

An overview of Australia's productivity performance

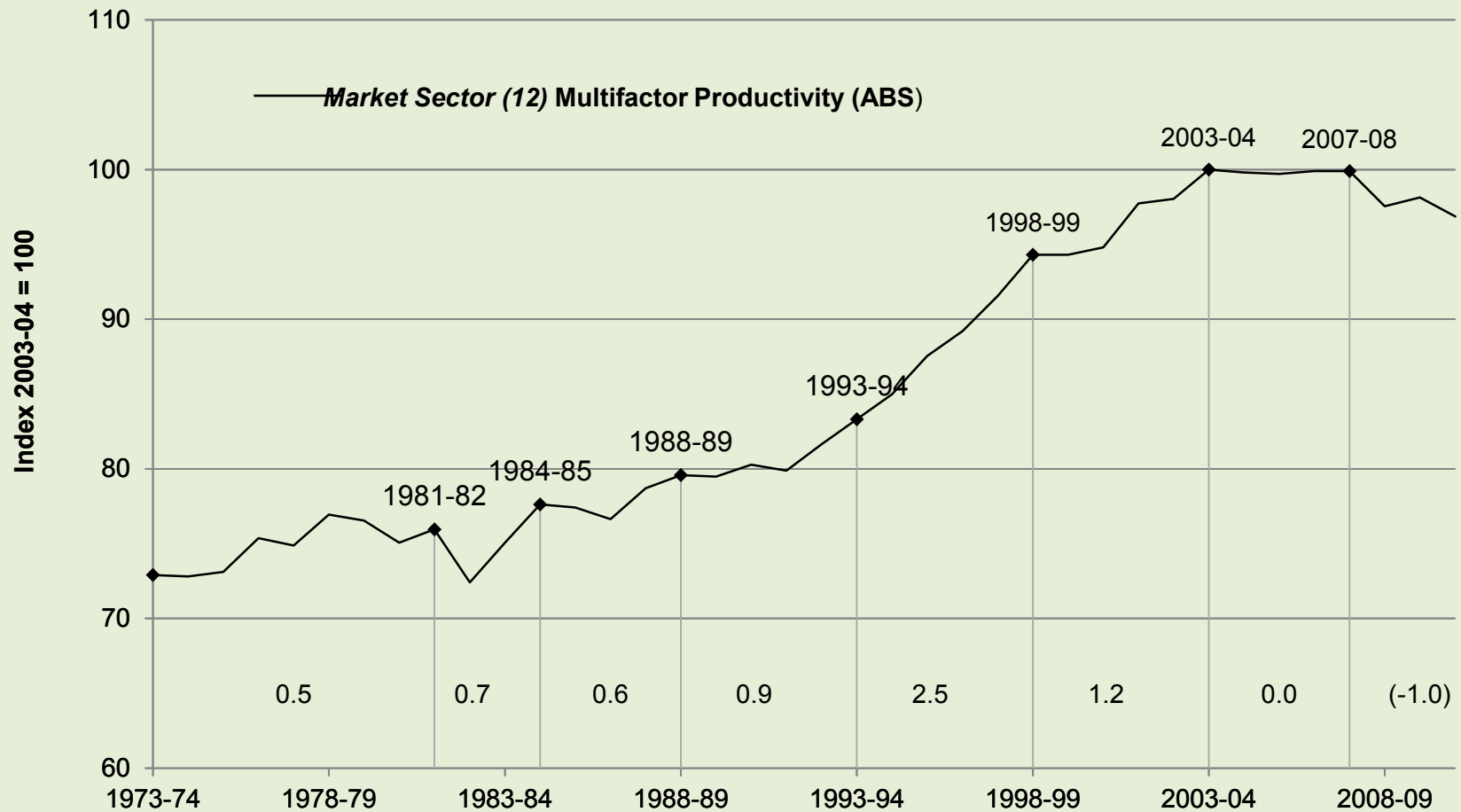
Shiji Zhao
Productivity Commission

PC-ABS Productivity Perspective Conference 2012,
Canberra
20th November 2012

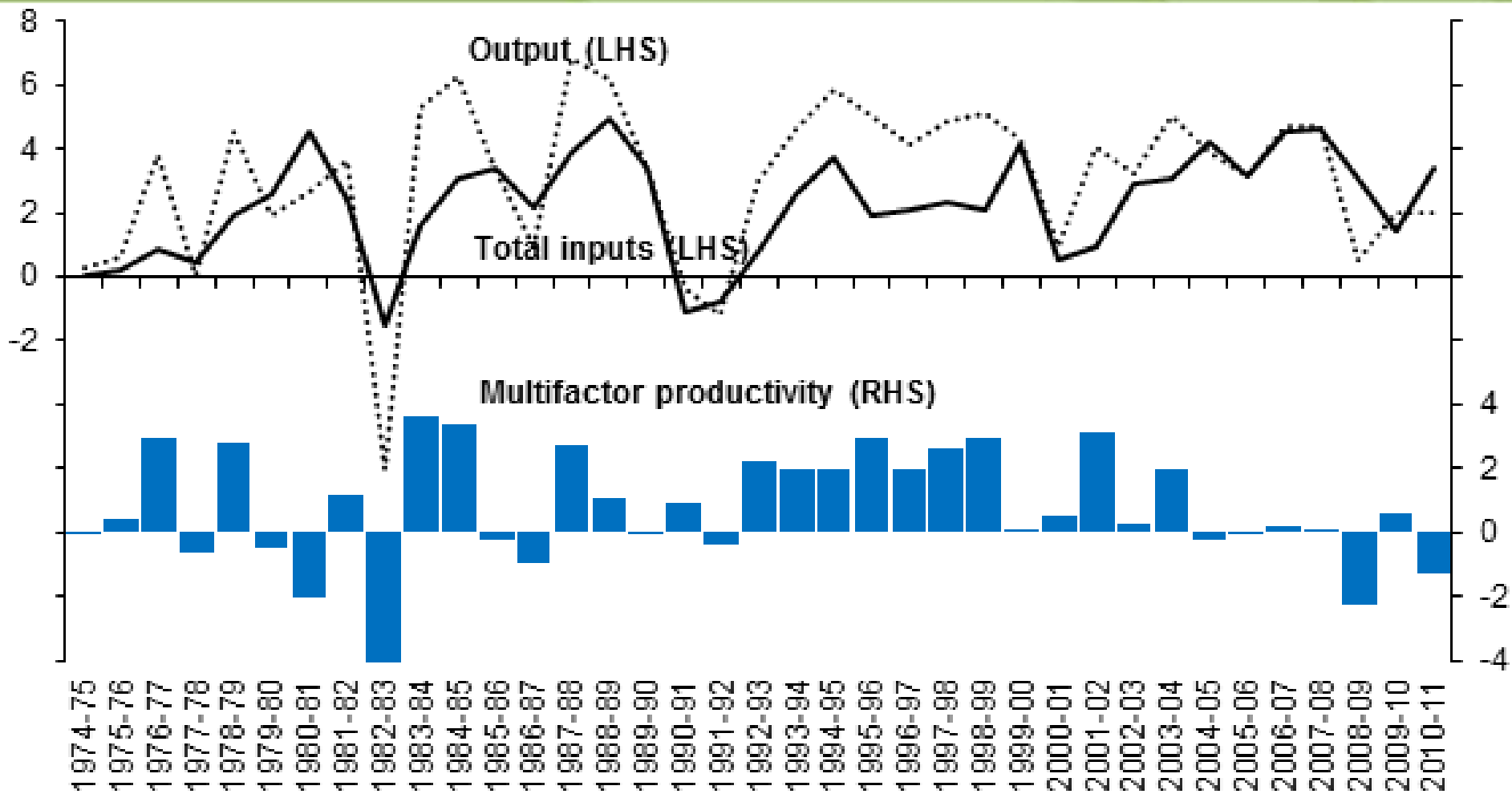
Outline

- Australia's productivity performance of market sector
 - *Recent development*
- Productivity at industry level
 - *Recent development; and*
 - *Trend over a longer period*
- Contribution of changes in the composition of human capital to
 - *Labour productivity*
 - *Economic growth*
- Key messages

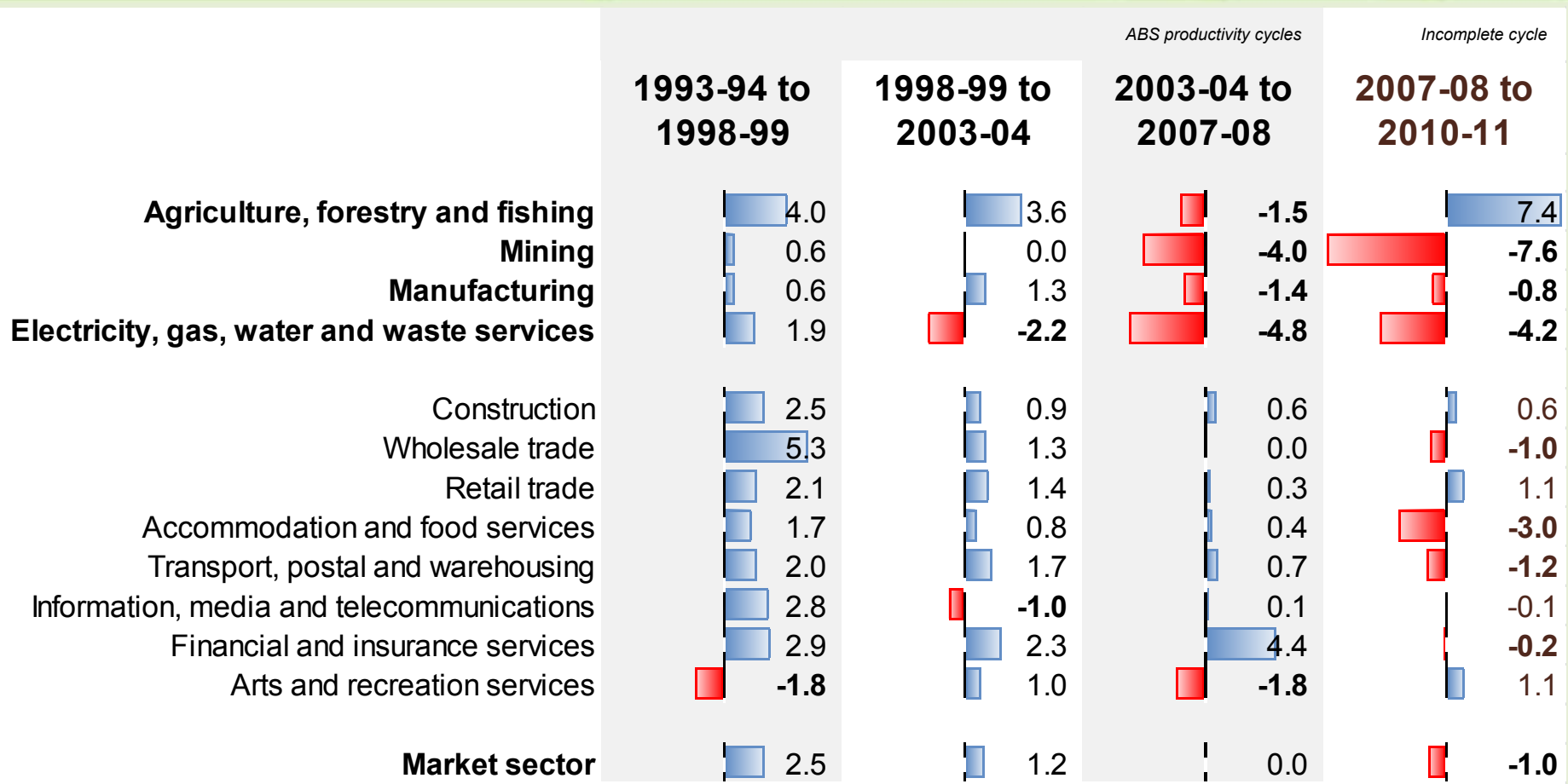
Multifactor productivity



Multifactor productivity growth



Industry MFP growth rates



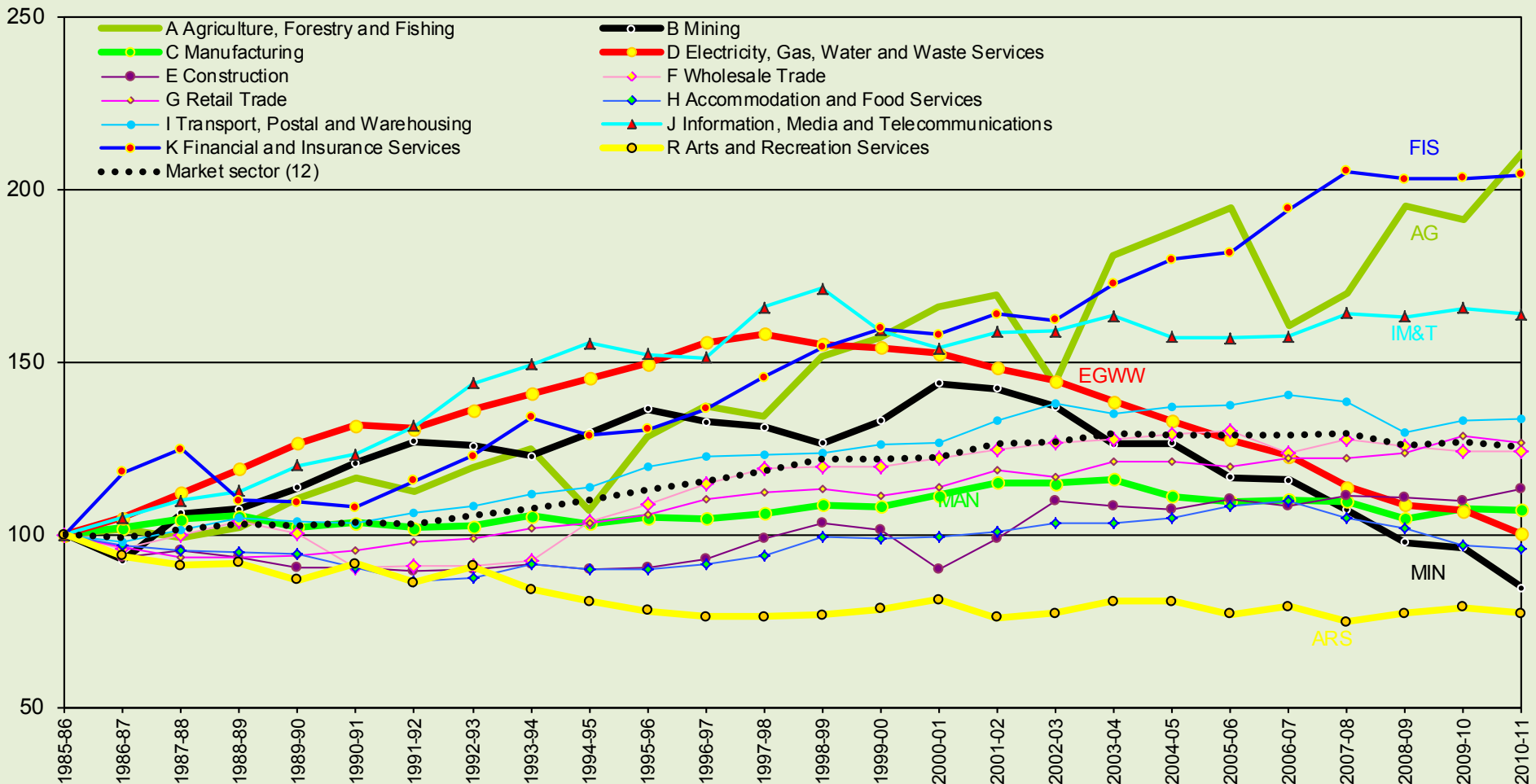
Causes for the slowdown in Mining and Utility

- Lumpy investment
 - *Both mining and utility industries*
- Depletion of natural resources
 - *Mining industry*
- Technology change
 - *Electricity supply*
- Imperfect (output) measurement
 - *Water supply*

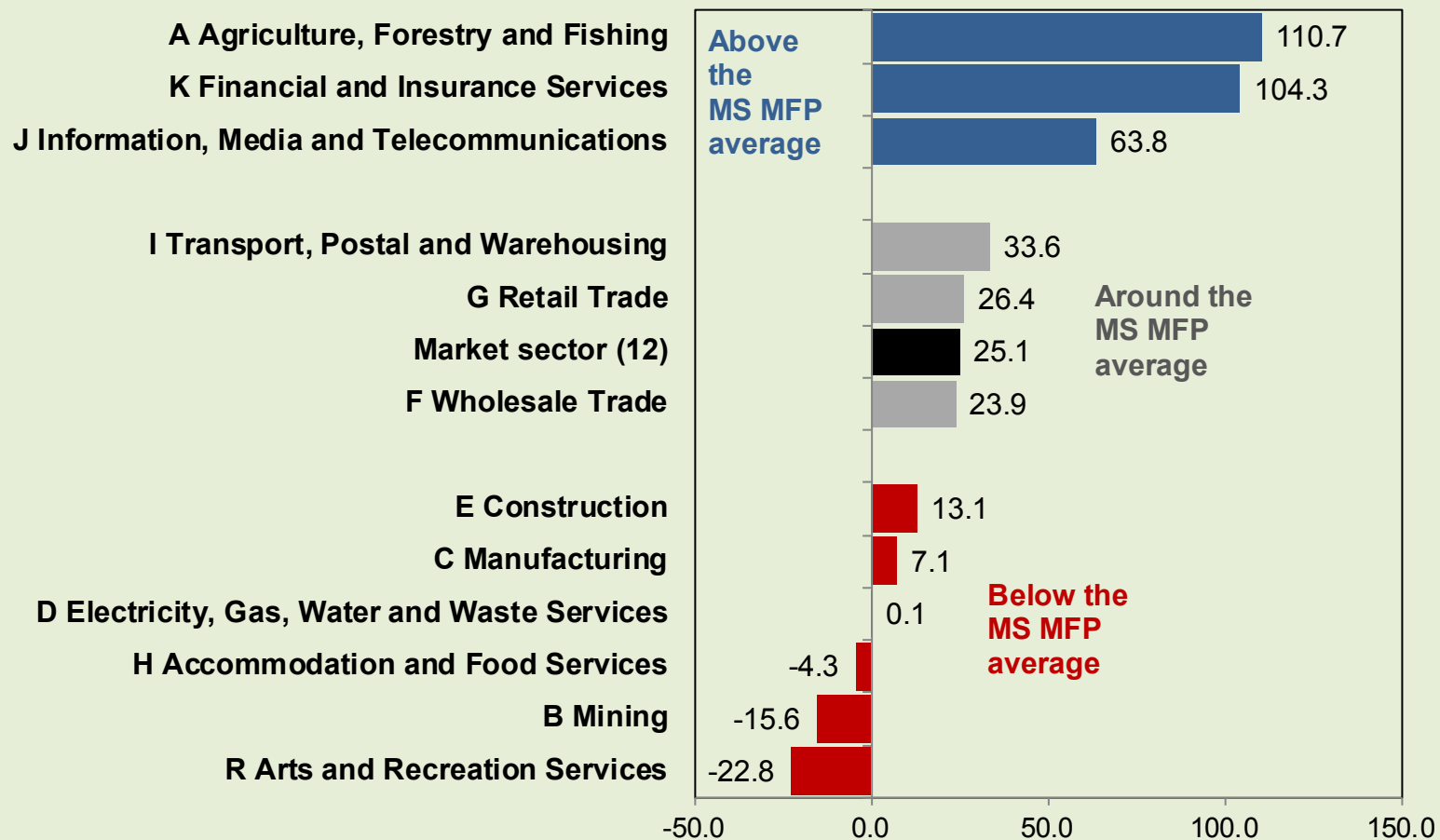
Further information (www.pc.gov.au)

- Topp, V., Soames, L., Parham, D. and Bloch H., (2008) *Productivity in the Mining Industry: Measurement and Interpretation*, Productivity Commission Staff Working Paper, December
- Topp, V. and Kulys, T. (2012) *Productivity in Electricity, Gas and Water: Measurement and Interpretation*, Productivity Commission Staff Working Paper, Canberra

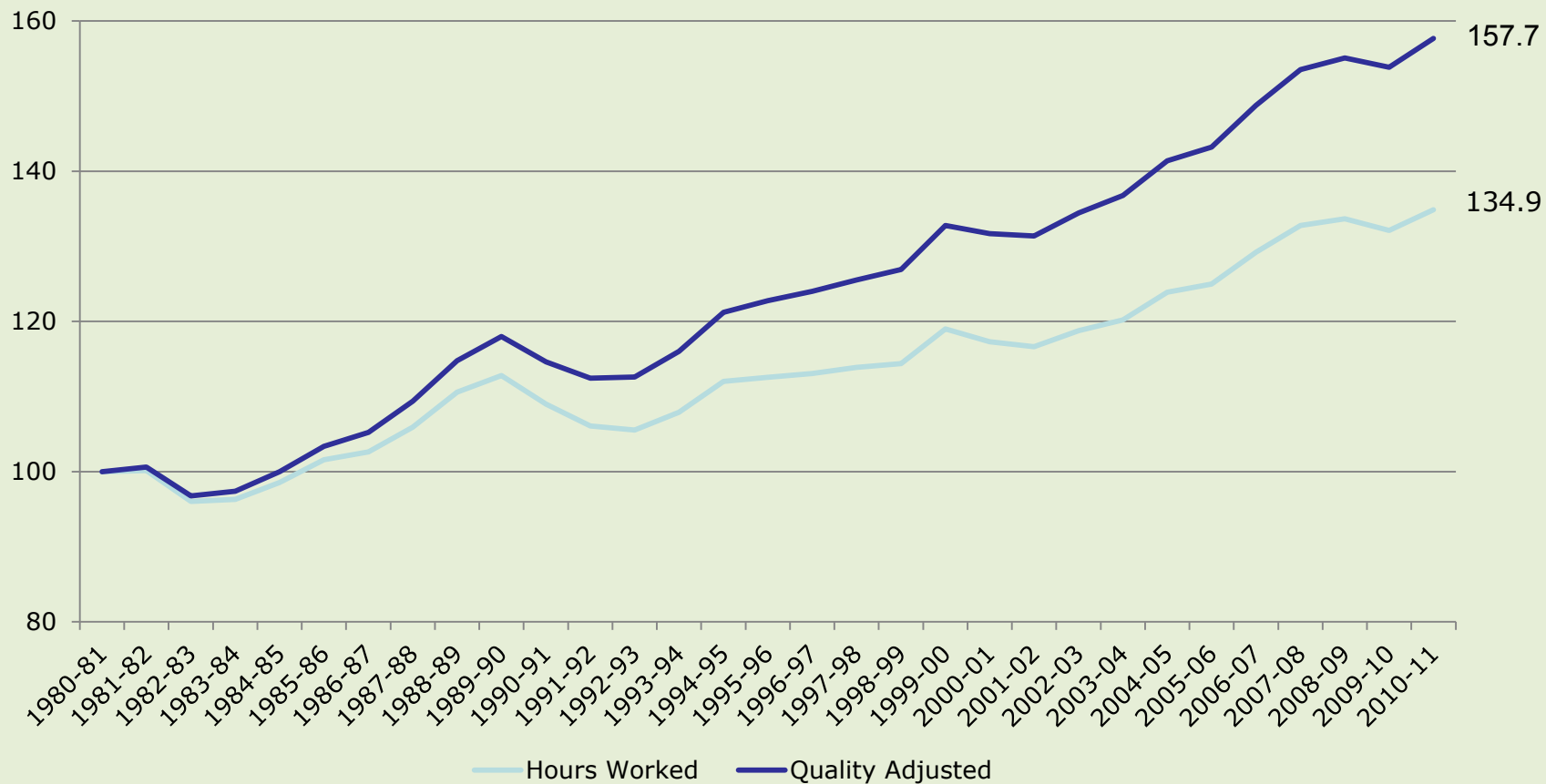
MFP growth by industry



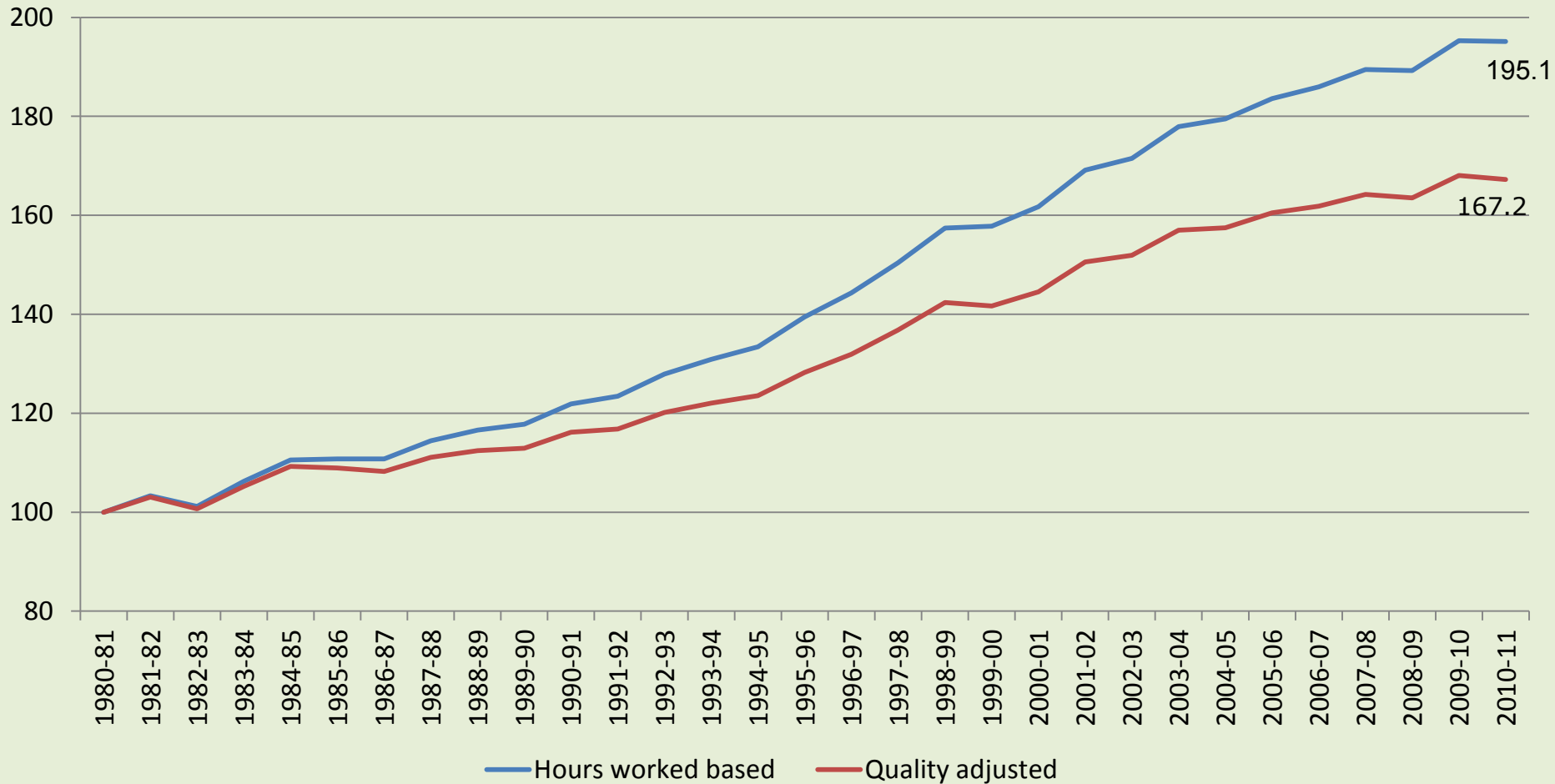
MFP growth between 1985-86 to 2010-11



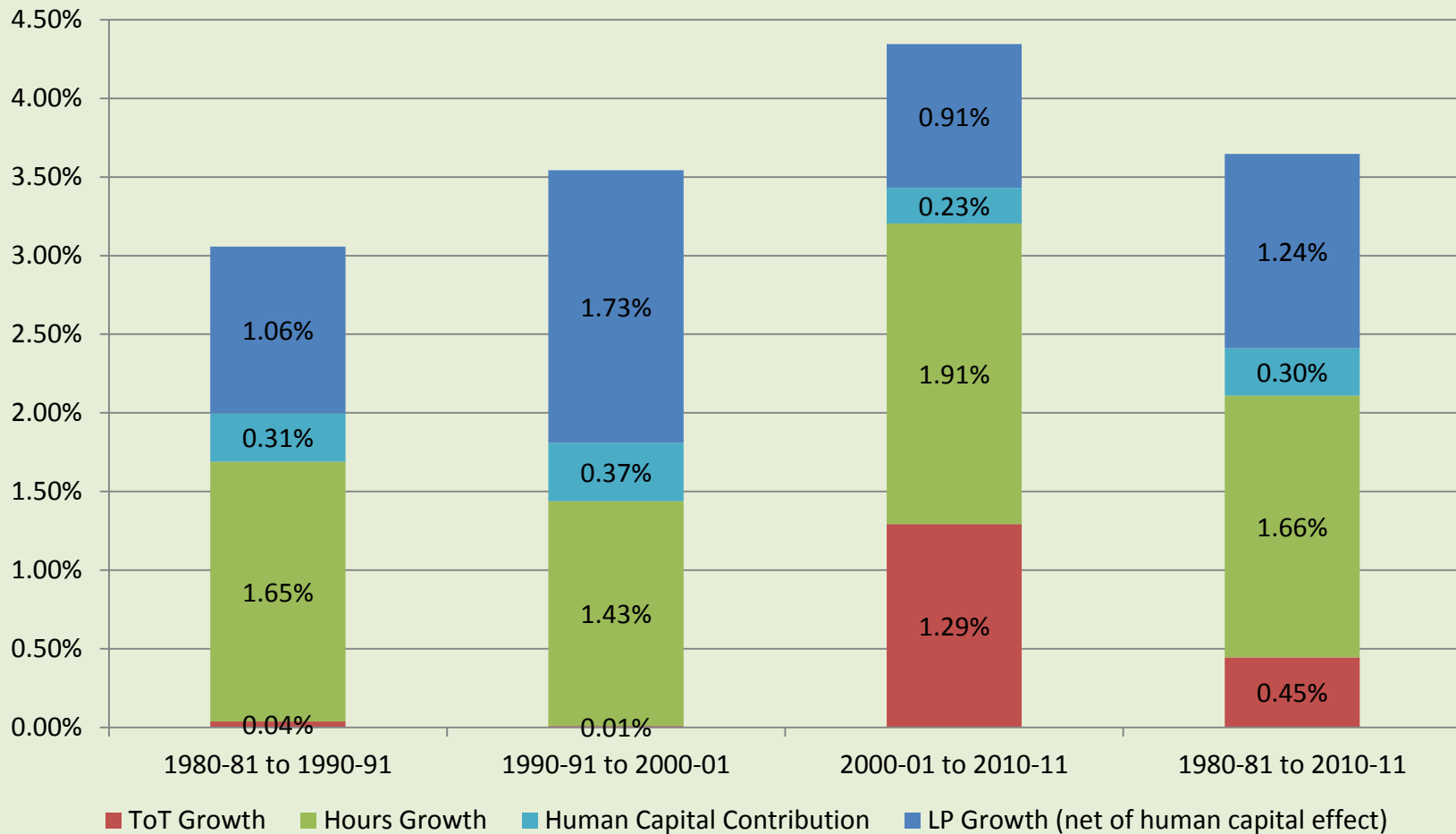
Indexes of labour input for the 12 industry market sector



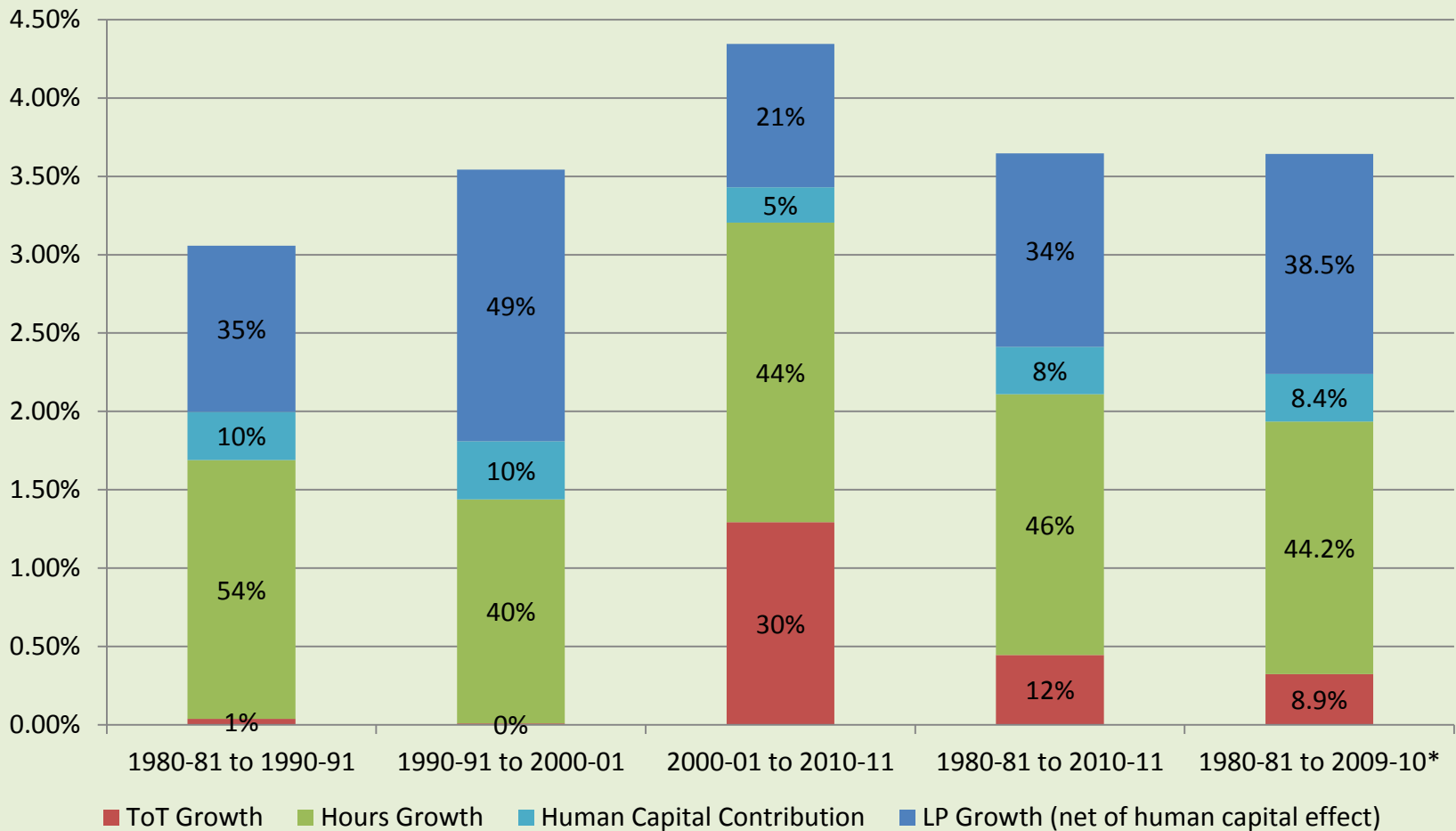
Labour Productivity Indexes for the 12 industry market sector



Decomposition of Real Gross Domestic Income (GDI)



GDI Decomposition



Key messages

- In the recent decade, MFP growth slowed down
 - *For the market sector as a whole and across many industries*
 - *Mining and utility industries*
- Long term productivity performance was diverse across industries
- The effect of human capital made a significant contribution to the growth of Australia's real income