

12 November 2012

Joe Hockey MP,

Further to your emails re Jennifer Locke and commitment to respond to my original challenge on Global Economic Relations Policy I forward information which may contribute to your thinking. Please note recent links on the ACCCI Website Homepage in Announcements including my Interview for the Chinese paper, The Economic Observer, dated 6th February 2012 from which both the October 2012 Chinese and English Editions were written.

More specifically I mention:

- 1) the OECD Science, Technology and Industry Outlook Report October 2012
- 2) the Australia and New Zealand Productivity Commission Report September 2012
- 3) the Fraser Institute's "Economic Freedom of the World" Report 2012
- 4) the Productivity Commission's draft report "Electricity Network Regulatory Frameworks"
- 5) the Prognos Report on 'Exits from the Economic and Monetary Union (EMU)'
- 6) the Workshop Report from England's major medical bodies on "Human Enhancement and the Future of Work" and finally
- 7) the OECD Report entitled "Looking to 2060: Long term Growth Prospects for the World"

I note one small passage from the last re Australia ranks 32 out of 42 in the contribution of human capital to average annual growth in gross domestic product (see below). This was a period of the Howard Government (7 years) and Rudd/Gillard Governments (4) years.

Contribution of drivers of growth to annual average GDP per capita growth 2000-2011

		GDP per capita	MFP	HUMAN CAPITAL	Capital	Labour
1	Saudi Arabia	1.3	0	1.2	-0.1	0.3
2	Brazil	2.4	0.6	1	-0.2	1
3	Turkey	2.9	1.6	1	-0.1	0.4
4	Portugal	0.7	-0.8	0.9	0.9	-0.3
5	Mexico	1.1	-1.5	0.9	1.1	0.6
6	Spain	1.4	-1.3	0.9	1	0.9
7	Greece	1.5	-1.1	0.9	1.5	0.3
8	Iceland	1.6	0.1	0.9	0.7	-0.1
9	Korea	3.6	1.9	0.9	0.2	0.7
10	Italy	0.3	-1.2	0.8	0.6	0.2
11	South Africa	2.4	0	0.8	0.2	1.5
12	Chile	3	-0.1	0.8	0.9	1.5
13	China	9.1	7.8	0.8	0.3	0.2
14	France	1	0	0.7	0.2	0.1
15	Ireland	2.2	0.8	0.7	0.5	0.2
16	India	5.8	4.5	0.7	0.4	0.3

17	Belgium	1	0.1	0.6	-0.1	0.4
18	Argentina	3.2	1.9	0.6	-1.1	1.7
19	Indonesia	3.3	2.1	0.6	-0.2	0.8
20	Japan	0.6	0.2	0.5	0.2	-0.4
21	Finland	1.8	1	0.5	-0.1	0.3
22	Hungary	2.2	0.4	0.5	0.7	0.6
23	Netherlands	1.2	0.5	0.4	0	0.3
24	New Zealand	1.3	-0.2	0.4	0.5	0.5
25	Poland	4	3	0.4	-0.5	1.1
26	United Kingdom	1.3	-0.1	0.3	0.8	0.3
27	Luxembourg	1.8	-0.1	0.3	0.9	0.7
28	Sweden	1.8	1.3	0.3	-0.1	0.4
29	Denmark	0.9	0.1	0.2	0.5	0
30	Switzerland	0.9	0.3	0.2	0.1	0.3
31	Canada	1.2	-0.2	0.2	0.8	0.5
32	Austria	1.6	0.8	0.2	-0.1	0.6
33	AUSTRALIA	1.6	0.1	0.2	0.7	0.6
34	Norway	1.9	1	0.2	0.2	0.4
35	Czech Republic	2.9	2.5	0.2	0	0.2
36	United States	1.3	1.2	0.1	0.1	-0.1
37	Israel	1.3	0.1	0.1	0.5	0.7
38	Slovenia	2.2	0.9	0.1	0.8	0.4
39	Estonia	3.5	1	0.1	1.8	0.6
40	Russia	5.2	4.3	0.1	0.2	0.6
41	Germany	1.4	1	0	-0.1	0.5
42	Slovak Republic	4.1	3.7	0	-0.4	0.8

Source: Data from OECD StatLink: <http://dx.doi.org/10.1787/888932718212>.

In this context I draw your attention to the link on Chamber's 'Governance and Ethics' page of the ACCCI website. In our view and others including Tony Blair the debate about governance is not a debate about transparency and accountability, though they are important; it is a debate about the effectiveness of government.

Many coalition MPs believe that everything was settled under Howard, except Work Choices, whilst the ALP seems to think that everything emerging from the ALP National Conferences is settled. On the other hand the French, and others, who press for flexibility (agility as they call it) begin with the belief that nothing is ever settled and then map out a way to move with changes. Chamber has continually warned many times that the effectiveness of Australia's bureaucracy at all levels of government has become eroded since the Hawke-Keating years and no government since then has tried to stop the erosion as doing so meant surrendering control at the top. However if it is not done soon, Canberra will soon be as dysfunctional as the recent US government.

Can the Abbott-Hockey-Bishop-Turnbull leadership team institute the changes described in a recent McKinsey Quarterly October Report entitled.

Building more capable governments

Political Parties must address the problems of an increasingly complex world, governments everywhere must develop new skills and mind-sets.

They must focus on the challenge of building new public-sector competencies to better serve citizens.

These are just some of the matters Mr Zerby and I would like to raise with you under Chatham House Rules, and for you to address in your written reply as promised.

Kind regards

Michael C H Jones
President - ACCCI

PS As per usual we place these challenges on our Website - similar to previous Comments on Rudd, Gillard and Carr as well as Abbott, Turnbull and Bishop.