PUBLIC SECTOR ECONOMICS CONFERENCE 2025

Monday 10 November 2025
8:30 AM - 5:30 PM
University of Canberra – Ann Harding Conference Centre
24 University Dr S, Bruce ACT

Welcome

The APS Economics Community of Practice Steering Committee is proud to present the Public Sector Economics Conference 2025. We wish to provide opportunities to share and learn from each other's work, to deepen our knowledge and expand our understanding of contemporary economic issues.

The APS Economics Community of Practice is a network of public servants interested in furthering the quality and use of economic reasoning in APS public policy development and implementation. The Community of Practice is overseen by a Steering Committee of senior public servants from APS departments and agencies.

Our Objectives

- Promote the recognition and application of economic analysis in policy making and implementation
- Enhance economic capabilities in the APS and expand career paths
- Create a valued identity as an economist in the APS
- Improve collaboration – within economic networks and between economists and the wider APS

We organise an annual conference, an annual microdata workshop and a monthly online seminar series, with more activities planned for 2025.

Membership: Any Australian Government public servant can become a member of the Community of Practice. To join the Community you can search for APS Economics Community of Practice on Govteams.gov.au

I hope you enjoy this year's conference.

Heather Cotching, Community Leader 2025

Acknowledgement of Country

The University of Canberra acknowledges the Ngunnawal people, traditional custodians of the lands where Bruce Campus is situated.

We wish to acknowledge and respect their continuing culture and contribution they make to the life of Canberra and the region.

We also acknowledge all other First Nations Peoples on whose land we gather.

Program at a Glance

8:30 - 8:50 AM | Registration

9:00 - 9:15 AM | Welcome

Welcome and video message from Jenny Wilkinson PSM

9:15 - 10:15 AM | Tax Policy Panel

Panelists:

Rob Heferen (Commissioner of Taxation, Australian Taxation Office)

Sam Reinhardt (Parliamentary Budget Officer, Parliamentary Budget Office)

Diane Brown (Deputy Secretary Revenue Group, Treasury)

Moderator: Dr. Paul Hubbard

10:15 - 10:45 AM | Morning Tea

10:45 - 11:45 AM | Session 1

1A: PRODUCTIVITY

Opportunities for growth

Growth mindset – returning Australia to productivity growth

Paul Gardner Productivity Commission

Labour market and skills implications of Generative AI

Jobs and Skills Australia

1B: LABOUR MARKETS, SKILLS & SOCIAL OUTCOMES

Economics of health and harm

The impact of domestic violence on the employment, educational and mental health outcomes of young women

Kristen Sobeck Australian National University

An Australian drug harm index

Chris Angus and Andrew Birch Department of Home Affairs

The economics of illicit tobacco

Justin Douglas, Mark Cerne and Julie Perovic Department of Home Affairs

1C: MACROECONOMY, FINANCE & SYSTEM RESILIENCE

Trade and economic security

Foresight in Hindsight: Evaluating Australia's "Asian Century" GDP Projections

Dr. Paul Hubbard and Jiarui Zhang Australian National University

A stylised approach to modelling non-tariff measures in a CGE model

Ly Cao Australian Bureau of Agricultural and Resource Economics and Sciences

Designed to be resilient: circular solutions to reduce economic risk

Dr. Jessica Lear Department of Climate Change, Energy, the Environment and Water

11:45 AM - 12:45 PM | Session 2

2A: PRODUCTIVITY

Sub-economy components of productivity

Putting ideas to work: productivity and the IP system

Brodie Dobson-Keeffe IP Australia

The productivity slowdown and what to do about it: The agriculture story

Dr. Will Chancellor Australian Bureau of Agricultural and Resource Economics and Sciences

Improving measurement of non-market sector productivity

Jason Annabel Australian Bureau of Statistics

2B: LABOUR MARKETS, SKILLS & SOCIAL OUTCOMES

Social policy

The construction of an experimental gender-based account for Australia

Mary Farrugia Department of Health, Disability and Ageing

The HILDA Survey and its (unique) value for economic policy

Prof. Roger Wilkins University of Melbourne

Selective migration policy in a world of two-step migration

Dr. Peter Varela Australian National University

2C: MACROECONOMY, FINANCE & SYSTEM RESILIENCE

Macroeconomic modelling

Reassessing monetary policy shocks

Shan Jayawardhana Reserve Bank of Australia

Analysing Macroeconomic Shocks and Debt Dynamics under Uncertainty in Australia

Daniel Silva Withmory and Ying Xu Treasury

How reliable are estimates of the NAIRU and output gap in real-time?

Hamish Sullivan and Nick West Reserve Bank of Australia

12:45 - 1:30 PM | Lunch

1:30 - 2:30 PM | Data and Research Panel

Bringing together data, research and economic policy to drive reform

Panelists:

Dr. David Gruen AO (Australian Statistician, Australian Bureau of Statistics)

Prof Emily Lancsar (Chief Health Economist, Department of Health, Disability and Ageing)

Prof Uwe Dulleck (Professor of Economics and Executive Dean of Faculty of Business, Government and Law, University of Canberra)

Dr. Angelia Grant (Deputy Secretary Macroeconomic Group, Treasury)

Moderator: Heather Cotching

2:30 - 3:30 PM | Session 3

3A: INDUSTRY DYNAMICS

Firm behaviour

Locked in or paid up? New evidence on non-compete clauses

Treasury

Young firms and their economic contribution

Lachlan Vass e61 Institute

Productivity and R&D insights from the Emerging Industries Database

Dr. Tris Sainsbury Department of Industry, Science and Resources

3B: LABOUR MARKETS, SKILLS & SOCIAL OUTCOMES

Education

Returns to education by field of study

Bethany Bloomfield, Kathryn MacMahon, Miguel Olivo Villabrille and Bodie Kaine Department of Education

Tuition Increases and University Behavior: Theory and Evidence on Student Enrollment

Prof. Abigail Payne University of Melbourne

3C: MACROECONOMY, FINANCE & SYSTEM RESILIENCE

Consumer behaviour

The Future of Cash in Australia

Anthea Faferko and Mia Pahljina Reserve Bank of Australia

Prompting for a better deal: Understanding and overcoming barriers to financial product switching

Dr. Dana Leidl Behavioural Economics Team of the Australian Government

3:30 - 4:00 PM | Afternoon Tea

4:00 - 5:00 PM | Session 4

4A: PRODUCTIVITY

Energy transition

Estimating the effect of energy efficiency on industry productivity

Dr. Phillip de la Rue Department of Climate Change, Energy, the Environment and Water

A profile of Australia's energy-intensive manufacturing industries

Andy McClure and Dr. Huong Dinh Department of Industry, Science and Resources

4B: LABOUR MARKETS, SKILLS & SOCIAL OUTCOMES

Housing

The Importance of Evaluating the Impact of Social Housing: NSW Future Directions as a Case Study

Prof. Guyonne Kalb University of Melbourne

Tax-Transfer policies and their impact on inequality in home ownership

Dr. Yogi Vidyattama University of Canberra

4C: MACROECONOMY, FINANCE & SYSTEM RESILIENCE

Tax

Horizontal inequity of non-broad taxation

Matt Nolan e61 Institute

Modelling Reform Packages for Property, Corporate and Household Taxes

Chris Murphy Australian National University

5:00 - 5:30 PM | Closing Remarks and Networking Drinks

Tax Policy Panel

Rob Heferen Commissioner of Taxation, Australian Taxation Office

Rob Heferen was appointed as the 13th Commissioner of Taxation on 1 March 2024.

Rob has had a long career in the Australian Public Service, beginning in 1989 as a graduate at the Australian Customs Service. For almost 20 years, Rob's interest and expertise in economics and tax policy led him to various roles in the ATO and Commonwealth Treasury. This included leading the Secretariat for the Australia's Future Tax System Review (the Henry Tax Review) and culminated in his role as Deputy Secretary, Revenue Group at the Treasury between 2011–2016.

Rob has a Bachelor of Arts (Hons) and Bachelor of Laws from the University of Tasmania, and a Graduate Diploma of Economics from the Australian National University.

Sam Reinhardt Parliamentary Budget Officer, Parliamentary Budget Office

Sam Reinhardt was appointed Parliamentary Budget Officer on the 18 November 2024. Prior to this, Sam worked across a range of areas in the public service, including as Treasury Deputy Secretary for Fiscal Group and as the Head of Office at the Productivity Commission. Sam was a member of the Henry Tax Review Secretariat, and the Division Head for a number of areas in Treasury, including Corporate and International Tax Division.

Sam holds a master degree in development economics from the Crawford School at the Australian National University and a Bachelor of Economics and Political Science from the Australian National University.

Diane Brown Deputy Secretary Revenue Group, Treasury

Diane Brown commenced as Deputy Secretary for Revenue Group at the Treasury in July 2022. In this role, Diane provides advice and forecasts to the government on revenue, taxation and retirement income policy matters.

She commenced her career as an economist at the Reserve Bank of Australia and has practiced law at a national law firm in Sydney. Diane holds Bachelor of Economics

(Honours) and Law (Honours) from the University of Sydney and a Master of Economics (Honours) from the University of New South Wales.

Data and Research Panel

Dr. David Gruen AO Australian Statistician, Australian Bureau of Statistics

Dr. David Gruen AO was appointed as the Australian Statistician on 11 December 2019. As Agency Head of the Australian Bureau of Statistics (ABS), he is accountable for the functions and operations of the ABS. David also serves as Head of the Australian Public Service Data Profession, is a director on the board of e61 a non-partisan economic research institute, and Chair of the Sir Roland Wilson Foundation.

David was previously the Deputy Secretary, Economic and Australia's G20 Sherpa at the Department of the Prime Minister and Cabinet. Before joining the Department in September 2014, he was Executive Director of the Macroeconomic Group at the Australian Treasury. David joined the Treasury in January 2003, before which he was the Head of the Economic Research Department at the Reserve Bank of Australia from 1998 to 2002. Before joining the Reserve Bank, David worked as a research scientist in the Research School of Physical Sciences at the Australian National University.

David was appointed an Officer of the Order of Australia (General Division) in 2022 for distinguished service to public administration, economic research, business, and education.

Prof Emily Lancsar Chief Health Economist, Department of Health, Disability and Ageing

Professor Emily Lancsar commenced as the Chief Health Economist in the department in April 2024.

Prior to this, Emily spent 25 years in academia, most recently as Head of the Department of Health Economics Wellbeing and Society at the Australian National University (ANU). She served as Associate Dean (Policy and Practice) in the College of Health and Medicine at the ANU from 2020–2022, where she remains a Professor.

Emily has also held academic appointments at Monash University (where she remains an Adjunct Professor), the University of Newcastle Upon Tyne in the United Kingdom, the University of Sydney and University of Technology, Sydney.

Emily holds PhD, Masters, and Bachelors degrees in Economics, a Postgrad Diploma in Health Economics and Evaluation and a Bachelor of Arts (Asian Studies).

Prof Uwe Dulleck Professor of Economics and Executive Dean of Faculty of Business, Government and Law, University of Canberra

Uwe Dulleck obtained his PhD at Humboldt University Berlin in 1999. Uwe was Adjunct Professor at Queensland University of Technology. Prior to this he was a Professor of Economics at the University of Linz, Austria and an Assistant Professor at the University of Vienna. His publications can be found in the 'American Economic Review', 'Journal of Economic Literature', the 'Economic Journal', the 'Journal of Public Economics', the 'International Journal of Industrial Organization', the 'Scandinavian Journal of Economics', among others.

Dr. Angelia Grant Deputy Secretary Macroeconomic Group, Treasury

Angelia is the Deputy Secretary of the Macroeconomic Group in the Australian Treasury. This Group advises the Government on a wide range of matters of macroeconomic importance.

Prior to this role, Angelia was Australia's G20 Sherpa and the First Assistant Secretary of the Multilateral Economic Engagement Division in the Department of the Prime Minister and Cabinet. Angelia previously led the Macroeconomic Analysis and Policy Division and the Macroeconomic Conditions Division in the Australian Treasury. She was also an Alternate Executive Director on the Board of the International Monetary Fund in Washington DC, representing the Asia and Pacific constituency.

Angelia was awarded a PhD in economics from the Australian National University in 2015.

Detailed Program

Session 1A – Productivity

Opportunities for growth

Growth mindset – returning Australia to productivity growth

Paul Gardner, Productivity Commission

Productivity growth supports improvements in the wages and living standards of Australians. But productivity growth has stalled since 2015. Average productivity growth in this lost decade was only a quarter of its 60-year average. The Productivity Commission has identified priority reforms to kickstart growth across five current inquiries on productivity. This talk will explore the drivers of productivity growth in Australia, the reasons for the recent slowdown, and discuss the PC's recommendations to get growth moving again.

Labour market and skills implications of Generative AI

Jobs and Skills Australia

Generative AI (Gen AI) is reshaping the Australian labour market, prompting urgent reflection on workforce readiness and policy response. Jobs and Skills Australia's landmark study on Gen AI's interactions with the labour market explores the implications of Gen AI adoption across sectors, identifying emerging skill demands, vulnerable occupations, and opportunities for productivity gains. Drawing on novel methods, national employment data and scenario modelling, it highlights the need for adaptive education systems, targeted reskilling initiatives, and transition strategies that account for sectoral differences. The findings inform a forward-looking policy framework that balances innovation with equity, ensuring that Australia's workforce remains resilient and competitive through the digital and AI transition.

Session 1B – Labour Markets, Skills & Social Outcomes

Economics of health and harm

The impact of domestic violence on the employment, educational and mental health outcomes of young women

Kristen Sobeck, Australian National University

Drawing on a nationally representative, longitudinal survey on Australian women's health, this paper evaluates the impact of the first time women experience domestic violence as an adult, on their labour market, educational, and mental health outcomes. Using a staggered difference-in-difference approach, the results suggest that while employment rates remain unaffected, paid hours worked decline and difficulties managing on income increase. The share of women precluded from attaining a university degree is also substantial: nearly 10 percentage points fewer women attain a university degree three years following the first reported instance of abuse. The share of women with suicidal thoughts or who engage in self harm also spikes when violence is first reported. Since the data permit differentiation by type of abuse (physical, sexual, harassment or emotional) the results reveal heterogenous effects on women's outcomes by type of abuse and the frequency of abuse. While women's university attainment is negatively impacted by all forms of abuse (captured in the survey), irrespective of abuse persistence, the labour market impacts, relationship dissolution, suicidal ideation and self-harm are impacted differently, depending on the persistence and type of abuse experienced.

An Australian drug harm index

Chris Angus and Andrew Birch, Department of Home Affairs

Quantifying the harm caused by illicit drugs is valuable for prioritising law enforcement action and resource allocation, including at the border. This research presents a quantitative drug harm index which allows the harms caused by illicit drug importation to be compared across a sample of illicit drugs, together with an assessment of the different components of the societal harm caused by illicit drug importation and consumption.

The economics of illicit tobacco

Justin Douglas, Mark Cerne and Julie Perovic, Department of Home Affairs

Consumption of illicit tobacco has grown rapidly over the decade. This research presents modelling of the size of Australia's illicit tobacco market and an analysis of the market has exhibited a range of different industrial organisation features over time. These include periods where illicit tobacco exhibited features of a Giffin good, and market structures including oligopolistic competition, cartel and traditional oligopoly. The research also includes an analysis of how these changes have affected the distribution of profits between supply chains and consumers and some implications for the design of possible future policy responses.

Session 1C – Macroeconomy, Finance & System Resilience

Trade and economic security

Foresight in Hindsight: Evaluating Australia's "Asian Century" GDP Projections

Paul Hubbard and Jiarui Zhang, Australian National University

How accurate were the long-term GDP projections of the 2012 Australia in the Asian Century and 2017 Foreign Policy White Papers when confronted with the reality of 2025? We will investigate how the conditional-convergence model fared against major 'curveballs' that reshaped the global economy, including COVID, trade disruptions and war. Finally, we ask how the model might account for the effects of potentially transformative variables like artificial intelligence, a factor absent from the original analyses?

A stylised approach to modelling non-tariff measures in a CGE model

Ly Cao, Australian Bureau of Agricultural and Resource Economics and Sciences

The operation and influence of non-tariff measures (NTMs) on trade flows can be complex, making the direct impact on trade and welfare unclear. This presentation introduces the stylised approach published by ABARES recently for modelling economy-wide impacts of NTMs in a computable general equilibrium (CGE) model. The approach incorporates increases in trade (through export) costs and changes in consumer preferences, where the trade costs are represented by both variable and stylised fixed costs and consumer preferences by the consumers' willingness-to-pay. A hypothetical scenario of removing NTMs globally on some agricultural commodities was simulated to demonstrate the application of the approach.

Designed to be resilient: circular solutions to reduce economic risk

Jessica Lear, Department of Climate Change, Energy, the Environment and Water

With the release of Australia's Circular Economy Framework in December 2024, the Australian Government has provided a strategic blueprint for transitioning to a more circular economy with the goal of doubling circularity of our economy by 2035. The presentation examines challenges in adopting circular solutions both for the public and private sectors. Attendees will gain insights into how strengthening the evidence base supports data-driven policy and circular market transition, and supports business to balance upfront investment with long-term savings and foster innovation

while managing operational risks. Circular approaches can mitigate risks like supply chain disruptions and resource scarcity, while unlocking opportunities for innovation, local job creation, and sustainable growth. This presentation demonstrates how embedding circularity into policy and practice can support a more robust and future-ready Australian economy.

Session 2A – Productivity

Sub-economy components of productivity

Putting ideas to work: productivity and the IP system

Brodie Dobson-Keeffe, IP Australia

New ideas are the feedstock of growth. Intellectual property rights such as patents and trade marks can promote investment in new ideas and the flow of resources to our most productive firms, but can also impede knowledge flows if too broad or highly concentrated. This presentation will cover research examining how Australia's IP system contributes to productivity growth and where policy change could contribute to better outcomes.

The productivity slowdown and what to do about it: The agriculture story

Will Chancellor, Australian Bureau of Agricultural and Resource Economics and Sciences

Australian agriculture has benefited from a long period of sustained productivity growth over the last five decades. However, since 2000, this growth has slowed compared to the productivity gains achieved during the 1980s and 1990s—when structural adjustment and the adoption of labour-saving mechanisation was in full force. Nevertheless, agriculture is doing something right, leading well above market sector productivity growth in the ABS statistics. Yet, there is more to this story. Once the data are aggregated into national level statistics the nuances are easily lost. Untangling the statistics reveals that while productivity on some farms has thrived, on others it has lagged. In other words, there is a multi speed effect. Policy makers will need to think outside to think outside the box to unlock new sources of productivity growth. This session will look at what has been driving productivity growth in agriculture and discuss some of the potential pathways to jolt productivity back to life.

Improving measurement of non-market sector productivity

Jason Annabel, Australian Bureau of Statistics

Despite a temporary and artificial improvement during the COVID-19 pandemic, Australia's productivity performance over the last decade has been uninspiring. Measured productivity growth in the non-market sector, which includes large parts of the 'care economy', has been exceptionally poor in recent years. While employment in the non-market sector has grown rapidly, it has not translated into higher levels of output. The ABS is embarking on a small program to improve

productivity measurement while at the same time considering any new metrics to help explain productivity. The focus will be on the non-market sector, which for health and education industries contains market activity as well. Health will be looked at initially by attempting to 'partition' health into market and non-market and also the feasibility of producing a Care economy thematic account.

Session 2B – Labour Markets, Skills & Social Outcomes

Social policy

The construction of an experimental gender-based account for Australia

Mary Farrugia and Ting Li, Department of Health, Disability and Ageing

The composition of the Australian economy has undergone significant transformation over the past three decades, driven by shifts in the factors underpinning the production of its goods and services. These changes have not only been driven by economic factors but also by technological and social changes, impacting both market and non-market gendered contributions. Major events such as the mining boom, the Global Financial Crisis (GFC), the COVID-19 pandemic, and emerging technologies like Artificial Intelligence (AI), have collectively influenced the nature and distribution of gendered activity. This presentation shows Australia's gendered activity over the past thirty years, from 1994-95 to 2023-24, by quantifying both market production and unpaid work through a thematic and extended accounts framework. The analysis estimates gendered contributions across more than 500 Australian industries by using data from the Australian Bureau of Statistics (ABS) by gender.

The HILDA Survey and its (unique) value for economic policy

Roger Wilkins, University of Melbourne

Now in its 25th year, the Household, Income and Labour Dynamics in Australia (HILDA) Survey is a nationally representative household panel study, providing rich longitudinal data on individuals, families and households. This presentation will provide a brief overview of the study and explain recent and forthcoming developments. The value of the study for policy-relevant economics research will be discussed, including why, in the context of the recent explosion in availability of administrative data, a panel study such as HILDA remains an important part of the policymaker's toolkit. In particular, it will be shown that HILDA can provide evidence on important research questions that administrative data cannot, both currently and for the foreseeable future.

Selective migration policy in a world of two-step migration

Peter Varela, Australian National University

Selective migration policy, a process in which places in the Australian migration program are allocated to migrants with higher expected earnings, represents a relatively simple mechanism to improve Australian productivity. We present a framework for designing a selective migration program when the majority of permanent migrants have previously held a temporary visa. We use administrative tax and visa data from PLIDA to show that temporary migrant pathways are a strong predictor of long-term economic outcomes, including earnings and occupational downskilling. We then use a Oaxaca-Blinder decomposition to understand the extent to which these programs success can be explained by the observable characteristics of migrants. Finally, we use the freezing of the TSMIT as a natural policy experiment to understand how changes to temporary migration policy can directly impact the permanent migration program.

Session 2C – Macroeconomy, Finance & System Resilience

Macroeconomic modelling

Reassessing monetary policy shocks

Shan Jayawardhana, Reserve Bank of Australia

Accurate estimates of the effects of changing the cash rate are vital for appropriately setting monetary policy. A common approach to estimating these effects is to isolate plausibly exogenous sources of variation in the policy instrument – that is, monetary policy shocks – and then to trace out the effects of these shocks on macroeconomic variables using a vector autoregression (VAR). Previous RBA research following this approach relied on monetary policy shocks that were constructed improperly, casting doubt over the validity of the estimates. More generally, recent advances in the literature have highlighted that this 'two-step' approach often produces biased estimates, suggesting new estimates are required. Lloyd and Manuel (2024) propose a 'one-step' approach to estimation that removes the bias and yields more efficient estimates. Applying their approach to Australia, I find that the resulting estimates are more aligned with conventional macroeconomic theory than those from previous studies.

Analysing Macroeconomic Shocks and Debt Dynamics under Uncertainty in Australia

Daniel Silva Withmory and Ying Xu, Treasury

Macroeconomic shocks create uncertainty around fiscal and debt outcomes. This paper introduces a Structural Vector Auto-Regression (SVAR) model for fiscal policy analysis in Australia and employs stochastic simulations to generate forecast distributions. The SVAR model consists of key macroeconomic variables and incorporates a fiscal block of government receipts, payments, and debt to GDP. Short-run restrictions are applied to identify structural macroeconomic shocks, including those related to receipts, payments and interest rates. We use the model to analyse different types of macroeconomic shocks and assess their impacts on debt-to-GDP ratios. The probability analysis uses fan charts to: shed light on the dynamics between macroeconomic shocks and debt risks; and produce insights into the fiscal space Australia may require given historical macroeconomic volatility and uncertainty.

How reliable are estimates of the NAIRU and output gap in real-time?

Hamish Sullivan and Nick West, Reserve Bank of Australia

Reliable estimates of spare capacity (the unemployment and output gap) are key determinants of the central bank's ability to accurately forecast inflation and assess full employment in real-time. Quantifying how reliable estimates of the unemployment and output gaps are in real-time is therefore informative for policy. We construct real time estimates of the RBA's current NAIRU and output gap modelling frameworks using a novel historical vintage database. We then assess each model's reliability/revisability, and its usefulness in real time inflation forecasting. Our findings suggest that these estimates are informative and robust to material revisions, but are not overly precise. We draw out implications both for how these estimates should be used in real-time and for future star-variable model development.

Session 3A – Industry Dynamics

Firm behaviour

Locked in or paid up? New evidence on non-compete clauses

Treasury

Non-compete clauses (NCs) in employment contracts restrict workers from joining competitors or starting rival firms post-employment. While potentially encouraging training and innovation, they can also limit mobility and depress competition—especially when applied without justification or compensation. Using novel data linking restraint clauses (RCs) to firm-level microdata, we document widespread NC usage across sectors, including low-wage, low-productivity industries where their benefits are questionable. We find little consistent evidence that firms compensate workers for signing NCs, except in high-productivity firms. These findings highlight the need for targeted policy reform to curb misuse while preserving the potential benefits of NCs in appropriate contexts.

Young firms and their economic contribution

Lachlan Vass, e61 Institute

Government policy often targets small businesses, through lighter touch regulation and lower taxes. However, it's not clear supports to such businesses are beneficial for broader economic growth. We use firm-level microdata to explore the distinction between firm size and age in firms' economic contribution, highlighting three key facts: 1) Young firms are positive contributors to economic growth while small old firms detract from economic growth; 2) There is vast heterogeneity among the performance of young firms – by age five, high-performing young firms employ twice the number of workers than the average firm of the same age and are over 40% more productive; 3) Firm exit is critical to the economy's productivity. Exiting firms are roughly 20% less productive than the industry average even five years before they exit. These findings highlight the importance of policymakers reconsidering size-based policies and frictions to firm exit, as well as better understanding the drivers of vast differences in the performance of young firms.

Productivity and R&D insights from the Emerging Industries Database

Dr. Tris Sainsbury, Department of Industry, Science and Resources

The diffusion of new technologies is a key driver of economic growth, yet robust quantitative evidence on their creation and spread remains limited. DISR's Emerging Industries Database (EID) addresses this gap by combining AI-powered web-reading

with ABS' administrative data to identify and analyse Australian businesses working with 7 emerging technologies, including AI and quantum. Initial investigations into the size, performance and workforce of these businesses found that these industries were not limited to startups but also include large, productive firms offering high-wage jobs. This work extends previous analysis with a particular focus on labour productivity and innovation. We examine how productivity varies across different industries and technology uptake models, leading to a richer understanding of emerging industry performance. We explore additional dimensions to R&D expenditure and intensity among emerging industries. We also combine insights from the EID with newly available R&D microdata to examine evolving trends in R&D expenditure across emerging industries over time.

Session 3B – Labour Markets, Skills & Social Outcomes

Education

Returns to education by field of study

Bethany Bloomfield, Kathryn MacMahon, Miguel Olivo Villabrille and Bodie Kaine, Department of Education

The returns to tertiary education are large and well known. However, it is less well known how those returns apply to specific fields of study. This research seeks to fill that gap by estimating the effect of choosing a particular field of study on labour market outcomes. This has implications for the design of policies such as course fees, student contribution amounts, and HELP debt system, and on the behaviour of students choosing their field of study.

Tuition Increases and University Behavior: Theory and Evidence on Student Enrollment

Abigail Payne, University of Melbourne

This paper considers the role universities play in determining their enrollment when faced with government regulated domestic tuition. Our theoretical framework posits that domestic student enrollment increase and international student enrollment decrease or remain unchanged when domestic tuition increases. Using 30 years of data, we find higher tuition increases domestic enrollment, mediated by an expectation that students may respond negatively to increased tuition. Universities shift enrollment toward higher-revenue fields. The results for international student enrollment is mixed, depending on the research intensity of the university.

Session 3C – Macroeconomy, Finance & System Resilience

Consumer behaviour

The Future of Cash in Australia

Anthea Faferko and Mia Pahljina, Reserve Bank of Australia

Australians are using cash less as digital payments rise in popularity. But many Australians still rely on cash, including the most vulnerable members of the community, and it continues to play an important role in supporting the resilience of Australia's payments and financial system. Countries around the world are considering policy interventions to support the viability of cash. In Australia, maintaining the public's access to cash is a priority for the Government and the RBA. This presentation will cover who uses cash and why, its role in the resilience and stability of the payments system, and policy work underway to support access to cash.

Prompting for a better deal: Understanding and overcoming barriers to financial product switching

Dr. Dana Leidl, Behavioural Economics Team of the Australian Government

The Behavioural Economics Team of the Australian Government (BETA) partnered with Treasury to unpack the barriers to switching financial products, and to test the effectiveness of prompts to encourage switching behaviour for consumers who could get a better rate. Our research program included randomised controlled trials as well as consumer interviews and surveys. We found that while well-designed prompts may help draw attention to the benefits of switching, they cannot by themselves overcome the subsequent frictions consumers encounter. This kind of mixed methods research, done early in the policy cycle, helps build a robust evidence base which can be considered as policy is developed and improve outcomes for Australian consumers.

Session 4A – Industry Dynamics

Energy transition

Estimating the effect of energy efficiency on industry productivity

Phillip de la Rue, Department of Climate Change, Energy, the Environment and Water

Increasing energy efficiency has a range of benefits, including lowering costs and reducing emissions. It also increases productivity, as an economy can produce a level of output for less inputs (energy). Australian energy productivity (GDP divided by energy consumption) improved 28% over the ten years to 2022-23. Utilising ABS KLEMS productivity data, the impact of a reduction in energy consumption on multifactor productivity of various industries is estimated. This can illustrate the potential productivity benefit of reduced energy consumption through fuel switching or the adoption of more energy efficient capital/processes. The estimated impacts on productivity from reductions in energy consumption seen in the last decade in the broader Australian economy are small but significant, particularly when compared with changes in industry productivity over this period.

A profile of Australia's energy-intensive manufacturing industries

Andy McClure and Huong Dinh, Department of Industry, Science and Resources

In the face of rising and uncertain energy costs, it is important policymakers understand which manufacturing industries are most sensitive to energy price increases, how such increases could affect the international competitiveness of those industries, and how increases could flow through to the wider Australian economy. This analysis combines ABS input/output data with various Australian and international datasets to identify Australia's energy-intensive manufacturing industries (EIMIs), estimate the contribution of these industries to the broader economy, and assess how sensitive these industries could be to energy price changes. The analysis found that while EIMIs contribute only around 1.5% of Australia's GDP, they contribute more than a quarter of total manufacturing GVA, nearly half of Australia's total manufacturing exports and are vital to domestic supply chains.

Session 4B – Labour Markets, Skills & Social Outcomes

Housing

The Importance of Evaluating the Impact of Social Housing: NSW Future Directions as a Case Study

Guyonne Kalb, University of Melbourne

Providing social housing is expensive, but crucial for a growing proportion of the Australian population who are being priced out of the market. Due to the (increasing) scarceness of low-rent housing in the private rental market and without access to social or affordable housing, more and more households are at risk of homelessness and housing precariousness. The current stock of social and affordable housing is insufficient to meet the demand of a growing population in need of housing that provides secure and affordable shelter. There is thus a need for additional investment in social and affordable housing. When considering the cost and benefits associated with this, it is useful to also consider the cost of not providing high-quality social and affordable housing: e.g. in terms of housing stability, health outcomes or education outcomes for low-income families. A few selected results and recommendations from an early evaluation of Future Directions, a large social housing reform in New South Wales, will be presented. This evaluation compared a range of outcomes for the tenants of the dwellings provided through the Future Directions Strategy to outcomes of similar tenants allocated to other social housing dwellings.

Tax-Transfer policies and their impact on inequality in home ownership

Dr. Yogi Vidyattama, University of Canberra

As homeownership becomes a central issue in the global housing crisis, this presentation begins by exploring why inequality in homeownership has emerged as a major concern. It will then briefly examine how families make home-buying decisions, providing a basis to evaluate the effects of recent tax and transfer measures—such as the phase-out of stamp duty and the introduction of housing grants—on equity in access to homeownership.

Session 4C – Macroeconomy, Finance & System Resilience

Taxation

Horizontal inequity of non-broad taxation

Matt Nolan, e61 Institute

Income and consumption taxes form the base of the Australian government's revenue raising capabilities. However, holes in these tax bases imply that individuals with similar income or similar consumption end up paying very different tax rates. In recent e61 work we find: for the top 5% of income earners the difference between 10th and 90th percentile of tax rates is around 20 percentage points; and the GST rate faced by someone in the 90th percentile of consumption tax rates is 60% higher than for someone in the 10th percentile – a gap that is not explained by age or household type. These significant differences in tax rates for individuals with similar income and spending were purposeful policy choices, made to meet broader policy objectives in a constrained environment. However, they are poorly targeted and generate incentives to changing investment and consumption behaviour in inefficient ways.

Modelling Reform Packages for Property, Corporate and Household Taxes

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At the Economic Reform Roundtable, the Treasurer committed to 'a better tax system'. In that spirit, this paper models reform packages for Australian property, corporate and household taxes. The packages permanently raise annual consumer welfare by $43 billion and real GDP by nearly 6 per cent. This involves collecting $91 billion in tax revenue in a way that does less economic harm. Inefficient state conveyancing duty and land tax are replaced by a broad-based land tax. The company tax system is modified so that normal returns to capital are taxed less and economic rents and dividends are taxed more. To broaden tax bases, GST-free categories become taxable and the payroll tax threshold is reduced, funding a large cut in personal income tax. The combined effects of the three packages on equity will be analysed in upcoming work and the package tuned, as necessary, to ensure equity is maintained.