

Transparency, Reform and Economic Performance: An Australian Perspective

Patrick A. Jomini
Assistant Commissioner
Productivity Commission
Australia

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Overview

- Transparency
- Australia's reform program
- Outcomes

Transparency

Transparency in:

- Markets, economic processes
 - *let prices signal costs and returns*
- Inquiry processes
 - *evidence base, open, tested*
- Reform processes
 - *allow for adjustment*

Reforms

Complementary reforms

- Trade liberalisation
- Macroeconomic policy
- Taxation reform
- Capital markets
- Infrastructure
- Labour markets
- Government services
- National Competition Policy reforms (NCP)

National Competition Policy

COMPLEMENTARITIES

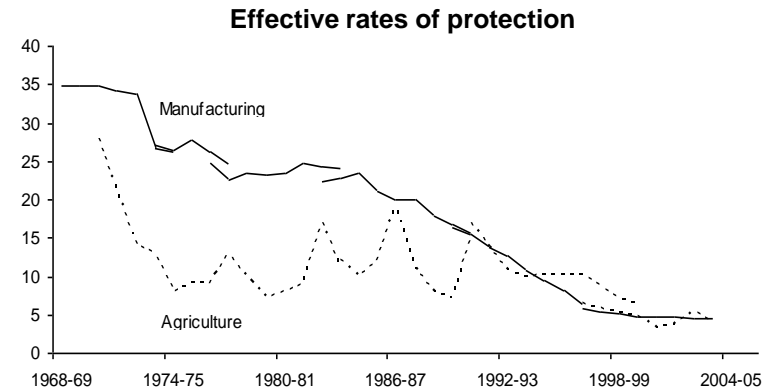
- Gas
- Electricity
- Transport
- Telecommunications
- Professions
- Marketing Authorities
- etc

Outcomes of reforms

Australia's policy before and after reforms

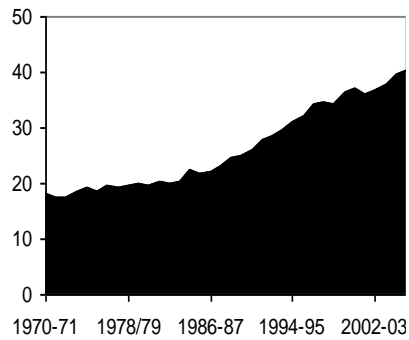
	1970s	2000s
Trade barriers	High	Low
Macro policy	Not anchored	Credibly anchored to medium-term targets
Exchange rates	Fixed	Floating
Capital markets	Capital controls	Capital account and interest rate controls liberalised
Labour market	Centralised	Decentralised
Competition policy	Weak	Stronger

Import protection and industry assistance have fallen

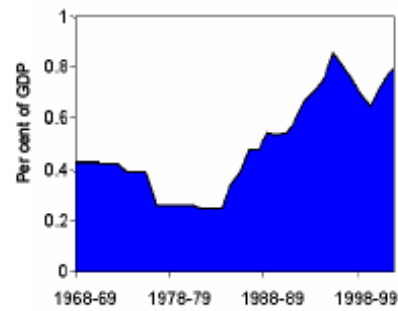


Increased trade and R&D intensity

Trade-to-GDP ratio

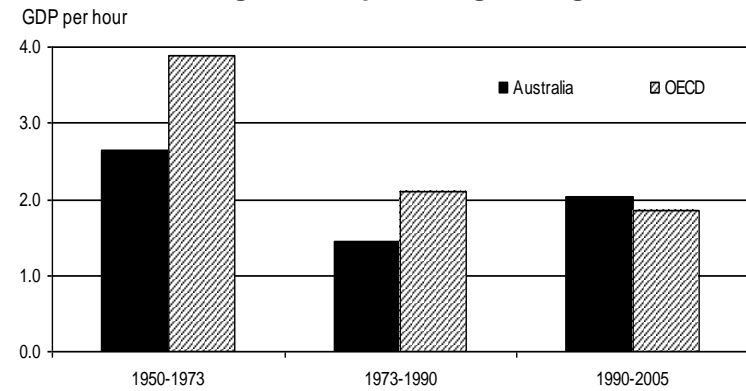


Business R&D share of GDP



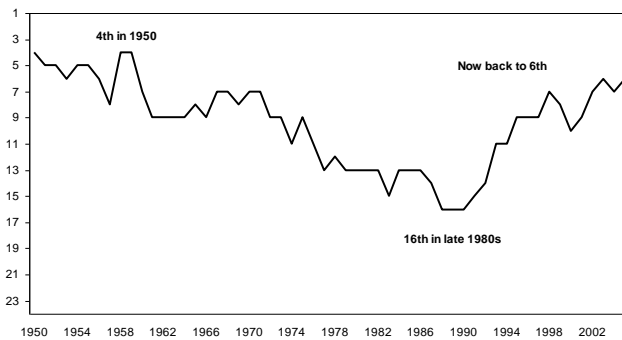
Labour productivity growth Australia and OECD

Average annual percentage changes



Rise of Australia's economic ranking

GDP per capita, world ranking



Strategy and institutions

Reform strategies that worked for Australia

- Border reduction first – showed inefficient sectors
- Unilateral liberalisation – benefit to Australia
- Gradual change – time to adapt
- Reform on a broad front – everyone wins some
- Adjustment measures – help losers
- **Evidence-base** – convinced broad community

Relevance of Australia's institutional experience ?

- Similar broad reforms needed?
- Similar obstacles to reform?
- Are there institutions that could be built on?
- What role for international institutions (APEC, WTO, OECD)?

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www.pc.gov.au

Contact: pjomini@pc.gov.au