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AUSTRALIA'S ECONOMIC COMPETITIVENESS PLUMMETS

"The sharp decline of Australia's economic competitiveness on almost every economic measure is alarming, and underscores the precarious state of the national economy, which faces increasing inflation and debt challenges," said Dr Kevin You, Senior Fellow at the Institute of Public Affairs.

Today, the IPA released the first long-run analysis of benchmark indicators of competitiveness, as assessed by the International Institute for Management Development's (IMD) World Competitiveness Centre. Between 2004 and 2023 the research shows: (details over page)

- **Australia fell from the most resilient economy in the world to 20th today.**
- **Australia's economic competitiveness rankings have plummeted 15 places. This is the largest decline among comparable nations, including the US, UK, Canada, and NZ.**
- **The quality of Australia's energy infrastructure fell from 21st to 52nd, coinciding with the adoption of emission reduction mandates.**
- **Australia's rankings in key economic policy areas of tax and industrial relations have all declined.**
- **Concerningly, Australia's ranking for the growth of government debt has plummeted from 8th to 47th.**

"Australia's decline in economic competitiveness is directly correlated to the abandonment of a genuine economic reform agenda, as well as higher spending and debt levels of all levels of government, which has cruelled productivity growth and increased inflation," said Dr You.

"Yes, economic reform is hard won. However, if our leaders refuse to put the national interest first and undertake corrective policy action, Australia risks another decade of low productivity growth and declining per capita income."

The research confirms yet again that the Australian economy is currently being propped up by our world leading resources sector, with **Australia's terms of trade ranked number one in the world. Australia has ranked number one in this critical measure for the last five consecutive years.**

"If it were not for the wealth-generating exports from Australia's resource sector, Australians would be considerably worse off, and government budgets would be further in the red, with debt levels much higher," said Dr You.

At a minimum, the federal and state governments must:

- **Reduce the tax burden** on individual workers and businesses to encourage workforce participation and business investment, which is currently near record low as a share of GDP.
- **Re-introduce a dedicated deregulation function** to cut back the growing volume of red tape and environmental approval requirements.
- **Not proceed with the proposed industrial relations re-regulation**, which will further undermine what few competitive economic strengths Australia has left.

The IMD World Competitiveness Ranking is a comparative assessment of 64 of the world's major economies, published annually in the IMD's World Competitiveness Yearbook. A country's overall competitiveness ranking is based on 256 criteria, which are in turn derived from statistical measures or surveys of experts.

To download the IPA's analysis of IMD data from 2004-2023 [click here](#).

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Summary of the International Institute for Management Development's key economic and public policy indicators:

- Australia fell from the most resilient economy in the world in 2004 to 20th today.
- Australia's overall economic competitiveness declined by 15 places, Canada dropped 12 places, New Zealand 13 places, Britain 7 places, and the US 8 places.
- Australia is now 19th best for legal and regulatory framework encouraging the competitiveness of enterprises. In 2004, Australia ranked 3rd.
- Concerningly, Australia's ranking for the growth of government debt has plummeted from 8th to 47th.
- Australia is now 20th best in terms of the bureaucracy not hindering economic activity. In 2004, Australia ranked 6th.
- The quality of Australia's energy infrastructure fell from 21st in 2004 to 52nd today, coinciding with the adoption of emission reduction mandates.
- Australia is now 26th best for legislation supporting the creation of new firms. In 2004, Australia ranked 7th.
- Australia's rankings in key economic policy areas – regulation, tax, and industrial relations - have all declined. Australia's energy infrastructure ranking fell from 21st to 52nd, labour market regulation fell from 22nd to 39th, and corporate tax burden ranking fell from 54th to 56th.

Decline in Australia's competitiveness ranking 2004 to 2023

