# 2 Programs added to the assistance estimates in 2013-14

This chapter describes Australian Government budgetary programs, including both new and existing programs, added to the assistance estimates for *Trade & Assistance Review 2013‑14*. Table 2.1 lists these measures.

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| Table 2.1 Budgetary measures added to the assistance estimates for *Trade & Assistance Review 2013‑14* |
| |  |  |  |  | | --- | --- | --- | --- | | Program | Forma | Industry allocation | Assistance value 2013‑14 | |  |  |  | *$m* | | Tasmanian Jobs and Growth Package | BO | Unallocated manufacturing | 5.1 | | Melbourne’s North Innovation and Investment Fund | BO | Unallocated manufacturing | 18.8 | | Diamond Energy Assistance | BO | Electricity, gas, water and waste services | 0.3 | | Drought Assistance Package – concessional loans administration | BO | Unallocated primary production | 2.0 | | Farm Finance – concessional loans administration | BO | Unallocated primary production | 9.8 | | Beef Australia 2015 | BO | Sheep, beef cattle and grain farming | 2.5 | | Asian Business Engagement Plan | BO | Unallocated other | 1.8 | | Skilling Australian Defence Industryb | BO | Unallocated manufacturing | 12.2 | | Industry Skilling Program Enhancementb | BO | Unallocated manufacturing | 0.2 | | New Aircraft Combat Capability b | BO | Unallocated manufacturing | 1.9 | | Priority Industry Capability Innovation Programb | BO | Unallocated manufacturing | 0.0 | | Defence Materials Technology Centreb | BO | Unallocated manufacturing | 6.8 | |
| a BO: budgetary outlay. TE: tax expenditure. b Funding in earlier years (of similar magnitude) has also been added to the assistance estimates (not shown). |
| *Sources*: Australian Government department and agency reports (various years) and departmental personal communications. |
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Tasmanian Jobs and Growth Package

In October 2013, the Australian Government announced the Tasmanian Jobs and Growth Package. The package complements the Economic Growth Plan for Tasmania. It comprises a package of measures totalling $106 million aimed at stimulating Tasmania’s economy by supporting growth and employment (Truss 2013). The package supersedes the previous Government’s Tasmanian Jobs and Growth Plan announced in July 2013 (King and Rudd 2013) and has its origins in the Tasmanian Forests Intergovernmental Agreement 2013.

A number of projects funded under the package provide direct assistance to businesses, while other elements of the package are directed at community activities. Business recipients include Ta Ann Tasmania Pty Ltd for a plywood mill, SFM Forest Products for its ‘hydrowood’ project, Caterpillar Elphinstone Pty Ltd for advanced manufacturing development, Tassal Group Limited for a fish protein and oil facility and Huon Aquaculture Group Pty Ltd for a processing facility.

The value of Australian Government administered expenses for 2013‑14 was $5.1 million (DIRD 2014, p. 145).[[1]](#footnote-1)

The program is assessed as initially benefiting firms predominantly in the manufacturing sector. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated manufacturing* industry grouping.

## Melbourne's North Innovation and Investment Fund

The Melbourne’s North Innovation and Investment Fund was established to give effect to an announcement by the then Australian Government and the Victorian Government on 23 May 2013 that they would provide funding support to regions affected by Ford Motor Company of Australia’s cessation of vehicle and engine manufacturing operations in Australia, which the company announced will occur by October 2016.

Funding over the three financial years from 2013‑14 to 2015‑16 will be provided to the Melbourne North region and the Geelong region (funding to the latter will be through the Geelong Region Innovation and Investment Fund which was established in 2007 (PC 2008)). The Australian Government will contribute $30 million to the two funds; the Victorian Government $9 million; and Ford Motor Company of Australia $10 million. The total funding of $49 million is to be split evenly between the two funds. The Melbourne’s North Innovation and Investment Fund will provide grants of a minimum of $50 000 that are intended to support ‘innovative, job creation projects that strengthen and diversify the Melbourne North regional economy and employment base’ (AusIndustry 2013).

The value of Australian Government administered expenses for 2013‑14 was $18.8 million (DIS 2015).

The program is assessed as initially benefiting firms predominantly in the manufacturing sector. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated manufacturing* industry grouping.

Diamond Energy Assistance

The Australian Government will provide $0.9 million over three years from 2012‑13 to support Diamond Energy, a small-scale clean energy and electricity retailer, to transition to a new business model following the closure of the New South Wales Government's Greenhouse Gas Abatement Scheme (GGAS). GGAS accreditation had enabled Diamond Energy to enter into commercial arrangements to finance the conversion of biogas into energy. The cost of this measure will be offset from a reduction in funding for the Carbon Farming Skills (Australian Government 2013).

The value of Australian Government administered expenses for 2013‑14 was $0.3 million (DIS, pers. comm., December 2014).

The program is assessed as initially benefiting Diamond Energy, a small-scale clean energy and electricity retailer, and has been allocated to the *Electricity, gas, water and waste services* industry grouping.

Drought Assistance Package – concessional loans – administration

In May 2013, the Australian and State and Territory governments signed an Intergovernmental Agreement on National Drought Program Reform (IGA). The IGA followed the national review of drought policy (which commenced in 2008 and included the Productivity Commission’s inquiry into Government Drought Support (PC 2009)) and a subsequent two-year pilot of measures conducted in regions of Western Australia that sought to test a new approach to drought assistance.

In November 2013, the Australian Government announced up to $7 million in support for Queensland and up to $3 million for New South Wales to assist farm businesses in those states with the installation of water-related infrastructure to supply animals with emergency water during drought (Joyce 2013a, 2014b).

In addition to this initial assistance to Queensland and New South Wales, in February 2014, the Australian Government announced a $320 million drought assistance package. The main components of the package are: bringing forward ‘more generous’ criteria for accessing income support from 1 July 2014 to 1 March 2014 (through the Interim Farm Household Allowance); drought concessional loans intended to assist farm businesses to recover from the effects of drought ($280 million); additional funds for existing state emergency water infrastructure schemes ($12 million); additional funds for pest management in drought-affected areas ($10 million); and increased social and mental health services in communities affected by drought ($10.7 million) (Joyce 2014c).

For *Trade & Assistance Review 2013‑14,* the Commission has included the administrative component of the Drought Concessional Loans scheme, a sub-part of the Drought Assistance Package. Social and medical health services which benefit individuals are not included in assistance estimates. The value of Australian Government administered expenses for 2013‑14 was $2 million (DA 2014, p. 138).

The program is assessed as initially benefiting primary production activities. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated primary production* industry grouping.[[2]](#footnote-2)

Farm Finance – concessional loans – administration

In November 2013, the Australian Government announced the reallocation of scheme funds following a review of the Farm Finance Concessional Loans Scheme (Joyce 2013a). Under the previous allocation, funds for concessional loans had been allocated equally between the states and the Northern Territory. The new allocation increased the availability of loans in jurisdictions with a higher number of farm businesses and where farm businesses are faced with worsening conditions. Under the new allocation, a $40 million reserve fund was established in 2014‑15 to enable the Australian Government to respond to emerging issues (Joyce 2013b).

For *Trade & Assistance Review 2013‑14*, the Commission has included the administrative component of the Farm Finance Concessional Loans scheme. The value of Australian Government administered expenses for 2013‑14 was $9.75 million (DA 2014, p. 139).

The program is assessed as initially benefiting primary production activities. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated primary production* industry grouping.1

Beef Australia 2015

In April 2014, the Australian Government announced it would provide $2.5 million towards the staging of Beef Australia 2015 (Rockhampton). Beef Australia 2015 is one of Australia’s premier cattle industry promotion events intended to showcase the Australian cattle industry to the world and to benefit producers, processors and consumers through educating, raising awareness and showcasing technology (Joyce 2014).

The value of Australian Government administered expenses for 2013‑14 was $2.5 million (DA 2014, p. 137).

The program is assessed as initially benefiting businesses engaged in beef cattle farming activities and has been allocated to the *Sheep, beef cattle and grain farming* industry grouping.

Asian Business Engagement Plan

The Asian Business Engagement Plan is an annual, merit-based, competitive grants program administered by Austrade. The program is intended to assist member-based business organisations and through them, small and medium-sized enterprises, to harness the opportunities emerging in the Asian region (Austrade 2014).

The key goals of the Asian Business Engagement Plan are to leverage or expand the capability of member-based business groups to:

* assist Australian firms to more effectively access in-market business networks and develop new relationships with potential business contacts and partners in Asian countries
* identify and secure more opportunities for Australian firms to compete and succeed in regional value chains
* enhance and strengthen business links between Australia and Asia
* influence corporate Australia to initiate closer engagement with Asia
* reinforce and further raise the profile of Australian business capability in the region
* increase awareness and understanding of Australia in Asia, and of Asia in Australia.

The plan funds up to half of the total cost of an eligible project, with the remaining 50 per cent provided by the applicant. Two streams of funding are available:

* Stream A — for one-year projects ranging in cost from $20 000 to $100 000
* Steam B — for projects of one to three years’ duration, ranging in cost from $100 000 to $300 000.

The value of Australian Government administered expenses for 2013‑14 was $1.8 million (Austrade 2014, p. 3).

Information on the industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated other* industry grouping in the Commission’s ANZSIC-based industry classification.

Skilling Australian Defence Industry

The Skilling Australian Defences Industry (SADI) Program is part of the Australian Government’s expenditure of more than $215 million over 10 years to increase the skills base of the defence industry, create pathways into the sector and address the skills capability gap (DD 2015a).

The SADI program is a grants based program with three main aims:

* up-skill existing employees in the defence industry;
* improve the quality and quantity of skills training in the defence industry; and
* provide funding support to the defence industry for training activities where there is an identified skills shortage in technical, trade and professional skill sets.

Since its inception, around 200 Australian defence companies and organisations have been provided with funding support for training or skilling activities in areas of trade, technical and professional capabilities.

The value of Australian Government administered expenses for 2013‑14 was $12.2 million (DA 2015b).

The program is assessed as initially benefiting firms predominantly in the manufacturing sector. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated manufacturing* industry grouping.

Industry Skilling Program Enhancement

The Industry Skilling Program Enhancement (ISPE) consists of a series of measures that aim to expand the pool of skilled workers from which the defence industry can recruit, enhance work and career pathways and address specific skills gaps in defence industry capability. Unlike the Skilling Australian Defences Industry program above (a grants based program), the ISPE provides funding through formal partnerships with industry and other agencies. Since the beginning of the program, Australian Government funding has amounted to $60.8 million (DD 2015c).

The value of Australian Government administered expenses for 2013‑14 was $0.2 million (DD 2015d).

The program is assessed as initially benefiting firms predominantly in the manufacturing sector. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated manufacturing* industry grouping.

New Aircraft Combat Capability

The New Aircraft Combat Capability – Industry Support Program (NACC–ISP) is aimed at assisting defence industry businesses to improve their capability, competitiveness and capacity for innovation with regard to the Joint Strike Fighter (JSF) project. The NACC–ISP will provide assistance to businesses looking to enter export markets, secure domestic contracts and will provide an avenue to up-skill staff (DD 2015e).

The value of Australian Government administered expenses for 2013‑14 was $1.9 million (DD 2015f).

The program is assessed as initially benefiting firms predominantly in the manufacturing sector. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated manufacturing* industry grouping.

Priority Industry Capability Innovation Program

The Defence White Paper 2009, Defending Australia in the Asia Pacific Century, outlined the Government’s commitment to ensure that certain strategically important industry capabilities continue to be available from within Australia. Under this policy, the Government will identify Priority Industry Capabilities (PIC). PICs are defined as those capabilities that confer an essential strategic advantage by being available from within Australia and which, if not available, would significantly undermine defence self-reliance and Australian Defence Force (ADF) operational capability (DD 2015g).

The Priority Industry Capability Innovation (PICI) program provides support to Australia’s defence industry to develop, adopt and commercialise innovative technologies, methodologies, materials or systems in areas defined as PICs.

Applications for the PICI are no longer being accepted and as a result there was no Australian Government administered expenses for the program in 2013‑14. Funding for 2011‑12 and 2012‑13, however, was $13.3 million and $10.4 million, respectively (DD 2015h).

The program is assessed as initially benefiting firms predominantly in the manufacturing sector. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated manufacturing* industry grouping.

Defence Materials Technology Centre

The Defence Materials Technology Centre (DMTC) is a collaborative venture that brings together the defence industry, universities and government research agencies to develop new materials and manufacturing technologies intended to enhance Australia’s defence capability. The DMTC is based on the Co-operative Research Centre model and operates as a public company (DMTC 2015).

The value of Australian Government administered expenses for 2013‑14 was $6.8 million (DMTC 2014).

The program is assessed as initially benefiting firms predominantly in the manufacturing sector. However, information on the specific industry incidence of the program has not been readily available. Accordingly, the budgetary outlay has been classified to the *Unallocated manufacturing* industry grouping.

1. The Commission’s assistance estimates cover only those measures that selectively benefit particular firms, industries or activities, and that can be quantified given practical constraints in measurement and data availability. Arrangements that may have assistance implications but are not currently part of the estimates include State and Territory government support to industry, although state-based agricultural marketing arrangements were included in earlier Commission assistance estimates. [↑](#footnote-ref-1)
2. For *Trade & Assistance Review 2013‑14* only the administered component of the Drought Assistance Package (concessional loans) and Farm Finance (concessional loans) schemes was included in the assistance estimates. As noted, the schemes also provide industry assistance through concessional loans that enable primary producers to borrow at lower, or concessional, interest rates than would be the case if producers were required to source funds at commercial rates. It is intended to re-visit the assistance implications of these concessional loans schemes for *Trade & Assistance Review 2014‑15*. [↑](#footnote-ref-2)