

Macro and industry trends in productivity: Australia

Ian Bobbin

Australian Bureau of Statistics

Summary

The presentation summarises Multi Factor Productivity and Labour Productivity in Australia over the last 20 years, and the last 5 years, for the market sector and the non-farm market sector. Measures of the productivity performance of each of the 12 industries that comprise the market sector are also presented. These industry measures were published by ABS for the first time in September 2007.

Since the last productivity peak in 2003-04, MFP growth in the market sector has been flat, declining marginally in 2006-07. Non-farm MFP has also been flat but with a marginal increase in the latest year. Labour productivity has continued to grow during this period for the market sector as a whole and for the non-farm market sector.

Over the last 20 years, the highest productivity growth has been in Communication, Agriculture and Finance & insurance. Over the last 5 years, the biggest slowdowns in productivity growth have been in Mining and in Electricity, gas & water.

Agricultural productivity has been volatile, with significant falls in 1994-95, 2002-03 and 2006-07, followed by rebounds in the following years.

Mining productivity has been declining since 2000-01 for both MFP and labour productivity. There were significant increases in the inputs of this industry, without commensurate increases in output. Output volumes have fallen in oil and gas.

Manufacturing MFP shows relatively smooth growth, slowing over the last 5 years, with MFP increasing slightly in 2006-07.

Electricity, gas & water has strong MFP growth up until 1997-98 but has since been in decline.

Construction MFP growth has been relatively flat, and was amongst the lower productivity growth industries.

Wholesale trade productivity growth was strong during the 1990s, slowing over the last few years and falling in 2006-07.

Productivity in Retail trade grew steadily before flattening out after 2003-04.

Whilst productivity growth in Accommodation, cafes & restaurants was negative in the latter half of the 1980s, it has since turned positive.

Transport & storage productivity growth steadily increased over the last 20 years, slowing over the last few years.

There was strong growth in MFP in the Communication services industry, which is one of the better performing industries in terms of productivity growth.

The Finance & insurance industry is a medium to high performer in terms of productivity growth, however growth has slowed in recent years.

Cultural & recreational services average productivity growth for the last 20 years has been negative, although it has been positive in recent years.