

Commonwealth of Australia 2014

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The Productivity Commission

The Productivity Commission is the Australian Government’s independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission’s independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

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# Foreword

The Productivity Commission is required under its Act to report annually on industry assistance and its effects on the economy. *Trade & Assistance Review 2012-13* contains the Commission’s latest quantitative estimates of Australian Government assistance to industry. It also draws attention to areas of government intervention that could be impeding economic growth, and identifies recent developments in industry assistance and international trade policy.

This year’s Review includes a chapter on the industry assistance aspects of defence procurement. By varying the size, nature and timing of local defence purchases, Government significantly shapes the defence industry and the location of its activities. Defence industry assistance comes in a number of forms including cost premiums for local purchasing preferences as well as budgetary support for skilling, research and exporting.

In preparing this report, the Commission has received helpful advice and feedback from a number of officials in Australian Government agencies and academia. The Commission is very grateful for their assistance.

Peter Harris  
Chairman   
June 2014

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## Abbreviations

ABS Australian Bureau of Statistics

ANAO Australian National Audit Office

ANZSIC Australian and New Zealand Standard Industrial Classification

APEC Asia-Pacific Economic Cooperation

ASEAN Association of Southeast Asian Nations

CRC Cooperative Research Centre

CSIRO Commonwealth Scientific and Industrial Research Organisation

CTC Change in Tariff Classification

DFAT Department of Foreign Affairs and Trade

DMO Defence Materiel Organisation

DRET Department of Resources, Energy and Tourism

FIRB Foreign Investment Review Board

IGA Intergovernmental Agreement

ISDS Investor-State Dispute Settlement

MFN Most Favoured Nation

OECD Organisation for Economic Co-operation and Development

PC Productivity Commission

RCEP Regional Comprehensive Economic Partnership

R&D Research and Development

RVC Regional Value Content

TES Tax Expenditure Statement

TPP Trans-Pacific Partnership

WTO World Trade Organization