

CAPITAL BRIEF

Think tank urges Chalmers to commit \$20b to kickstart competition

The Tanarra founder's Policy Institute Australia is urging the government to fund a revamped National Competition Policy.



BRANDON HOW

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Industry concentration has increased over the last two decades, according to the Policy Institute Australia. Darren England/AAP Image.

The **Policy Institute Australia** (PIA) is warning that competition in Australia has declined and has called for a fresh \$20 billion war chest to drive a revamped National Competition Policy reform package as part of the government's upcoming productivity-focused budget.

Some key measures of competition, including in relation to industry concentration and profit share have worsened to “around historic pre-Covid lows”, according to the think tank. The data is compiled in its Competition Pulse dashboard, based on Australian Bureau of Statistics data.

The PIA was established in early 2025 by investment fund **Tanarra** principal and founder **John Wylie**. Its CEO is **Amy Auster**, the former managing director of PwC public sector consulting spinoff **Scyne Advisory**.

Speaking to *Capital Brief*, Auster warned that “it's very hard in a market based economy to achieve productivity growth without competition”.

The former chief adviser to the Commonwealth Treasury as well as deputy secretary at the Victorian Department of Treasury and Finance, argued that “competition is what drives productivity, because it incentivises all the things that lead to productivity” like lower prices and innovation.

Industry concentration, when large firms are more likely to hold the market power to lock out the entry of new rivals, has been rising over the last two decades, according to the PIA's new data dashboard.

Measured as the percentage of sales captured by an industry's four largest companies, the trend has been “most dramatic” in the retail sector, growing from 22% in 2006 to 32% in 2025. Food retailing in particular has seen concentration rise from 22.8% to 28.6%.

The most concentrated industries are utilities (64.6%), media and telecommunications (59.6%) and manufacturing (55.7%). These industries have rounded out the top three over the last two decades.

Profit share, a measure of the proportion of revenue retained by a company after paying costs like wages and taxes, is also considered a key measure of competition.

A higher profit share suggests a company wields significant pricing over customers and wage bargaining power over employees.

While average profit share across all industries has declined to its second lowest annual level in two decades, it has risen in the mining sector (69% to 81%) as well as both the wholesale trade and manufacturing industries (34% to around 39%) over the same period, according to the PIA.

Auster said the Albanese government made a “good push” to improve productivity in its first term of government through the creation of a \$900 million fund in 2024 to pay state governments that implement competition boosting reforms under the National Competition Policy package.

But there needs to be an “even bigger push” to fully translate the ambition spelled out at the Treasurer’s economic roundtable in August 2025 into outcomes through an extra \$20 billion injection over the next 10 years to deliver what the PIA calls National Competition Policy 2.0.

In particular, Auster reiterated the group’s pre-budget submission call on the government to identify and remove impediments to competition or “gatekeepers”.

This can be in “government and in regulation, but also in the private sector and also sometimes in industry practice”.

“[In a separate research paper published in November] we called out specific examples being medical colleges and and bar associations that reduce the flow of specialists and barristers into the economy as two examples of gatekeepers that are not in government but should be subject to a public interest test,” Auster said.

“You need that amount of funding and institutional effort to find the gatekeepers that are impeding competition and to figure out what to do about them.”

While some of that will be through federal regulation, Auster said “a big part of it sits with the states” because they end up doing most of the regulatory oversight and enforcement.

“It’s good economic policy and I think it very much fits with the direction of travel for the government. This government has talked about an abundance agenda and freeing up the supply side of the economy, and that’s what competition is all about.”

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