



Australian Government
Productivity Commission

Trade & Assistance
Review 2007-08

Productivity Commission
Annual Report Series



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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.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au) or by contacting Media and Publications on (03) 9653 2244 or email: maps@pc.gov.au

Foreword

The Productivity Commission is required under its Act to report annually on industry assistance and its effects on the economy. *Trade & Assistance Review 2007-08* contains the Commission's latest quantitative estimates of Australian Government assistance to industry. It also examines developments in assistance in different sectors of the economy over the period November 2007 to April 2009, and discusses some recent international policy developments affecting Australia's trade.

Over the last year, a number of major reviews reported to the Australian Government. The Australian Government also released a White Paper and draft legislation on the proposed 'Carbon Pollution Reduction Scheme'. These developments will have significant ramifications for the nature and extent of industry assistance in Australia and are covered in this *Review*.

- Chapter 3 outlines findings of the reviews dealing with export assistance, innovation policy, and assistance to the automotive and the textiles, clothing and footwear sectors.
- Chapter 5 provides a stocktake of government measures introduced to reduce carbon emissions or assist firms in adjusting to a less carbon intensive economy. Over 240 measures are identified with associated budgetary outlays amounting to around \$23 billion.

In preparing this document, the Commission has received helpful advice and feedback from officials from the Australian Government as well as the States and Territories. The Commission thanks them all for their assistance.

Gary Banks AO
Chairman

April 2009

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Abbreviations

AAA	Agriculture-Advancing Australia
AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
ABARE	Australian Bureau of Agricultural and Resource Economics
ABCB	Australian Building Codes Board
ABIP	Australian Business Investment Partnership
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACIS	Automotive Competitiveness and Investment Scheme
ACL	Automotive Components Limited
ACS	Australian Customs Service
ACT	Australian Capital Territory
ACTION	ACT Internal Omnibus Network
ADI	authorised deposit-taking institution
AFF	Australia's Farming Future
AISAP	Automotive Industry Structural Adjustment Program
ANAO	Australian National Audit Office
ANZSIC	Australia and New Zealand Standard Industrial Classification
AOFM	Australian Office of Financial Management
APEC	Asia Pacific Economic Cooperation
AQIS	Australian Quarantine and Inspection Service
ARC	Australian Research Council
ASEAN	Association of South East Asian Nations
ATS	Automotive Transformation Scheme
AUSFTA	Australia-United States Free Trade Agreement
Austrade	Australian Trade Commission
AWB	Australian Wheat Board
BAF	Building Australia Fund
BASIX	Building Sustainability Index

BCA	Building Code of Australia
BCGP	Biofuels Capital Grants Program
CCP	Cities for Climate Protection
CCS	carbon capture and storage
CER	Australia-New Zealand Closer Economic Relations Trade Agreement
CIE	The Centre for International Economics
CMHC	Canada Mortgage and Housing Corporation
CNG	compressed natural gas
COAG	Council of Australian Governments
COMET	Commercialising Emerging Technologies
CPRS	Carbon Pollution Reduction Scheme
CR	Commercial Ready
CRC	Cooperative Research Centres
CRC	COAG Reform Council
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CTC	change in tariff classification
DAFF	Department of Agriculture, Forestry and Fisheries
DCC	Department of Climate Change
DEWHA	Department of Environment, Water, Heritage and the Arts
DFAT	Department of Foreign Affairs and Trade
DIAP	Dairy Industry Adjustment Package
DIE	Deloitte Insight Economics
DITR	Department of Industry, Tourism and Resources
DITRDLG	Department of Infrastructure, Transport, Regional Development and Local Government
DPI	Department of Primary Industries
EC	Exceptional Circumstances
EEC	European Economic Community
EFIC	Export Finance and Insurance Corporation
EIF	Education Investment Fund
EITE	emissions-intensive trade-exposed
ELV/LED	Extra Low Voltage/ Light Emitting Diode Technology

EMDG	Export Market Development Grants
EPCs	Energy Performance Contracts
EPG	Ethanol Production Grants
ERA	effective rate of assistance
ESC	Essential Services Commission
ESD	ecologically sustainable development
ESS	Energy Savings Scheme
ETIS	Energy Technology Innovation Strategy
ETS	emissions trading scheme
EU	European Union
FIG	Food Innovation Grants
FTA	free trade agreement
G-20	Group of Twenty
GATS	Global Automotive Transition Scheme
GATT	General Agreement on Tariffs and Trade
GBRRP	Great Barrier Reef Rescue Plan
GCC	Gulf Cooperation Council
GCIF	Green Car Innovation Fund
GDP	Gross Domestic Product
GE	General Electric
GGAP	Greenhouse Gas Abatement Program
GGAS	Greenhouse Gas Abatement Schemes
GHG	greenhouse gas
GLS	general lighting service
GMAC	General Motors Acceptance Corporation
GST	Goods and Services Tax
GWh	gigawatt-hours
HHF	Health and Hospital Fund
HIH	Heath International Holdings
HS	Harmonized System
IAC	Industries Assistance Commission
IBM	International Business Machines Corporation
IC	Industry Commission

ICTSD	International Centre for Trade and Sustainable Development
IIA	International Investment Agreements
IPART	Independent Pricing and Regulatory Tribunal
IT	information technology
ITAA	<i>Income Tax Assessment Act 1997</i>
kWh	kilowatt-hours
LGA	Local Greenhouse Action
LNG	liquefied natural gas
LPG	liquefied petroleum gas
MCE	Ministerial Council of Energy
MEPS	Minimum Energy Performance Standards
MFN	most favoured nation
MOU	Memorandum of Understanding
MWh	megawatt-hours
MRET	Mandatory Renewable Energy Target
MVP	motor vehicles and parts
NABERS	National Australian Built Environment Rating System
NAFTA	North American Free Trade Agreement
NatHERS	Nation-wide House Energy Rating Scheme
NCP	National Competition Policy
NCRIS	National Collaborative Research Infrastructure Scheme
NFIS	National Food Industry Strategy
NIS	National Innovation System
NRA	National Reform Agenda
NRETAS	The Northern Territory Department of Natural Resources, Environment, the Arts and Sport
NSE	net subsidy equivalent
NSW	New South Wales
NT	Northern Territory
OECD	Organisation for Economic Co-operation and Development
PACER	Pacific Agreement on Closer Economic Relations
PAYG	pay-as-you-go
PC	Productivity Commission

PIRs	Parallel Import Restrictions
PPP	Pharmaceuticals Partnerships Program
PTA	Preferential Trade Agreement
PV	photovoltaic
Qld	Queensland
R&D	research and development
RAHS	Royal Agricultural and Horticultural Society
RECs	renewable energy certificates
REDI	Renewable Energy Development Initiative
RET	Renewable Energy Target
RFP	Request for Proposals
RFPIP	Regional Food Producers Innovation and Productivity
RIDF	Regional Infrastructure Development Fund
RIS	regulatory impact statement
RMBS	Residential Mortgage Backed Securities
RoO	rules of origin
RRPGP	Renewable Remote Power Generation Program
RVC	regional value content
SA	South Australia
SAFTA	Singapore-Australia Free Trade Agreement
SARDI	South Australian Research and Development Institute
SEDO	Sustainable Energy Development Office
SELC	Senate Economics Legislation Committee
SITA	Société Internationale de Telecommunications Aeronautiques
SMEs	small and medium size enterprises
SPS	sanitary and phytosanitary
SPV	special purpose vehicle
SSM	special safeguard mechanism
STCRC	Sustainable Tourism CRC
TAFE	Technical and Further Education
Tas	Tasmania
TCF	textiles, clothing and footwear

TCF EOAPS	TCF Expanded Overseas Assembly Provisions Scheme
TCF ICP	TCF Innovation Capability Program
TCF PDS	TCF Product Diversification Scheme
TCF SAP	TCF Structural Adjustment Program
TCF SIP	TCF Strategic Investment Program
TCF SBP	TCF Small Business Program
TCF SOP	TCF Supply Chain Opportunities Program
TES	Tax Expenditures Statements
TESP	Tourism Electricity Support Program
TPPA	Trans-Pacific Partnership Agreement
UAE	United Arab Emirates
UNCTAD	United Nations Conference on Trade and Development
USTR	United States Trade Representative
VARRI	Victorian Advanced Resource Recovery Initiative
Vic	Victoria
VRET	Victorian Renewable Energy Target
WA	Western Australia
WEA	Wheat Exports Australia
WERS	Windows Energy Rating Scheme
WTO	World Trade Organization