

**MIND THE GAP –
WRESTLING WITH NZ vs
AUSTRALIA
PRODUCTIVITY STATISTICS**

BRYCE WILKINSON

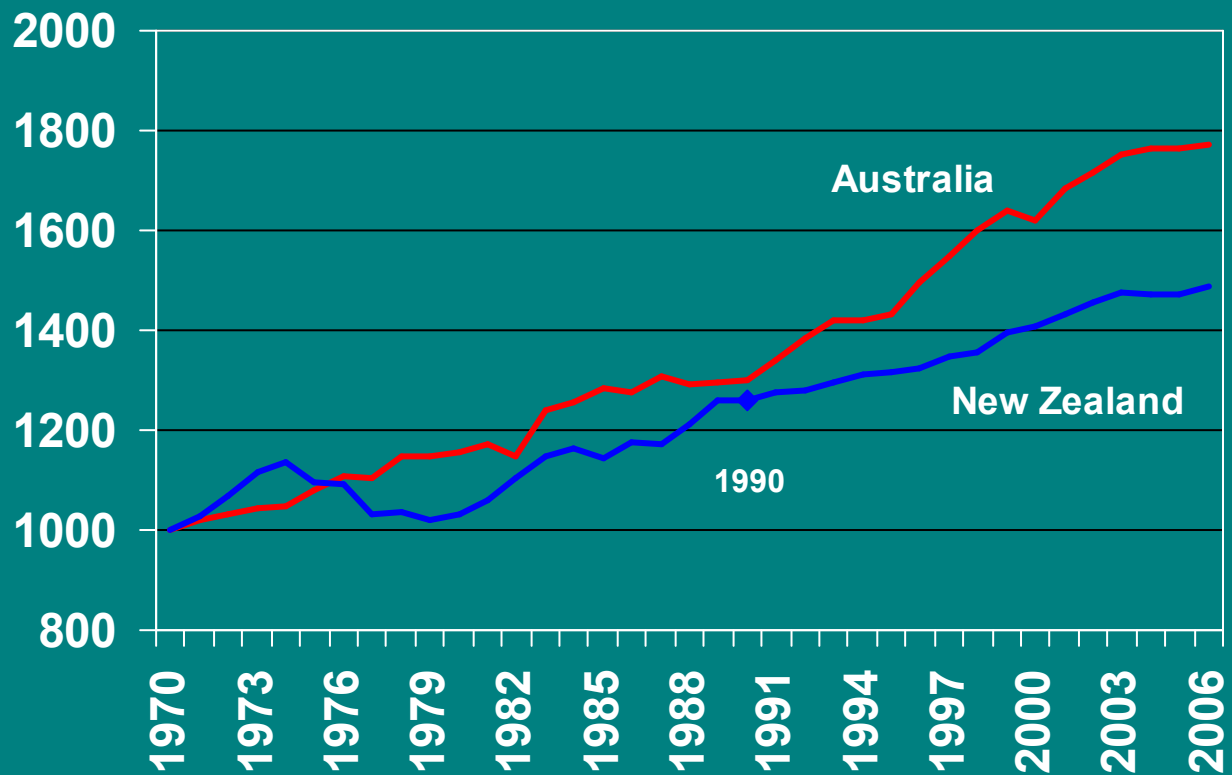
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The OECD's productivity measures

- NZ – BAD, GOOD, BAD,
- Lost ground 1974-1986
- Recovered some to 1989
- Awful after 1990 while Australia took off

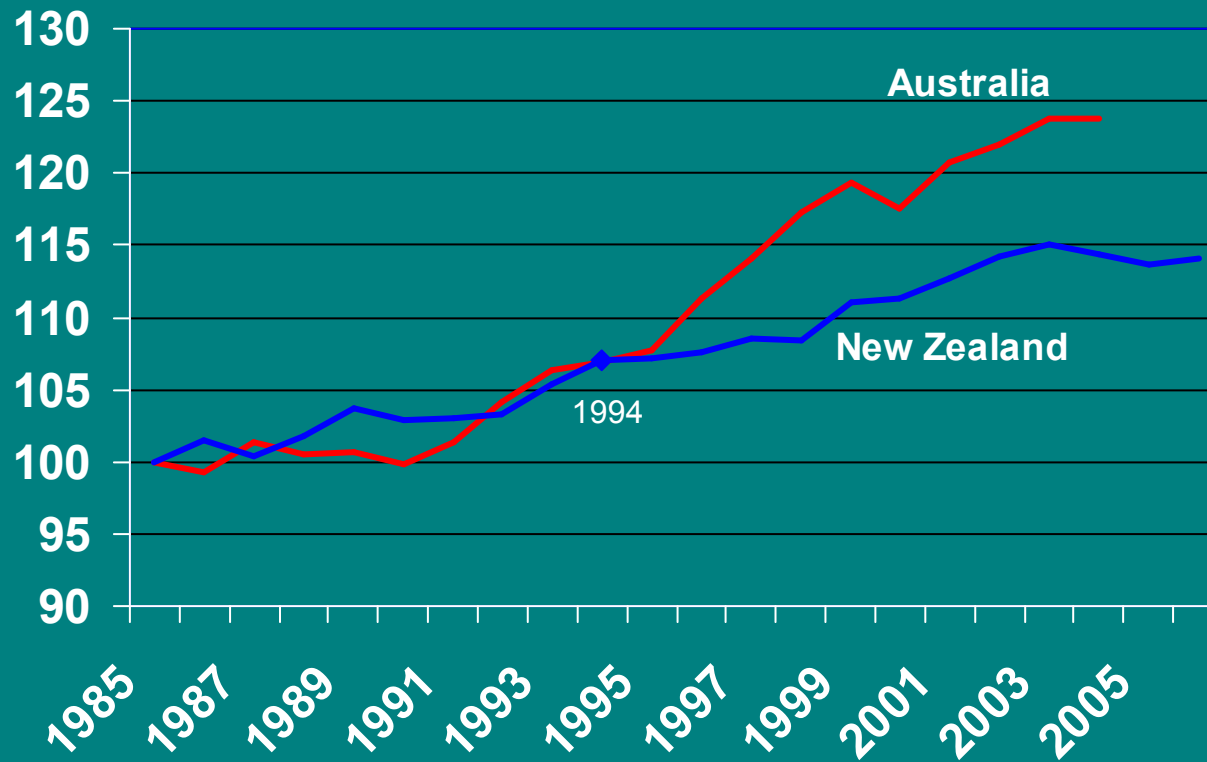
Labour Productivity

Economy-wide: OECD



Multi-Factor Productivity

Economy-wide: OECD



Proposed Reasons

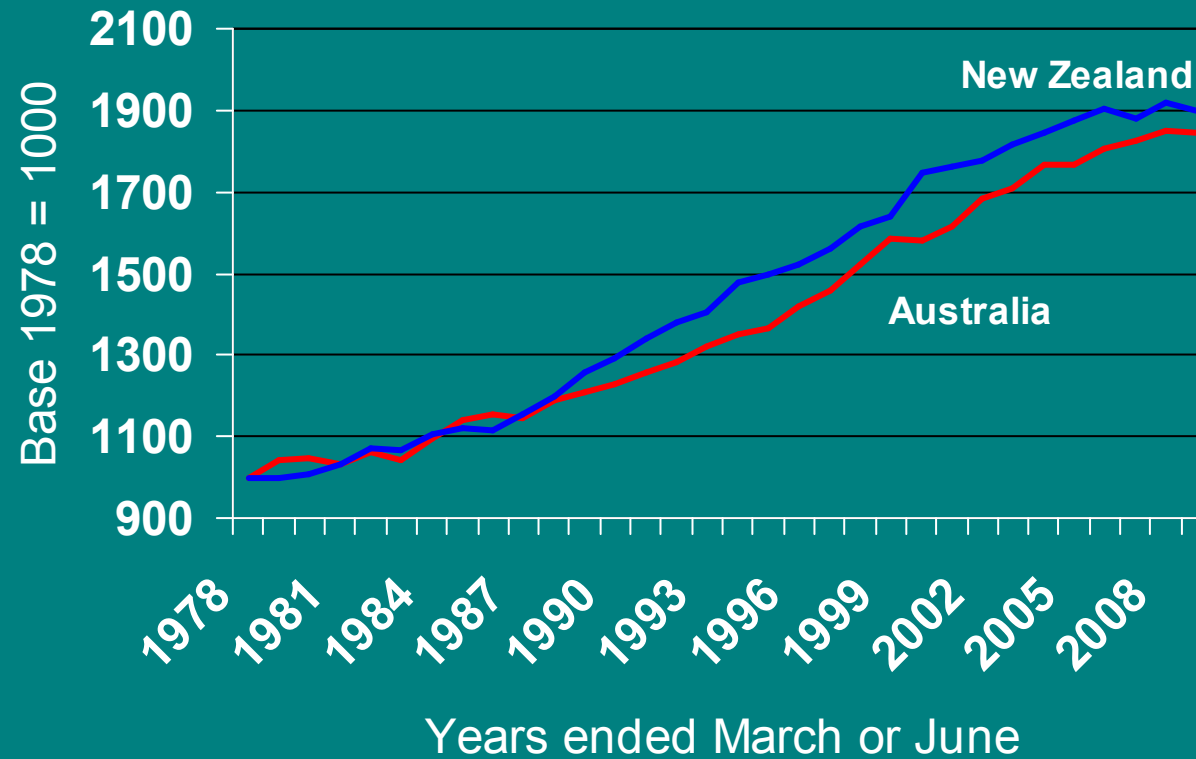
- **Geography/Location**
- **Scale**
- **Australia Mining Boom**
- **‘We’ are hopeless savers**

But what about the measured sector?

- NZ outperforms 1978-2009
- Sweet period is in the 1990s
- Losing ground in last decade

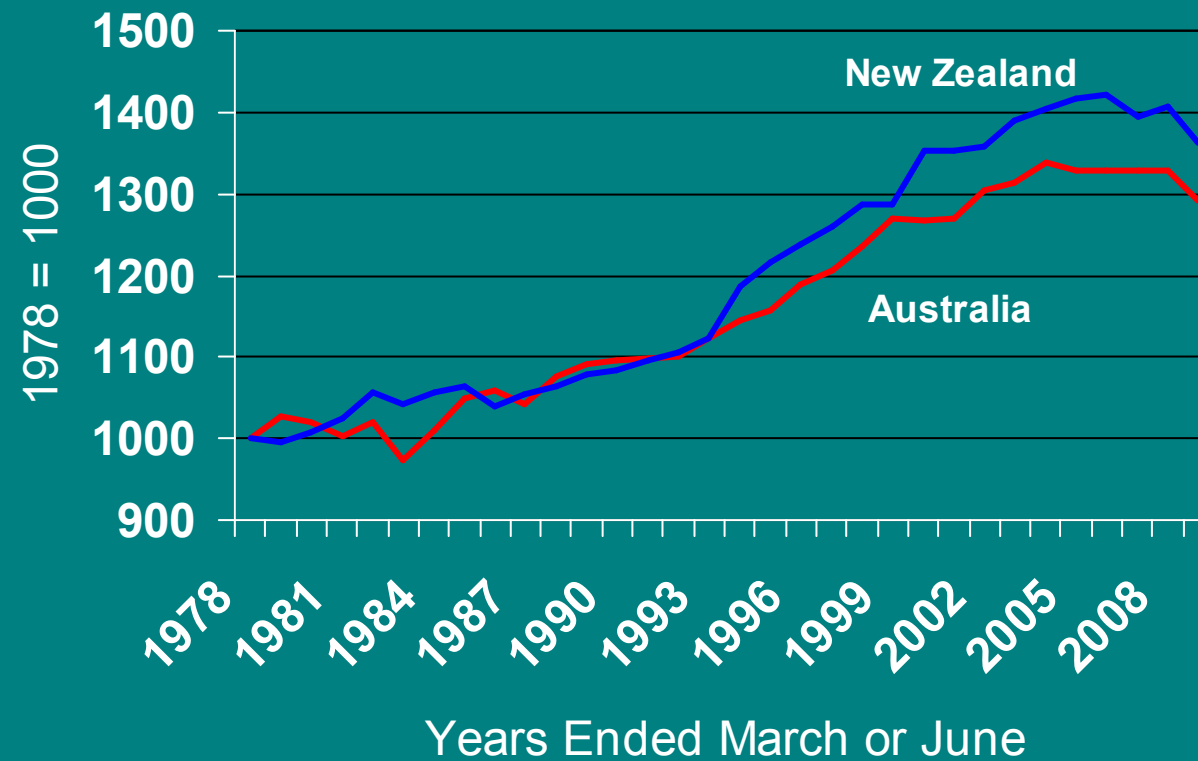
Labour Productivity

Measured sector (ABS), Former Measured Sector (SNZ)



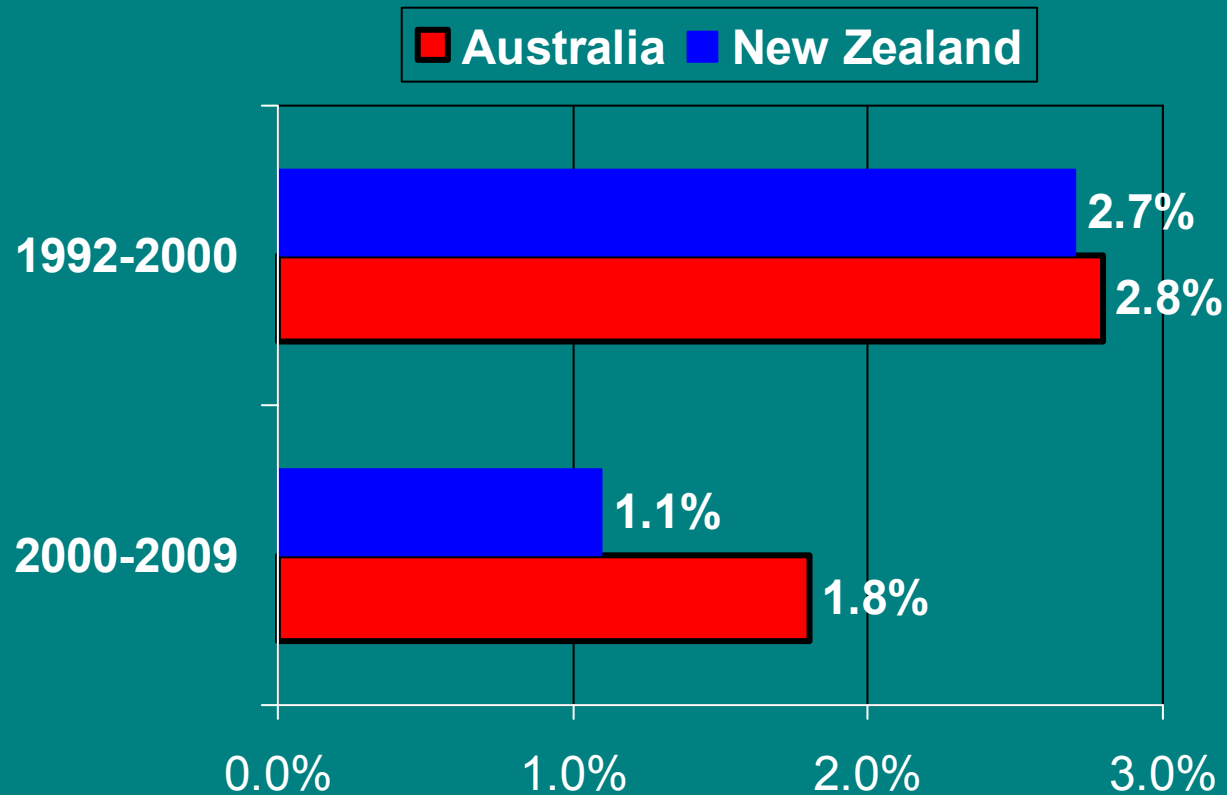
Multi-Factor Productivity

Measured sector (ABS), Former Measured Sector (SNZ)



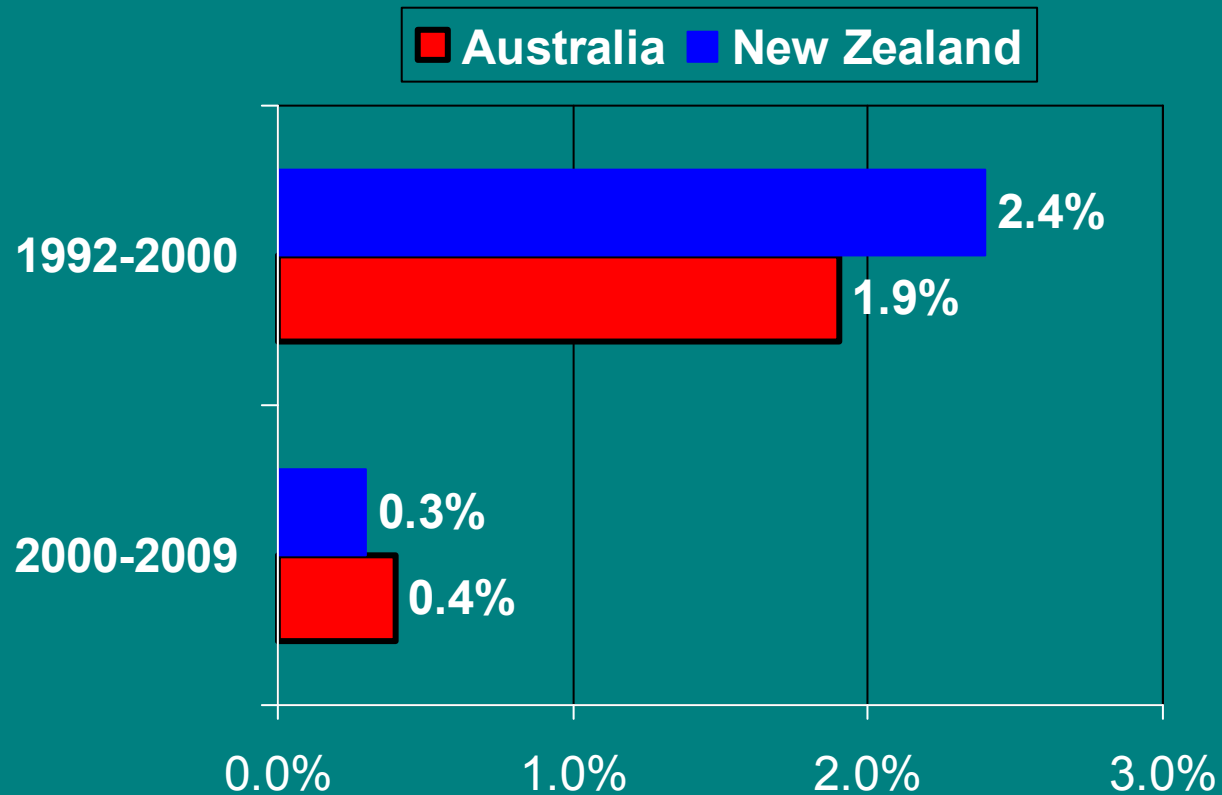
Labour Productivity Trend

Measured sector (ABS), Former Measured Sector (SNZ)



Multi-Factor Productivity Trend

Measured sector (ABS), Former Measured Sector (SNZ)



Statistical Dilemma

- **Performance of NZ non-measured sector is truly awful, or**
- **Economy-wide performance is better than the statistics indicate**

2025 Implications

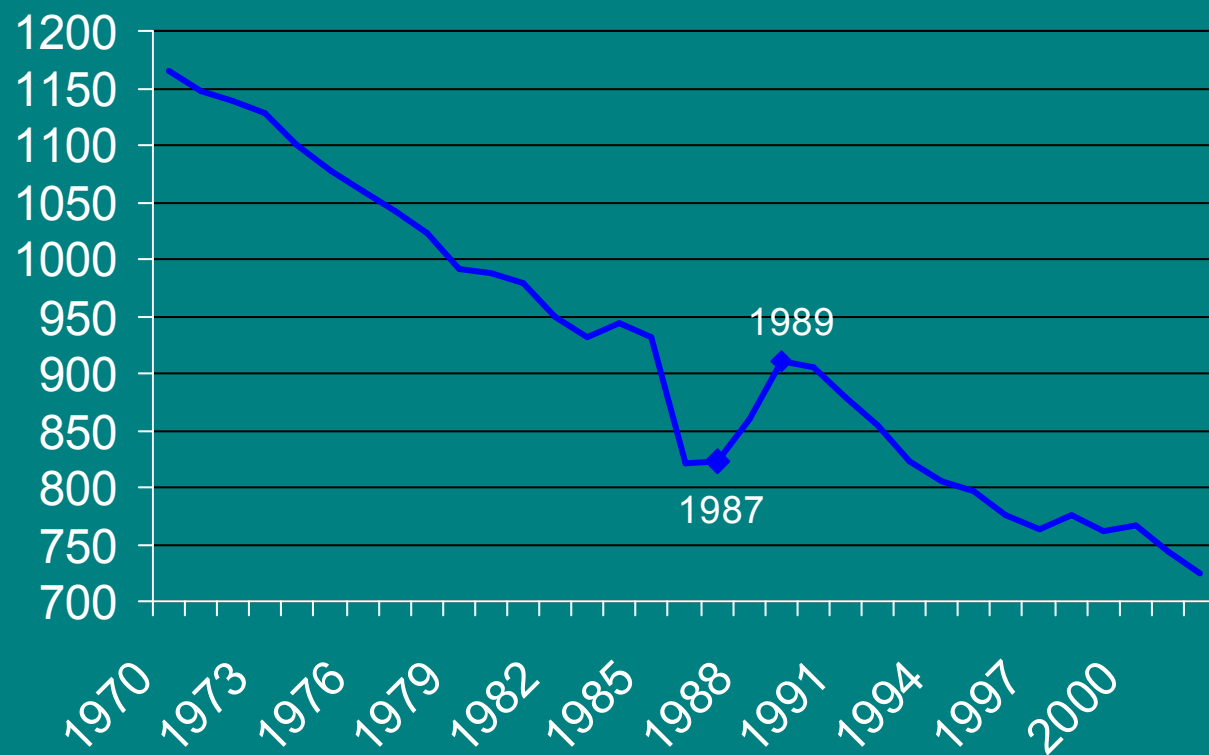
- **Earlier explanations don't fit these additional facts**
- **An alternative hypothesis is that freed up sectors have done the best, but the return to higher tax rates, industry-specific regulation, government ownership and generic labour market regulation is taking its toll**
- **But this hypothesis needs to be tested against the sector data too**

The CAPITAL INTENSITY PROPOSITION

- Low savings rates in NZ imply increasingly lower labour productivity because of increasingly less capital per worker than in Australia
- But is it getting lower in NZ?

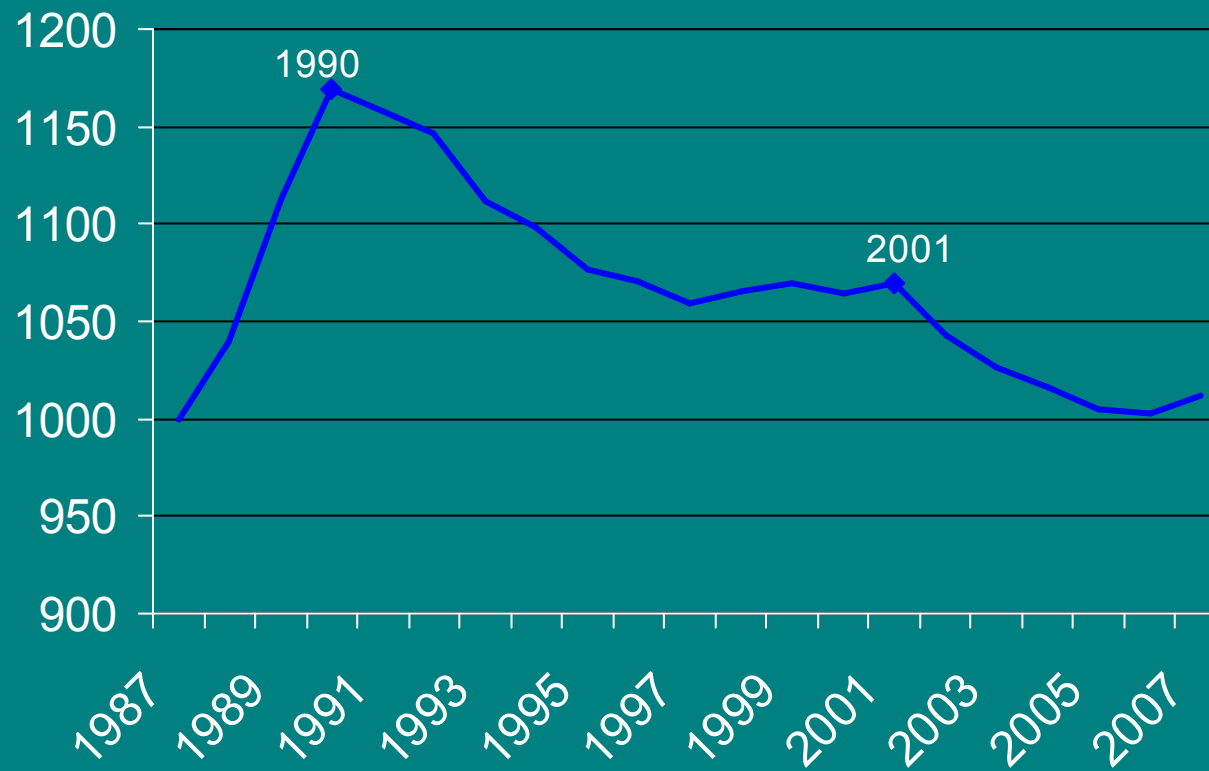
YES! Capital Intensity – NZ/Australia

Scobie & Hall Treasury Working Paper

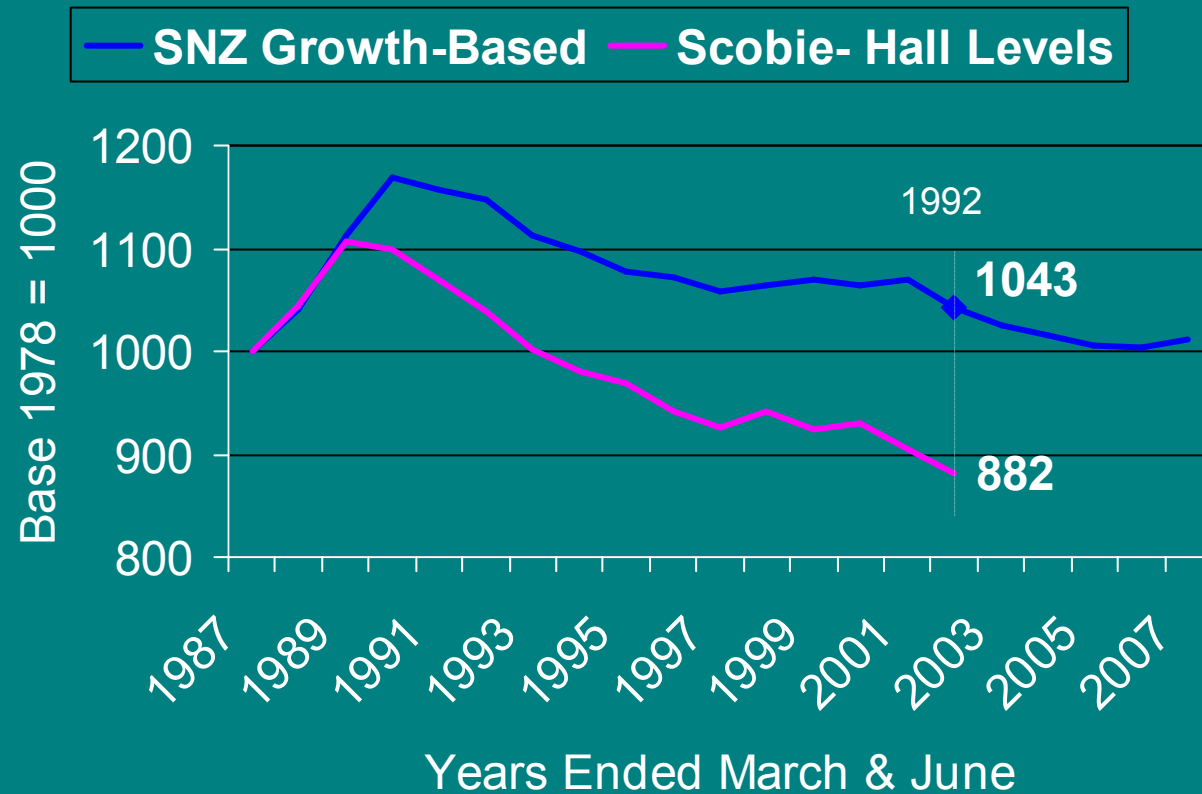


NO!? GROWTH in Capital Intensity – NZ/Australia

SNZ for the 2025 Taskforce



A closer look - Capital Intensity - NZ/Australia



Concluding Observations – Explanations of the Gap

- **NZers are voting with their feet for a good reason - a living standards gap**
- **The measured-sector statistics confound many interpretations of NZ's predicament**
- **Economists need to do more analysis, thinking and debate**
- **Expert statistical assistance is crucial**

Concluding Observations – Statistical Needs

- **We need statisticians to help assess:**
 - whether NZ's laggard non-measured sector performance is large or small relative to measurement uncertainties.
 - the reasons for the differences in the measures of capital intensity and its sectoral aspects. Are some sectors matching Australia while other sectors are not?

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