)

