Reconciling projected capital deepening with historical estimates

Objective of the wider project

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Outline of presentation

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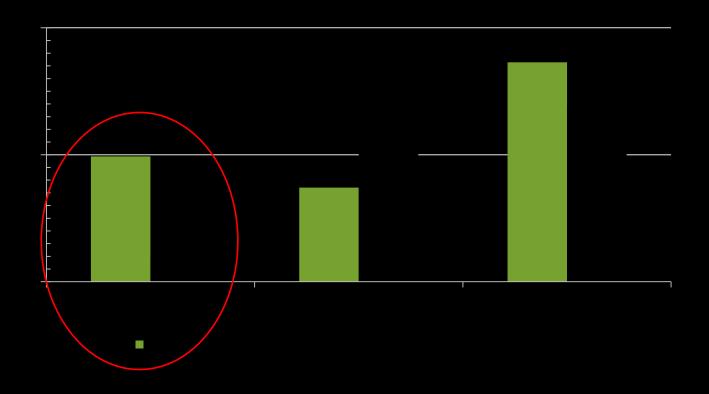
Overview of the VUMR model

Strategy adopted for developing the modelling reference case

The modelling reference case covers

General approach adopted for each component

The observation that prompted the



Many reasons why projected capital deepening may be lower than history

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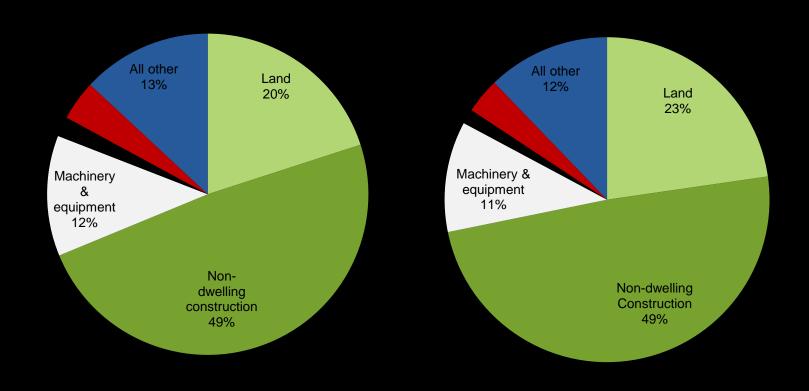
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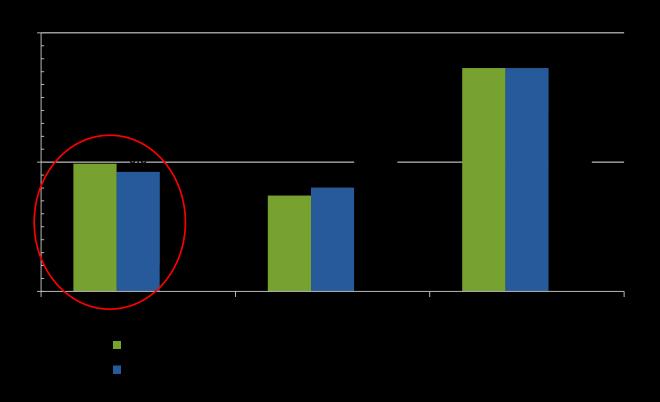
Measure of capital used in VUMR

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Capital measure in the VUMR model database similar to PKS



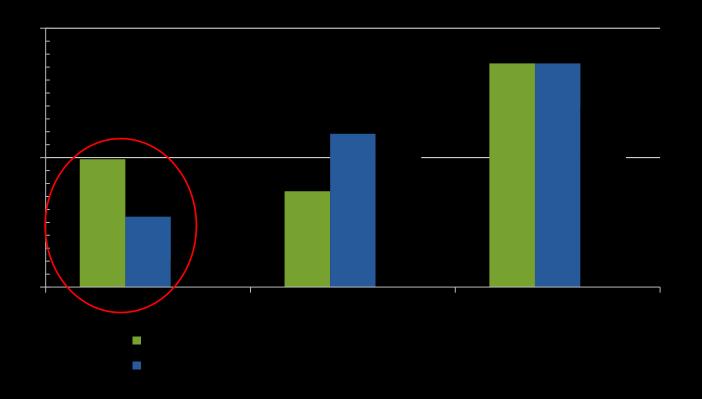
Historical capital deepening based on NKS similar to that based on PKS



measured maybe more important

Productivity Commission

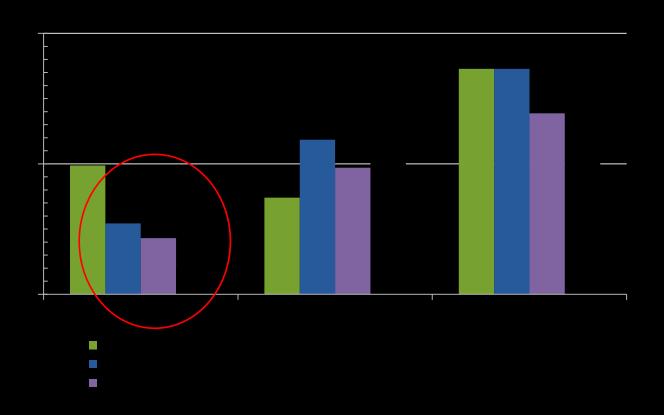
Around half of missing capital deepening may be compositional & embodied changes



Measures of capital deepening can be sensitive to the accounting for sources of growth

Why the source of MFP growth matters

The source of MFP growth affects projected capital deepening



Wrap-up

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Possible discussion topic

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