



THE SENATE

Senate Economics Legislation Committee

Inquiry into Future Made in Australia Bill 2024 [Provisions] and the Future Made in Australia (Omnibus Amendments No. 1) Bill 2024 [Provisions]

Answers to written questions on notice from the Productivity Commission asked by Senator Andrew Bragg on 30 August 2024

Question:

1. *Was the Productivity Commission consulted on the Treasury paper "[Future Made in Australia National Interest Framework](#)" published on the 14th of May, that assessed Australia's comparative advantages in the existing elements of the Future Made in Australia policy?*

Answer:

The Productivity Commission was not consulted on the Future Made in Australia National Interest Framework paper, nor would we expect to be.

Question:

2. *Is industry assistance currently lacking in Australia, or at relatively high levels?*

Answer:

Industry assistance provided by the Commonwealth government is recorded each year in the Productivity Commission's Trade and Assistance Review (TAR). The 2022-23 edition of the TAR, released in July 2024, estimated that industry assistance from tax concessions and budgetary expenditure was maintained at around \$15 billion in 2022-23 (0.6% of GDP). As a proportion of GDP, industry assistance provided through budgetary outlays and tax concessions has been broadly stable over the past quarter century, fluctuating between 0.5% and 0.7% of GDP over the period.

Question:

3. *What is the risk of imitating policy – regardless of the economic benefits – just because other countries are doing it?*

Answer:

Countries should evaluate policy proposals with respect to their own circumstances. A strong and rigorous sectoral assessment process can help to identify when a particular industry assistance proposal under the Future Made in Australia program might be beneficial to Australia. In its submission to the inquiry, the Productivity Commission proposed several amendments that would help to increase the strength and rigour of the proposed sector assessment process.

Question:

- 4. A number of witnesses have raised Australia's competitiveness and the underlying economic and business settings as foundational to any further support for specific industries – does the PC share this view?*

Answer:

Ensuring that Australia's foundational policy settings are productivity-enabling and enhancing is a key area of focus for the Productivity Commission (PC). The 2023 Productivity Inquiry set out a range of policy recommendations that would help to build these strong foundational settings.

Question:

- 5. The Productivity Commission in its 5 year review proposed a number of policies to boost competitiveness and productivity – what would be the most relevant of those policies the goal was to create domestic industries?*

Answer:

The recommendations of the Productivity Inquiry are relevant to a wide range of sectors. The implementation of these recommendations would help to strengthen Australia's foundational policy settings, which could ultimately enhance the productivity performance of all industries in Australia and promote the living standards of the Australian community more generally.