

Labour productivity falls on high input growth

Embargoed until 10:45am – 22 March 2017

Labour productivity fell 0.7 percent in the year ended March 2016, StatsNZ said today. Labour inputs for the measured sector increased 3.3 percent, the largest increase since the beginning of the series (1996).

“A growing labour market saw a record rise in labour available to produce goods and services,” national accounts senior manager Gary Dunnet said.

“This strong labour market growth, and annual output growth of 2.8 percent, led to a fall in labour productivity. We did see output growth returning to rates more in line with 2011 to 14 after a strong rise in 2015.”

Multifactor productivity decreased (0.4 percent), as growth was higher from inputs than output. Multifactor productivity captures the effects of unobserved inputs such as technological progress, efficiency gains, and economies of scale. Capital productivity was flat (up 0.1 percent), as capital inputs rose in line with output growth.

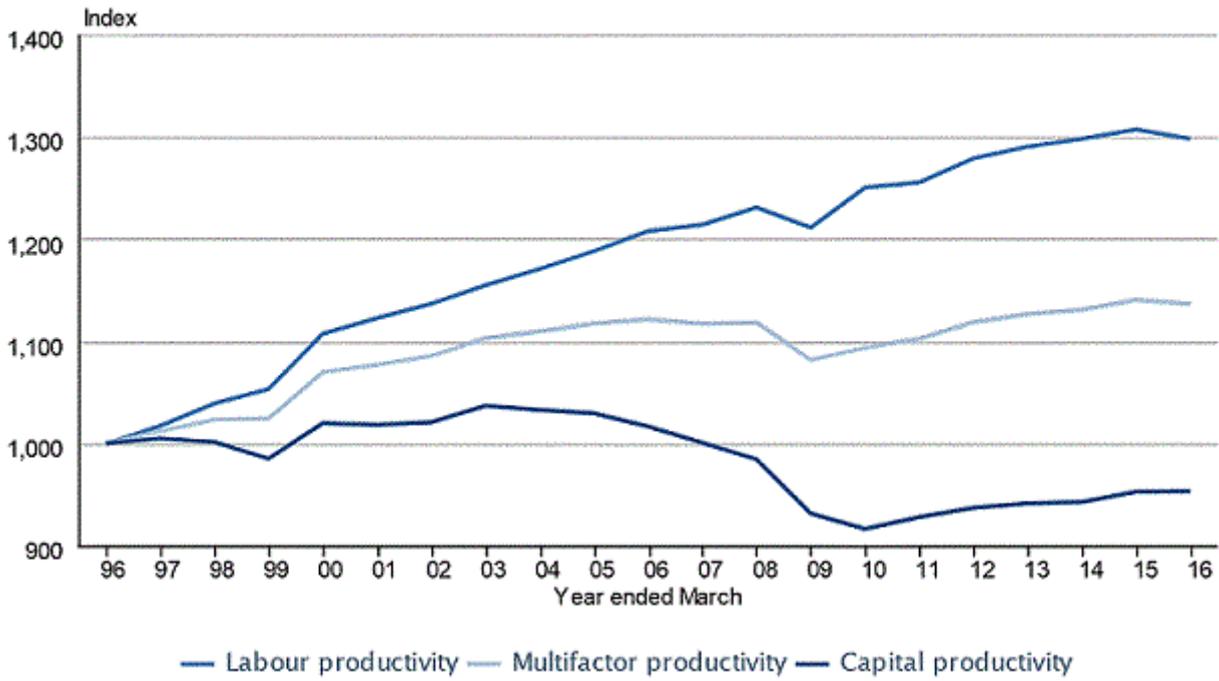
Productivity is regarded as key to increasing New Zealand’s standard of living in the long run. Labour productivity measures the quantity of goods and services (output) produced for each hour of labour. The latest figures show that one hour of labour could produce 130 units of output in 2016, compared with 100 units in 1996.

Productivity data by industry is available up to the year ended March 2015. “The agriculture, forestry, and fishing industry provided a boost to output, while the construction industry remained strong,” Mr Dunnet said.

From 1996 to 2016, multifactor productivity grew slightly more in Australia (up 0.7 percent a year) than in New Zealand (up 0.6 percent a year). Australia also experienced a higher rate of growth in labour productivity over the same period – an average of 2.2 percent a year compared with 1.3 percent a year in New Zealand.

Productivity statistics cover approximately 80 percent of the country’s economy, and exclude government administration and defence, health, and education.

Measured sector productivity indexes
Year ended March, 1996–2016, Base: 1996 (=1000)



Source: Stats NZ

Ends

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Authorised by Liz MacPherson, Government Statistician, 22 March 2017