

NEWS RELEASE

Australians enjoy higher labour productivity growth—and living standards—than Canadians due largely to improvements in their mining and energy sector

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For Immediate Release

VANCOUVER—Australians have enjoyed higher labour productivity growth—a key driver of higher living standards—than Canadians over the last 25 years due largely to greater improvements in the mining and energy sector, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The evidence is clear—Australian workers have improved their productivity at a higher rate than Canadian workers over the last 25 years, giving rise to a widening gap in living standards between the two countries,” said Stephen Kirchner, senior fellow with the Fraser Institute and co-author of *The Canadian-Australian Business Sector Productivity Gap: A Sectoral Analysis*.

The study finds that between 1995 and 2019, Australia’s labour productivity per worker—essentially, the ability of workers to transform inputs into outputs—improved, on average, by 1.6 per cent every year. Meanwhile, Canada’s average annual growth was 1.3 per cent.

While this difference may seem small, over time it compounds and results in larger and material differences in Canada’s average standard of living compared to Australia’s.

Critically, Australia’s overall productivity growth was enhanced by improvements in its mining and energy sectors when compared against Canada, which lagged. Australia’s mining sector contributed 0.3 percentage points to its overall 1.6 per cent average gain in labour productivity compared to just 0.04 percentage points to Canada’s overall 1.3 per cent average growth.

“For a number of reasons, Australia is an important comparator country for Canada, and in recent years, Australia has done a better job capitalizing on its natural resources than Canada,” said Kirchner.

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