# 4 Re-benchmarking the Commission's assistance estimates

For the new series of assistance estimates, as first published in *Trade & Assistance Review 2011*‑*12*, the Commission has re-benchmarked its estimates from data for the years 2004‑05 to 2008‑09. Other changes have included the introduction of the latest ANZSIC industry classification — ANZSIC 2006 — and adjustments to the data and methodology that had underpinned the previous 2004‑05 series.

The benchmarking of the assistance estimates to the 2008‑09 input-output tables follows closely the methodology adopted for the 2004‑05 re-benchmarking exercise. This chapter sets out the main steps and conventions adopted in the updating and assistance estimation process.

## 4.1 Updating the underlying input-output data to ABS 2008‑09 tables

The calculation of effective rates of (tariff) assistance requires data on industry inputs, or ‘cost structures’. In the formative years of assistance estimation the Commission benchmarked its estimates to economic census and survey information. From 2001‑02, the assistance estimation methodology for manufacturing and agriculture was integrated and benchmarked to ABS input-output tables (box 4.1).

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| --- |
| Box 4.1 Cost structures information |
| Manufacturing estimates  Prior to 2000, ABS manufacturing census data was used to derive measures of inputs and outputs for manufacturing industries. This changed for *Trade & Assistance Review 1999‑2000* and *Trade & Assistance Review 2000‑01* when ABS input-output cost-structure data, for 1994‑95, were adopted.  The Input-Output data were next updated, to 1996‑97, for the manufacturing estimates published in *Trade & Assistance Review 2001‑02*. The ABS data were also adjusted to incorporate the Commission’s preferred treatment of transport margins — see Methodological Annex A to that *Review*.  The input-output benchmark for the assistance estimates was next updated to 2001‑02 and was first published in the *Trade & Assistance Review 2005‑06*. For the 2001‑02 series, the Commission reclassified manufacturing work undertaken by wholesale and retail service industries to the manufacturing sector so as to maintain comparability with the previous series of estimates (see the Methodological Annex to the *Trade & Assistance Review 2005‑06* and *2006‑07*).  The input-output benchmark was next updated to 2004‑05 and first published in the *Trade & Assistance Review 2008‑09*. For the 2004‑05 series, the Commission carried out a more comprehensive modification of the ABS input-output data to further enhance comparability with earlier series of estimates (see *Methodological Annex to the 2008‑09 Review*).  Agricultural estimates  Prior to 2001, a combination of ABARE farm survey and ABS agricultural finance survey and commodities data were used to derive measures of inputs and outputs by agricultural commodity. For the ‘1996‑97 series’ introduced in *Trade & Assistance Review 2001‑02*, the Commission adopted a cost-structure for agriculture based on the average of four years input-output data: 1992‑93, 1993‑94, 1994‑95 and 1996‑97. Multiple years were selected in order to reduce the impact of the often cyclical nature of agricultural production. This approach, however, subsequently ceased (beginning with the ‘2001‑02’ series of assistance estimates, where only a single year was selected. The Commission had found that estimates for the 2001‑02 (and subsequently 2004‑05 and 2008‑09) series using a single year of agricultural data was not significantly different from those based on an average of a number of years. |
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## 4.2 Modifications to ABS input-output data

Some aspects of the construction of ABS input-output tables have reduced their usefulness for estimating effective rates of assistance. These are primarily a consequence of the ABS collecting statistical data at a higher level of aggregation that limits the availability of data for separating industries out into more homogeneous activities (Gretton 2005).[[1]](#footnote-1) As a consequence of the change in ABS statistical unit conventions the amount of ‘off-diagonal production’ of commodities reported in input-output tables increased materially from 1996‑97.[[2]](#footnote-2)

The ABS made adjustments to earlier input-output tables to improve the homogeneity of industries. However, these adjustments have largely been discontinued in more recent editions of the input-output tables. More specifically, the ABS has discontinued the practice of ‘grossing-up’ (adjusting of) manufacturing work undertaken by other industries on a commission or fee-for-service basis — as commission work involves one industry (such as wholesale or retail trade) engaging another industry (usually a manufacturing industry) to produce output on its behalf (frequently using inputs supplied by the commissioning industry) — whereby the commissioned output is reclassified from the commissioning industry to the producing industry.

The ABS has also discontinued the practice of ‘re-defining’ secondary production — whereby secondary production is ‘returned’ to the *industry* in which the activity is primarily undertaken, so as to improve industry homogeneity levels (under this convention, wholesaling work undertaken by manufacturers would be re-defined in the input-output tables from the manufacturing sector to the wholesale trade).

For the Commission’s assistance estimates, the use of (unadjusted) published data could give rise to estimated changes in effective rates of assistance between series, without any statutory changes in tariffs or budgetary assistance. For example, for both the *Textile, leather, clothing and footwear* and *Motor vehicles and parts* industries, the relative importance of secondary production (such as wholesale trade) increased in published series. As there are no tariffs on wholesale trade, the change in statistical conventions alone would dilute the reported level of tariff protection afforded to the relevant manufacturing activities across assistance series.

With the objective of maintaining comparability across series and maintaining the industry homogeneity assumptions that underpin the input-output tables, following the methodology established for the previous series, the Commission adjusts the ABS input-output tables, as far as practicable, to place the data on a basis consistent with earlier tables. The process has been carried out in two parts — first, a ‘grossing up’ adjustment (to address commissioned work) and then, a ‘full redefinition’ of the ABS’s Input-Output industry groupings (to address secondary production).

The grossing up adjustment involved removing petroleum produced on behalf of the wholesale industry from *Wholesale trade*, together with the crude oil and other inputs purchased by wholesalers to produce this output, and then adding this production and associated inputs to the *Petroleum and coal products* industry (box 4.2).[[3]](#footnote-3) In the 2008‑09 year, the adjustment reduced *Wholesale trade* industry production by around $3.5 billion (or around 3 per cent of *Wholesale trade* production), and increased *Petroleum and coal products* output by the same dollar amount. The adjustment accounts for around 11 per cent of the (adjusted) output of the *Petroleum and coal products* industry.

The full redefinition involved reclassifying all remaining secondary production to the industry in which the activity is primarily undertaken. For example, all footwear related products, not recorded as being produced by the ABS Input-Output Industry Group (IOIG) *Footwear manufacturing* industry, were reclassified back to the *Footwear manufacturing* industry. This adjustment to industry outputs was performed on the detailed 112 industry by 1285 product supply table (which denotes the production of each commodity by each industry). Some significant examples of this adjustment include the shifting of wholesale activity undertaken in the manufacturing and other non-wholesale trade industries to the *Wholesale trade* industry and shifting all clothing production reported as under non-clothing industries (particularly *Wholesale* and *Retail trade*) to the IOIG *Clothing manufacturing* industry.

|  |
| --- |
| Box 4.2 Grossing up: shifting petroleum production from the wholesale industry to the petroleum industry |
| The grossing up adjustment involved carrying out modifications to both the supply and use tables of the ABS input-output framework.  For the supply table (table 1), the grossing up adjustment involved two steps.   * Shifting all petroleum products (IOPC code 17010010: *Automotive petrol; gasoline refining or blending; motor spirit (including aviation spirit))* produced by the *Wholesale trade* industry (IOIG 3301) to the *Petroleum and coal products* industry (IOIG 1701). * Reducing income derived from contract refining (IOPC 17091700: *Petroleum and coal products – commission production* (1701-1709)), by the *Petroleum and coal products* industry by the amount spent on contract refining (IOPC 17091700) by the *Wholesale trade* industry (derived from the use table).   For the use table (table 2), the grossing up adjustments included a number of steps.   * Shifting all crude oil (used to manufacture petroleum) (IOPC 07000010: *Crude oil (incl. condensate))* from the *Wholesale trade* industry to the *Petroleum and coal products* industry. * Setting the cost of contract refining (IOPC 17091700: *Petroleum and coal products – commission production* (1701-1709)) or commission work paid by the *Wholesale trade* industry to have petroleum produced on its behalf (by the *Petroleum and coal products* industry) equal to zero. * Adjusting all other inputs used by the *Wholesale trade* industry in equal proportion such that the reduction in *Wholesale trade* industry production (equal to the amount of petroleum refining it commissioned) is equal to the reduction in usage of all inputs (that is, crude oil and other inputs) used to produce petroleum. These inputs were shifted to the *Petroleum and coal products* industry. |
|  |
|  |

As a result of these adjustments to industry output, inputs used in production also need to be adjusted (table 2 of the ABS’s Input-Output data). Ideally, the adjustments to the inputs would reflect the production technology of the goods. However, detailed information on the inputs used to produce the secondary production is not available. The Commission has therefore adjusted the inputs used in each of the 112 industry groups in proportion to the change in production for each industry by reallocating intermediate and primary inputs in proportion to the reallocation of outputs (that is, the industry technology assumption is adopted to re-allocated inputs). For example, where IOIG *Clothing manufacturing* industry output declines by 10 per cent then the clothing industry’s usage of inputs is also reduced by 10 per cent. Those inputs are added to the inputs of the industry to which the output is redefined.

Conversely, a 5 per cent increase in *metal products* output results in a 5 per cent increase in the usage of inputs by the metal products industry. Those inputs would be transferred from the industry initially recorded as producing the output.

It is important to note in this redefinition process, that the total usage of inputs across all industries is unchanged as inputs are only reallocated between industry groups in proportion to the changes in outputs. As no net change in total industry output occurs there is also no net change in the total usage of inputs by industry.

These processes are undertaken by the ABS on request from the Commission using the more detailed (unpublished) input-output data tables and using programs provided by the Commission. Summary non-confidential results were provided to the Commission for inclusion in its assistance estimates.

The impact of modifying the 2008‑09 ABS input-output tables on the effective rates of assistance for the Commission’s ANZSIC-based industry groupings in 2011‑12 is presented in table 4.1. Most notably, estimated effective rates for the *Textile, leather, clothing and footwear* industry increased from 6.4 per cent to 7.3 per cent and for the *Motor vehicles and parts* industry from 4.6 per cent to 4.7 per cent. The estimated effective rate of assistance for the *Petroleum, coal, chemical and associated products* industry increased from 2.5 per cent to 2.8 per cent.

Table 4.1 Impact of input-output table modifications on effective rates of combined assistance, 2011‑12

per cent

|  |  |  |  |
| --- | --- | --- | --- |
| Industry | ABS 2008‑09 Input-Output tables | Commission modified ABS 2008‑09 Input-Output tables | Percentage point difference in effective rates |
| **Primary production**a | **3.3** | **3.3** | ***0.0*** |
| Horticulture and fruit growing | 3.5 | 3.5 | *0.0* |
| Sheep, beef cattle and grain growing | 2.7 | 2.7 | *0.0* |
| Other crop growing | 1.6 | 1.6 | *0.0* |
| Dairy cattle farming | 1.8 | 1.8 | *0.0* |
| Other livestock farming | 1.1 | 1.1 | *0.0* |
| Aquaculture and fishing | 3.5 | 3.3 | *-0.1* |
| Forestry and logging | 7.1 | 7.2 | *0.1* |
| Primary production support services | 0.1 | 0.1 | *0.0* |
| **Mining** | **0.3** | **0.3** | ***0.0*** |
| **Manufacturing**a | **3.9** | **4.1** | ***0.2*** |
| Food, beverages and tobacco | 3.1 | 3.3 | *0.2* |
| Textile, leather, clothing and footwear | 6.4 | 7.3 | *0.9* |
| Wood and paper products | 4.5 | 4.6 | *0.1* |
| Printing and recorded media | 2.8 | 3.4 | *0.6* |
| Petroleum, coal, chemical and rubber  products | 2.5 | 2.8 | *0.3* |
| Non-metallic mineral products | 2.8 | 2.8 | *0.1* |
| Metal and fabricated metal products | 4.6 | 4.7 | *0.2* |
| Motor vehicles and parts | 9.3 | 9.4 | *0.2* |
| Other transport equipment | 0.5 | 0.9 | *0.3* |
| Machinery and equipment manufacturing | 2.7 | 3.0 | *0.3* |
| Furniture and other manufacturing | 4.1 | 4.4 | *0.4* |

a Sectoral estimates include assistance to the sector that has not been allocated to specific industry groupings.

*Source*: Commission estimates.

## 4.3 Updating import data to 2008‑09

The Commission uses ABS import data, together with Customs tariff rate information, to derive estimates of the price impacts of tariffs for both output and input goods (see chapter 3). These results are then combined with ABS input-output data to derive GSE and TEM estimates and in turn NSE estimates of tariff assistance.

For the new series of assistance estimates, the Commission has updated the ABS import data from 2004‑05 to 2008‑09, the same year as the ABS input-output data.

The use of 2008‑09 ABS import data has also involved updating the estimated ad valorem tariff rates for specific-rate tariff items. Excluding excise tariff items, there are currently five tariff items (at the eight digit classification level) that have a specific tariff rate rather than the more common ad valorem tariff rate. These items relate to imports of cheese and curd (mostly cheddar cheese) and, since 1 January 2000, have a specific tariff rate of $1.22 per kilogram or $1220 per tonne. As all tariff rates in the Commission’s Tariff and Import Database Estimating System (TIDES) model are expressed in ad valorem terms, each specific rate tariff item was converted to an ad valorem tariff rate based on 2008‑09 import quantities and values (table 4.2).

Table 4.2 Specific-rate tariff items converted to an ad valorem basis, 2011‑12

|  |  |  |  |
| --- | --- | --- | --- |
| Description | Tariff code | Specific  tariff rate | Implied ad  valorem rate |
|  |  | $/kg | % |
| Fresh cheese | 04061000 | 1.22 | 21.7 |
| Grated cheese | 04062000 | 1.22 | 25.5 |
| Processed cheese | 04063000 | 1.22 | 25.7 |
| Blue-veined cheese | 04064090 | 1.22 | 8.2 |
| Other cheese | 04069090 | 1.22 | 24.3 |

*Source*: Commission estimates based on Australian Customs and ABS trade data.

## 4.4 Australian and New Zealand Standard Industrial Classification 2006

The Commission’s previous series of assistance estimates were reported according to the ABS’s 1993 version of the Australian and New Zealand Standard Industrial Classification (ANZSIC). As part of the re-benchmarking exercise carried out for *Trade & Assistance Review 2011‑12*, the Commission’s new series of estimates are now reported according to the ABS’s latest classification, ANZSIC 2006 (ABS 2006).

To facilitate comparability of industry estimates overtime, as far as practical, the ANZSIC 1993 industries adopted in the previous *Reviews* have been concorded with the 34 ANZSIC 2006-based industries in the updated classification (table 4.3).

Table 4.3 Concordance between trade and assistance industry group  
ANZSIC 2006 and 1993

|  |  |
| --- | --- |
| Trade & Assistance industry group  (ANZSIC 2006) | Trade & Assistance industry group  (ANZSIC 1993) |
| **Primary production** | **Primary production** |
| Horticulture and fruit growing | Horticulture and fruit growing |
| Sheep, beef cattle and grain farming | Grain, sheep and beef cattle farming |
| Other crop growing | Other crop growing |
| Dairy cattle farming | Dairy cattle farming |
| Other livestock farming | Other livestock farming |
| Aquaculture and fishing | Fisheries |
| Forestry and logging | Forestry and logging |
| Primary production support services | Other primary production |
| Unallocated primary production | Unallocated primary production |
| **Mining** | **Mining** |
| **Manufacturing** | **Manufacturing** |
| Food, beverages and tobacco | Food, beverages and tobacco |
| Textile. leather, clothing and footwear | Textile, clothing, footwear and leather |
| Wood and paper products | Wood and paper products |
| Printing and recorded media | Printing, publishing and recorded media |
| Petroleum, coal, chemical and rubber products | Petroleum, coal and chemical products |
| Non-metallic mineral products | Non-metallic mineral products |
| Metal and fabricated metal products | Metal products |
| Motor vehicles and parts | Motor vehicles and parts |
| Other transport equipment | Other transport equipment |
| Machinery and equipment manufacturing | Other machinery and equipment |
| Furniture and other manufacturing | Other manufacturing |
| Unallocated manufacturing | Unallocated manufacturing |
| **Services** | **Services** |
| Electricity, gas, water and waste services | Electricity, gas and water supply |
| Construction | Construction |
| Wholesale trade | Wholesale trade |
| Retail trade | Retail trade |
| Accommodation and food services | Accommodation, cafes and restaurants |
| Transport, postal and warehousing | Transport and storage |
| Information, media and telecommunications | Communication services |
| Financial and insurance services | Finance and insurance services |
| Property, professional and administration | Property and business services |
| Public administration and safety | Government administration and defence |
| Education and training | Education |
| Health care and social assistance | Health and community services |
| Arts and recreation services | Cultural and recreational services |
| Other services | Personal and other services |
| Unallocated services | Unallocated services |
| **Unallocated other** | **Unallocated other** |

*Source*: Based on ABS (2006).

## 4.5 Tariff rate data — services sector adjustment

In deriving the price impacts of tariffs for both output and input goods, the Commission uses an ABS concordance from the trade classification to the ABS input-output product classification. This concordance maps imports of merchandise goods (around 5500 items or product categories) to the corresponding categories in the ABS’s input-output product classification (around 1285 products).

Direct application of the ABS concordance between the merchandise traded goods and the ABS input-output classification would result in an average non-zero tariff for some broad service industry groupings (table 4.4). Such ‘average’ tariff rates would not be considered representative of the majority of the main service activities in that industry grouping. For example, the ABS partly classifies re-imported medical waste products as *Health care and social assistance services*. Direct application of the concordance would generate a non-zero average tariff rate for the entire *Health care and social assistance services* grouping.

Thus, following the practice adopted in previous series, the 2008‑09 series has set tariff rates on merchandise products mapped to services industries by the ABS equal to zero. The services industries involved were *Property, professional and administrative services*, *Public administration and safety* and *Health care and social assistance services*.

Table 4.4 ABS mapping of tariff items to service industry groups

|  |  |  |  |
| --- | --- | --- | --- |
| Tariff item description | Tariff code | Tariff rate | Service industry groups |
|  |  | % |  |
| Vegetable saps and extracts of hops | 13021300 | 5 | Public administration and safety |
| Oleoresin of ginger (gingerin) | 13021910 | 5 | Public administration and safety |
| Municipal waste | 38251000 | 5 | Property, professional and administration services; and Public administration and safety |
| Clinical waste - wadding, gauze and bandages | 38253011 | 5 | Property, professional and administration services; and Health care and social assistance |
| Clinical waste - other | 38253090 | 5 | Property, professional and administration services; and Health care and social assistance |
| Australian telephone directories and Australian timetables | 49019910 | 5 | Information media and telecommunications |

*Source*: Commission estimates based on Australian Customs tariff schedules and ABS trade data.

## 4.6 Coverage of budgetary assistance estimates

For the 2008‑09 series of assistance estimates, the Commission has continued to update the coverage of budgetary measures to reflect the introduction of new programs by the government, the inclusion of some previously unidentified or omitted assistance measures, and improvements in data availability.

The measures that were newly included in *Trade & Assistance Review 2011‑12* are set out in table 4.5.

Table 4.5 New budgetary assistance measures for  
*Trade & Assistance Review 2011‑12*

|  |  |  |
| --- | --- | --- |
| Program | Category | Forma |
| **Programs commencing in 2011-12** |  |  |
| Tasmanian Forestry Industry Adjustment Package | Industry-specific measure | BO |
| Live Animal Exports Business Assistance | Other measures | BO |
| Northern Australia Beef Industry Strategy Indigenous Pastoral Project | Industry-specific measure | BO |
| Coal Sector Jobs Package | Industry-specific measure | BO |
| Energy Security Fund – transitional assistance | Industry-specific measure | BO |
| Temporary Assistance for Tasmanian Exporters | Other measures | BO |
| Community Broadcasting Program | Industry-specific measure | BO |
| Tasmanian Innovation and Investment Fund | Other measures | BO |
| Illawarra Region Innovation and Investment Fund | Other measures | BO |
| South East South Australia Innovation and Investment Fund | Other measures | BO |
| Carbon Farming Futures | Sector-specific measure | BO |
| Clean Technology Investment - General Program | Sector-specific measure | BO |
| Clean Technology Investment - Food and Foundries Program | Industry-specific measure | BO |
| Steel Transformation Plan | Industry-specific measure | BO |
| Ford Australia Assistance | Industry-specific measure | BO |
|  |  |  |
| **Programs commencing prior to 2011-12 but not included in previous *Reviews*** | | |
| Concessional rate of withholding tax | Other measures | TE |
| Small Business – Simplified depreciation rules | Other measures | TE |
| Automotive Market Access Program | Industry-specific measure | BO |
| Clean Business Australia – Climate Ready Program | General R&D measure | BO |
| Small scale mammalian cell production facility | Industry-specific measure | BO |
| CSL – Commonwealth assistance | Industry-specific measure | BO |

a BO: budgetary outlays, TE: tax expenditures.

*Source*: Commission estimates.

### Carbon measures

As part of the assessment for new budgetary programs for *Trade & Assistance Review 2011‑12*, the Commission also separately quantified the level of assistance afforded by programs announced as part of the Australian Government’s Clean Energy Future Plan. The Plan is a cross-portfolio package with a large number of programs and multiple commencement dates. The Plan was first reported in chapter 3 of the 2010‑11 *Review* with funding for most of the programs to commence in 2011‑12 or 2012‑13 (Programs that commenced in 2011‑12 are listed in table 4.5 above).

Programs assessed as providing direct pecuniary benefits to industry have been classified as industry assistance measures (table 4.6). The carbon measures considered not to confer industry assistance, such as those providing government administration services and support to households and communities, are also shown in the table below. Fourteen programs of this type have been identified.

Table 4.6 Clean Energy Future Plan

|  |  |
| --- | --- |
| Program | Industry grouping allocation |
| **Programs assessed to provide industry assistance** | |
| Carbon Farming Futures | Unallocated primary production |
| Carbon Farming Initiative | Unallocated primary production |
| Carbon Farming Skills | Funding to commence in 2012‑13 |
| Australian Renewable Energy Agency | Funding to commence in 2012‑13 |
| Clean Energy Finance Corporation | Funding to commence in 2012‑13 |
| Clean Energy and Other Skills Package | Unallocated other |
| Clean Technology Focus for Supply Chains | Unallocated other |
| Clean Technology Innovation Program | Funding to commence in 2012‑13 |
| Clean Technology Investment Program | Unallocated manufacturing |
| Clean Technology Food and Foundries Investment Program | Food, beverages and tobacco |
| Coal Mining Abatement Technology and Support Program | Funding to commence in 2012‑13 |
| Coal Sector Jobs Package | Mining |
| Energy Efficiency Information Grants Program | Unallocated other |
| Energy Efficiency Opportunities Program | Unallocated other |
| Energy Savings Initiative | Funding to commence in 2012‑13 |
| Energy Security Fund - transitional assistance | Electricity, gas, water and waste services |
| Energy Security Fund - contract for closure program | Electricity, gas, water and waste services |
| Indigenous Carbon Farming Fund | Funding to commence in 2012‑13 |
| Jobs and Competitiveness Program | Funding to commence in 2012‑13 |
| Regional Structural Adjustment | Funding to commence in 2012‑13 |
| Small Business Instant Asset Write-off Increase | Unallocated other |
| Steel Transformation Plan | Metal and fabricated metal products |
|  |  |
| **Programs not considered to provide industry assistance** | |
| Biodiversity Fund | n/a |
| Clean Energy Regulator - Carbon Price Implementation Program | n/a |
| Charities Maritime and Aviation Support Program | n/a |
| Climate Change Authority | n/a |
| Community Energy Efficiency Program | n/a |
| Essential Medical Equipment Payment | n/a |
| Home Energy Saver Scheme | n/a |
| Household Assistance Package | n/a |
| Land Sector Carbon and Biodiversity Board | n/a |
| Light Vehicle CO2 Emissions Standards | n/a |
| Low Income Energy Efficiency Program | n/a |
| Opt-in Arrangements | n/a |
| Regional Natural Resource Management Planning | n/a |
| Remote Indigenous Energy Program | n/a |

*Source*: Commission estimates.

### New tax expenditures

New tax expenditures announced in the Treasury’s 2012 Tax Expenditure Statement (Australian Government 2013) were also assessed for their industry assistance implications.

While many of the new tax expenditures were judged to provide industry assistance, most are estimated by Treasury to be ‘nil’ value in 2011‑12 or have not been quantified (table 4.7).

Table 4.7 New tax expenditures (quantified and unquantified)  
in Treasury’s 2012 Tax Expenditure Statement

|  |  |  |
| --- | --- | --- |
| Program | Industry grouping allocation | Concession estimate in 2011‑12 |
| **New measures deemed to provide industry assistance** | | |
| Concessional rate of withholding tax (B19) | Financial and insurance services | nil |
| Concessional rate of withholding tax (B108) | Financial and insurance services | $195 million |
| Small business - simplified depreciation rules (B104) | Unallocated other | $15 million |
| Exemption for International Cricket Council (B33) | Arts and recreation services | nil |
| Conservation tillage refundable tax offset (B40) | Unallocated primary production | nil |
| Company loss carry-back (B109) | Unallocated other | nil |
| Exemption for meals for primary production (D15) | Unallocated primary production | Not quantified (Treasury indicate between 0 and $10 m) |
| Synthetic greenhouse gases exemptions (I5) | Unallocated other | nil |
| Carbon Pricing Mechanism exemptions (I8) | Mining | Estimate not available |
|  |  |  |
| **New measures deemed not to provide industry assistance** | | |
| Exemption of the Schoolkids Bonus (A29) | na | Nil |
| Indirect tax - Tourism inwards duty free (F7) | na | Not quantified (Treasury indicate between $100 million and $1 billion) |

*Source*: Commission estimates.

## 4.7 Combining tariff and budgetary assistance estimates — conversion to constant dollar basis

The tariff assistance estimates are initially derived for all years in the series in 2008‑09 Input-Output base-year dollars. That is, different tariff levels, or rates, over a number of years are combined with the same 2008‑09 ABS input-output data. This approach provides multiple year estimates of GSE and TEM tariff assistance in constant 2008‑09 dollars.

In contrast, expenditure under budgetary assistance programs are in current year dollars.

As indicated above, to combine estimates of the value of tariff assistance at reference-year values with estimates of budgetary assistance at current-year values, the estimates of tariff assistance need to be adjusted or scaled from input-output base-year dollars to current-year dollars. The Commission uses ABS Gross Value Added (GVA) data by national accounts industry division to scale the tariff assistance from base-year (2008‑09) values to current-year values. The concordance between trade and assistance industry groupings and the national accounts division used in the scaling process is provided in table 4.8.

The ABS updates the GVA data annually. Statistical revisions arising from these updates flow through to affect the current-year dollar value estimate of tariff assistance and, in turn, the effective rates of assistance estimates. Some minor year-to-year variation in the Commission’s assistance estimates therefore occurs with revisions in ABS GVA data.

Table 4.8 Concordance between Trade & Assistance industry group  
and national accounts industry division

|  |  |
| --- | --- |
| Trade & Assistance industry group (ANZSIC 2006) | National accounts industry division (ANZSIC 2006) |
| Horticulture and fruit growing; Sheep, beef cattle and grain growing; Other crop growing; Dairy cattle farming; Other livestock farming; Primary production support services | Agriculture |
| Aquaculture and fishing; Forestry and logging | Forestry and fishing |
| Mining | Mining |
| Food, beverages and tobacco | Food, beverage and tobacco products |
| Textile, clothing, footwear and leather | Textile, clothing and other manufacturing |
| Wood and paper products | Wood and paper products |
| Printing, publishing and recorded media | Printing and recorded media |
| Petroleum, coal, chemical and associated products | Petroleum, coal, chemical and rubber products |
| Non-metallic mineral products | Non-metallic mineral products |
| Metal products | Metal products |
| Motor vehicles and parts; Other transport equipment; Machinery and equipment manufacturing; and Furniture and other manufacturing | Machinery and equipment |
| Electricity, gas, water and waste services | Electricity, gas, water and waste services |
| Construction | Construction |
| Wholesale trade | Wholesale trade |
| Retail trade | Retail trade |
| Accommodation and food services | Accommodation and food services |
| Transport, postal and warehousing | Transport, postal and warehousing |
| Information, media and telecommunications | Information media and telecommunications |
| Financial and insurance services | Financial and insurance services |
| Property, professional and administrative services | Rental, hiring and real estate services; Professional, scientific and technical services; Administrative and support services; and Ownership of dwellings |
| Public administration and safety | Public administration and safety |
| Education and training | Education and training |
| Health care and social assistance | Health care and social assistance |
| Arts and recreation services | Arts and recreation services |
| Other services | Other services |

*Sources*: Commission estimates; ABS (2012a).

1. Input-output tables up to the reference year 1993‑94 were based on data collected at the establishment level. Subsequent input-output tables have been based on data collected at the business unit or enterprise level (ABS 2012b). [↑](#footnote-ref-1)
2. In the input-output tables, each industry produces a ‘predominant’ commodity but often also some ‘additional’ commodities. For example, paper stationery and other converted paper products are produced mainly by the Paper stationery and other converted paper products industry but some are also produced in the Sawmill product industry. Similarly, the Petroleum and coal industry is recorded as producing some iron and steel products besides its predominant petroleum and coal commodities. [↑](#footnote-ref-2)
3. There are other examples of commission work that, in principle, could also be similarly adjusted, but were not adjusted for the 2008‑09 update, including, meat processing undertaken on commission for predominantly retail enterprises. [↑](#footnote-ref-3)