

# Australia Productivity Policy: Lessons for Canada

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Australia and Canada share much in common. Both countries have similar institutions based on their historical ties to the United Kingdom, enjoy high standards of living, have large natural resource sectors, accept large numbers of immigrants, and have experienced similar labour market performance. But one area where the two countries have diverged in recent years is productivity performance, as Australia has outperformed Canada in this area. For example, since 2000 labour productivity has advanced at a 1.5 per cent average annual rate, compared to only 0.9 per cent in Canada.

The objective of this paper is to examine the impact of public policy on Australia's productivity performance and to discuss possible lessons for Canada from this experience. The paper will present data on overall productivity growth and levels in Australia and compare these data with the situation in Canada and examine the sources of labour productivity growth in Australia from a growth accounting perspective (human capital, capital deepening, and technological change). The paper will also present the institutional framework by which public policies affecting productivity are developed in Australia. In the regard, the role of the Australian Productivity Commission is crucial. The paper will analyze the impact of public policies on the drivers of productivity growth in Australia and will discuss the role of the Productivity Commission in the genesis, development, and application of these policies. The paper will conclude with a discussion of lessons for Canada.