

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 91

Topic: Economic Analysis

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Senator CAMERON asked:

Senator CAMERON: Congratulations. I always look forward to the Productivity Commission. Could you take on notice this question. What steps are you taking to get a more balanced economic analysis from within the Productivity Commission? I ask that in the context that the analysis that has underpinned most of the economic outcomes has been a freshwater Friedmanite approach. Can you take that on notice and give me some response in the next estimates.

Mr Harris: We can take that on notice.

Answer:

The Commission and its predecessor organisations have a long history of thorough analysis and carefully designed recommendations on a wide range of policy matters. We make no apologies for generally favouring market based approaches and increased competition where this is likely to benefit consumers and provide a catalyst for innovation. In formulating policy advice for governments we give careful thought to the appropriate role for government and how to achieve efficient policy and service delivery.

The Commission is always conscious that governments play a central role in the Australian economy and will continue to do so. Over several decades the Commission has assisted those governments to improve the quality and efficiency of those interventions and this is likely to be an even more important priority in future as sectors such as healthcare require a greater share of our resources.

In conducting its inquiries, studies and research, the Commission takes into account a range of stakeholder and participant viewpoints. While the Commission alone is responsible for the reports it completes, it draws on an extensive range of experts, with a diversity of viewpoints, in the course of its work. It also consults widely, and considers the many and varied views that stakeholders have, within this process. This accords with the requirements of the Commission's establishing Act, in particular the requirement that it consider community-wide benefits within its work.

The wide range of topics that the Commission has been asked to consider in recent years has placed a premium on using balanced analysis. For example, recent inquiries and studies on disability care and support, aged care, gambling, carbon pricing and Australia's retail industry have all required approaches balancing the community's social priorities with broader economic policies and developing proposals to deliver those priorities in an affordable and effective way.