Measuring Productivity in a post-COVID Australia.

I know I am too late for the roundtable submissions, but I have had some thoughts I'd like to share.

I think there is a meta-issue with the current productivity figures. The issue seems to be charts have flat lined and therefore there is a crisis at least according to the model. But what if there is a sizable gap in a model?

To use an analogy, the (official) rates of smoking in Australia have flat lined in recent years, but does that mean Australians are smoking less? The numbers of illegal tobacconist being fired bombed would suggest not, but that is what the official modelling shows.

Could not a similar effect be occurring in the productivity model?

My personal observations come from when I worked for the Hobart City Council before, during and after COVID. As with many organisations, once the crisis had passed, there was a strong push to snap back from the WFH regime to the way things were. I thought this was self-defeating because I could see the arrangement was a net productivity benefit for the Council. To prove this, I ran some numbers.

First, I counted the numbers of people working from home in an average week and multiplied them by the average Hobart commute. I came up with 700 productive hours returned to employees with no cost to Council.

The next was a rubberier figure but for a city choked most peak hours, the number of employees not adding to the congestion each day was considered. A small contribution but when multiplied by all of the CBD business and business transiting the CBD, there as a noticeable effect. This drop in congestion would have improved the productivity of the commuters still using the roads

Then the least tangible was the potential reduction in the 30% p.a. employee turnover. I'd heard figures years ago that suggested each employee turnover process costed an organisation on average $40,000. Partially through the cost of running the HR processes but mainly due to lost productivity, from losing a well skilled employee and the transition of having to retrain a new staff member. The thinking was companies offering improved work life balance through WFH would see a reduction in turnover and therefore would save resources and increase productivity.

These three aspects are on the employer side and do not counting the loads of washing, the sharing of parental and domestic responsibilities, the improved community engagement, mental health and general well-being WFH creates and their knock-on effects to the economy but isn't captured by the model.

Is one of the issues with Australian productivity the model itself? Is a model built for a pre-COVID world still fit-for-purpose? Are there potentially vast oceans of real productivity in the WFH economy that have been lost down the back of the couch?