

CEDA media release

Weak entrepreneurship, business performance drag on Australia's competitiveness

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Australia's strong terms of trade and economic performance have helped maintain its international competitiveness despite a drop in business efficiency.

The nation remained 19th in a global ranking of the competitiveness of 64 nations released today.

CEDA Chief Economist Cassandra Winzar said our performance in the *IMD World Competitiveness Yearbook 2023* showed Australia still had much work to do to diversify its economy and boost entrepreneurship and productivity.

"Strong commodity prices and a healthy jobs market continue to drive Australia's competitiveness, but we cannot keep relying on our traditional trade strengths," Ms Winzar said.

"We must redouble our efforts to deepen the complexity of our economy amid an ongoing slump in productivity.

"Our low rankings in cybersecurity (53rd), after recent high-profile breaches, and in energy infrastructure (52nd), as the renewables transition gets into full swing, are also cause for concern."

Australia's worst result was again on entrepreneurship – we slipped to 62nd of 64 nations.

The nation also performed poorly on economic complexity (58th) and on high levels of personal income tax (57th) and company tax (56th).

"Along with continued sharp falls in workforce productivity on this survey (46th) and the weak credibility of managers, (also 46th), this report highlights the important role that the dynamism of Australian businesses has to play in driving national competitiveness," Ms Winzar said.

"Persistent weak business investment also continues to drag on our performance.

"On the positive side, Australia remains an attractive destination to start a new business, with high rankings for start-up days and procedures, high levels of university education and low levels of sovereign and political risk."

Australia also continued to rank very highly on key quality of life measures such as life expectancy and health coverage (both 3rd).

Australia's overall employment ranking jumped to 7th amid the tight jobs market and ongoing skills shortages.

“Given continued strong employment growth, this result highlights the importance of getting our migration settings right.”

Overall, Denmark remained at the top of the rankings for the second year in a row, while Ireland jumped from seventh to second and Switzerland dropped one place to third.

IMD said the most successful economies “tend to be smaller, have a good institutional framework including strong education systems, and – in the fragmented world in which we are living – good access to markets and trading partners”.

The rankings are part of the Swiss-based Institute for Management Development's (IMD's) *World Competitiveness Yearbook 2023*, which has ranked the prosperity and competitiveness of countries since 1989.

The four main factors are economic performance, government efficiency, business efficiency and infrastructure.

Two-thirds of the criteria are based on statistical indicators, and one-third on a survey of more than 6400 international executives. CEDA is the yearbook's Australian partner.

CEDA Chief Economist Cassandra Winzar is available for further comment and interviews.

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CEDA – the Committee for Economic Development of Australia – is an independent, membership-based think tank. CEDA's purpose is to identify policy issues that matter for Australia's future and pursue solutions that deliver better economic and social outcomes for the greater good.

CEDA has almost 700 members including leading Australian businesses, community organisations, government departments and academic institutions. Our membership spans every state and territory.

CEDA was founded in 1960 by leading economist Sir Douglas Copland. His legacy of applying economic analysis to practical problems to aid the development of Australia continues to drive our work today.