
NEW TRACKER SHOWS COMPETITION CLOSE TO HISTORIC LOWS IN AUSTRALIA

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‘Competition Pulse’, a new digital tracker, shows Australia is slipping on competition in critical industry sectors. Decisive action is needed to turn this around and give consumers more choice, lower prices and lower interest rates.

- Analysis from non-partisan, independent and evidence-led Policy Institute Australia shows competition has returned to near pre-COVID historic lows in Australia, after significant disruptions during the pandemic period.
- With the high cost of living remaining a prime concern of Australians, bold action is needed to restore the economic competition and dynamism that will put downward pressure on prices and interest rates.
- In its recent Pre-Budget submission to the Commonwealth, Policy Institute Australia advocated for investment in “National Competition Policy 2.0” funded with \$20 billion over a decade to deal with unnecessary barriers to competition, along with other pro-competition reform.
- Competition Pulse, including interactive charts and easily downloadable data, can be accessed on our website at: competitionpulse.policyinstitute.org.au

About Competition Pulse

Competition Pulse, a digital dashboard developed by Policy Institute Australia, shows for the first time how competition across industries has evolved during and after the COVID pandemic. The results show the COVID disruption was significant across almost all industries, and that almost all key competition indicators suggest that competition conditions across the economy have since returned to around pre-COVID lows.

PIA has launched Competition Pulse to enable ongoing tracking of the key indicators that show the degree of competition and dynamism in our economy. Competition among firms benefits Australians by lowering prices, increasing consumer choice and expanding options for workers.

There is no single number that tells us how competitive an industry is. A range of metrics are required, and Competition Pulse is the only publicly available dashboard using the most up-to-date data to track the main metrics used to assess competition trends. It is also unique in enabling industry-by-industry analysis and comparisons.



This debut version of Competition Pulse covers six of the key metrics used to analyse competition: industry concentration, firm persistence, firm entry and exit rates, labour mobility and profit share. Additional metrics will be made available in later releases.

Competition Pulse is digitally presented and interactive, enabling users to drill down into industry-by-industry views of competition metrics. It will remain live and will be updated as new data is released, which will be on either a quarterly or annual basis depending on the indicator.

Amy Auster, chief executive of Policy Institute Australia, said: “It has never been more important to understand what’s going on with competition in the economy, and Competition Pulse gives policymakers and the wider community the most up-to-date data, and new tools to help understand it.”

“Competition is the secret sauce of economic success – leading to lower prices, more choice, higher productivity, higher wages, and a better quality of life.”

Key findings as of February 2026

Competition Pulse shows for the first time just how disruptive the COVID period was for Australian industry. Movements in a number of indicators during this period pointed to an improvement in competition. However, five of the six metrics measured in the Pulse have since returned to around pre-COVID averages, suggesting that competition across the economy has returned to around historic pre-COVID lows.

One of the most important competition metrics is **industry concentration**, which measures the percentage of sales that is captured by the four largest firms in an industry. Industries that are highly concentrated are dominated by a few large firms that have more potential to use their market power, enabling them to outprice or lock out rivals.

Concentration across Australian industries has been rising over the last two decades.

Of all the sectors, retailing has shown the most dramatic increase in concentration, with the percentage of sales captured by the largest firms rising from 22% in 2006 to around 32% in 2025. Food retailing as a subset has seen concentration rise from 22.8% to 28.6% over the same period.

Among all industries, utilities (64.6%), media and telecommunications (59.6%), and manufacturing (55.7%) have the highest industry concentration, with this top three remaining unchanged over two decades. Other sectors with notable increases in concentration are agriculture, forestry and fishing (growing from 25.6% to 30.2% over the last decade), and ‘other services’, which includes repair and maintenance, and personal services (and has grown from 20.6% to 28.2%). Some subsectors of wholesale trading including grocery, liquor and tobacco, machinery and other goods, have also seen marked increases in concentration.

A number of sectors that saw falls in concentration during COVID, such as media and telecommunications and professional services, appear to be moving back toward their long-term trend.



Profit share is the competition metric most impacted by the COVID period. Profit share describes what proportion of industry revenue is left for firms after they have paid other costs, such as wages and taxes.² A high profit share suggests an industry with firms that hold significant pricing power with their customers, or bargaining power with their employees or suppliers. Profit share has trended upwards over the long term, although with significant short-term volatility.

Average profit share across all industries was about 45.9% in 2018-19, but spiked *upwards* dramatically over the COVID period, peaking at a record 49.4% in 2020-21. This is at least partly thanks to government support provided to business during this period. Average profit share has since declined, falling to 44.6% in 2024-25, taking this metric to its second lowest annual level in two decades.

Over the decade to 2024-25, profit share in both wholesale trade and manufacturing increased from around 34% to around 39%. In mining, it increased from 69% to 81%.

Over the same period, profit share has fallen in utilities (64.4% to 56.6%), media and telecommunications (58.7% to 48.9%) and arts and recreation (42.2% to 33.1%).

Firm entry and exit rates saw significant volatility over the COVID years. The exit of failing firms and entry of new ones is a key marker of economic dynamism. In 2020-21, the net firm entry rate jumped to 7% from a long term average of about 2%, reflecting a significant increase in the entry rate (from about 10% to about 13%) and a significant decline in the exit rate (from about 8% to about 6%). This change at least partly reflects a response to COVID supports, with fewer employing firms shutting down (and, perhaps, more employing firms entering and attempting to claim these supports). Firm entry and exit rates then returned to trend levels over the subsequent two years.

Firm persistence is the percentage of the top four largest firms in an industry in a given year that are still in the top four three years later. High persistence means the leaderboard of the biggest firms in that industry may have enough market power or scale advantage to keep challenges from gaining market share. Firm persistence stood at about 62% in the mid 2000's, and rose rapidly to around 70% ten years later, indicating that leading firms were almost 15% more likely to stay at the top. But COVID reversed this, with firm persistence falling below 62% in 2020-21 (the lowest level in 15 years, and the latest year that can be estimated). As firm persistence is measured with a three-year lag, it is too early to know whether the COVID disruption will be undone as it has been with other indicators.



Bold action is needed

Policy Institute Australia’s report [Match Fit: Reinvigorating competition in Australia](#), released in November 2025, details the benefits of competition, examines how declining competitiveness in Australia's industries is holding the country back by acting as a drag on productivity and living standards, and lays out the case for a reinvigorated competition policy to address Australia's economic challenges.

Match fit calls for:

- Empowered leadership in competition reform, through states and territories appointing a Minister for Competition, and mandating Commonwealth Treasury as the national architect and steward of an ambitious 10-year pro-competition agenda;
- A commitment to “National Competition Policy 2.0” with a funding commitment of \$20 billion over 10 years to actively identify and address unnecessary or costly impediments to competition, and
- An unrelenting agenda under NCP2.0 to identify and remove impediments to competition – or gatekeepers – across the public and private sectors. Reducing regulatory impost is a focus in the public sector. Specialist medical colleges and bar associations are discussed as examples of two gatekeepers in the private sector that would be addressed under this program of work.

Policy Institute Australia’s recent Pre-Budget submission to the Commonwealth re-iterated this call for action.

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About Policy Institute Australia

Policy Institute Australia is non-partisan, evidence-led and independent. It has been established with generous support from the John and Myriam Wylie Foundation, and is governed by a national Board chaired by John Wylie AC, with directors from across Australia: Glyn Davis AC, Peter Harris AO, Paul Kelly, Jenn Morris OAM and Kate Torney OAM.

