

## Question 26

(12 marks)

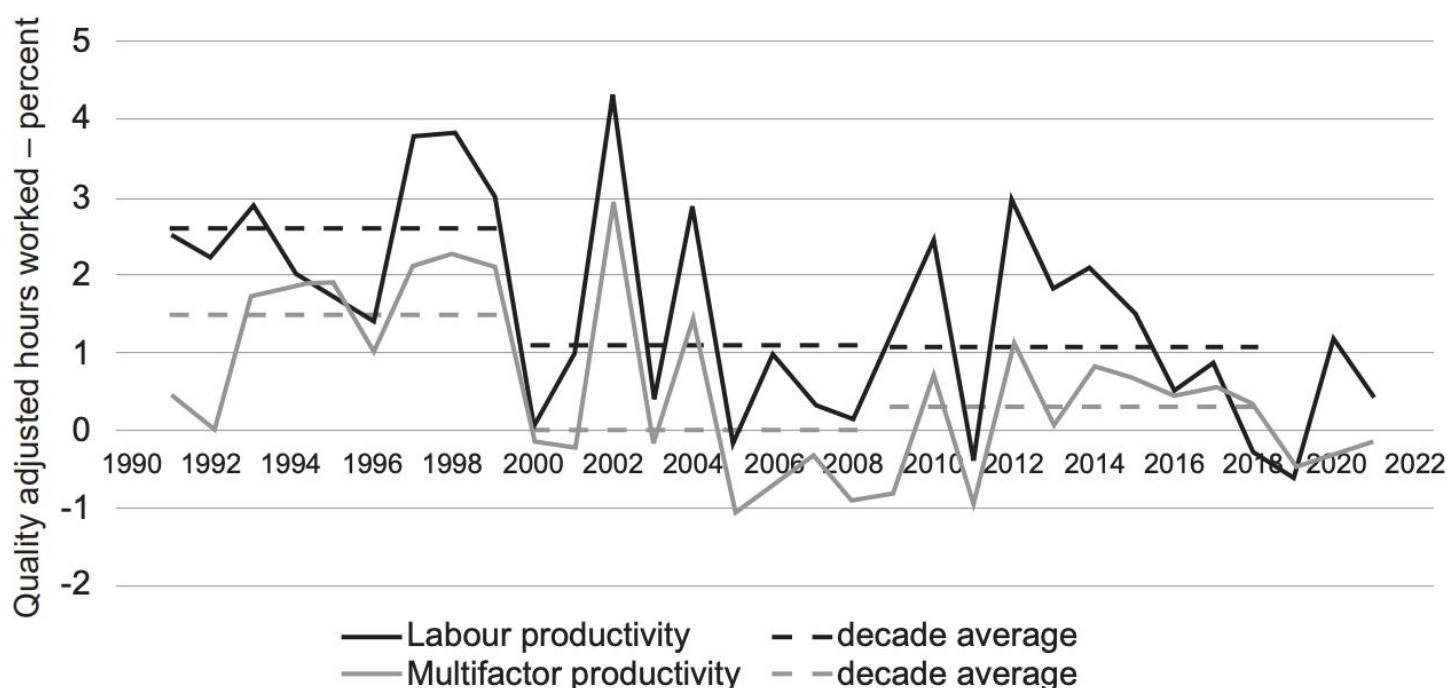
This question refers to an adapted submission to the Productivity Commission produced by the Australian Chamber of Commerce and Industry and published in March 2022 and the graph below, which shows Market Sector Productivity Growth in Australia from 1991–2021.

### Productivity Commission Review of Australia's Productivity Performance and International Competitiveness.

Internationally comparable indicators of productivity are useful for assessing a country's economic performance and competitiveness. Australia's relatively low productivity growth, particularly in recent times, places it as only a middle ranking country in terms of productivity. Australia's labour productivity ranks 16th in the OECD, at US\$61.50, measured on a GDP per hours worked basis. While this is slightly above the OECD average of US\$58.90, Australia ranks behind most comparable nations, including France, the United States, Germany and the United Kingdom. Similarly, Australia's multifactor productivity growth of 7.4% over the past two decades was below the OECD average of 8.8% and lagged behind the productivity growth of many comparable countries.

Some of the reasons why Australia's productivity growth rates and hence competitiveness is declining include lower levels of business investment, low investment in research and development (R&D), slow uptake of digital technology and skill and labour shortages.

**Australian market sector productivity growth**



- (a) (i) According to the extract, identify **one** possible reason for Australia's declining productivity and competitiveness. (1 mark)

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- (ii) State the trend in labour productivity growth between 2018 and 2021. (1 mark)

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- (b) Other than labour productivity, outline **two** factors that influence Australia's international competitiveness. (4 marks)

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Two: \_\_\_\_\_

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