

Media release

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‘Lazy’ workers not to blame for productivity slump

The mining industry, not Australian workers, should be shouldering the blame for Australia's flagging productivity growth, according to a new analysis by The Australia Institute.

In a speech last night Dr Martin Parkinson, the new head of Treasury, quoted figures showing that Australia's annual productivity growth slipped from 2.1 per cent in the 1990s to 1.5 per cent in the 2000s.

The Australia Institute's Senior Research Fellow David Richardson said hidden in the detail was the observation that mining productivity has slowed markedly.

“Dr Parkinson is concerned about slowing productivity given the mining boom won't last forever. But the mining boom itself has distorted the productivity figures,” said Mr Richardson.

“Our analysis finds mining output per worker has fallen from \$1,214,000 per annum in 2000-01 to \$666,000 per annum in 2009-10 based on present values.

“If Dr Parkinson had adjusted the national productivity figures for the perverse impact of mining he would have found that productivity growth increased to 2.4 per cent in the 2000s in the rest of the Australian economy.

“The mining boom has had such a large impact on Australia that it is no longer easy to interpret any economic data. But what we can say is that it is not ‘lazy’ workers responsible for any productivity deterioration,” said Mr Richardson.

“Instead, if we're looking for someone to blame we should be looking at the mining industry which is putting more effort into extracting minerals from deposits it would have once ignored as uneconomic before the jump in commodity prices.

“What the national accounts really tell us is that even though non-mining workers are generating significant increases in productivity they are missing out on the benefits of the mining boom. Indeed, the high exchange rate associated with the mining boom is the biggest problem faced by the manufacturing, tourism and education export industries,” concluded Mr Richardson.

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