
G South Australian budgetary assistance estimates

For this year's *Trade & Assistance Review*, the Commission has developed estimates of the budgetary assistance to industry provided by the States and Territories for the years 2000-01 and 2001-02. The Commission's definitions, classifications and the methodology employed in compiling the estimates are set out in appendix B.

In this appendix, the Commission presents summary data on the budgetary assistance estimates for South Australia, together with detailed tables on the budgetary outlay programs contained in the estimates. The estimates should be interpreted in conjunction with the information and explanations in appendix B.

G.1 Summary data

The estimates indicate that the South Australian Government outlaid \$320 million in 2000-01, and \$374 million in 2001-02, on programs that provide assistance to industry (table G.1). Some relatively minor tax concessions are included in these figures.

Of the \$374 million expended in 2001-02, at least \$238 million was directed to programs classified as having a general industry development objective (table G.1). The actual figure may be larger as some of the programs in the 'other and not classified' category may also have a general industry development objective (see appendix B).

A further \$9 million was directed to programs classified as having a regional industry development objective. Again, this estimate should be considered to be a lower bound. This is mainly because of the way the regional industry development category has been defined, in conjunction with the way the Commission has classified various programs. These have resulted in some significant assistance programs that support regional industries, in particular primary production, being excluded from the category (see appendix B). Were spending on primary production and mining by the South Australian Government to be included in this category, the

total expenditure on regional industry development assistance would have amounted to some \$88 million in 2001-02.

Table G.1 South Australian Government budgetary assistance program outlays, by sectors and objectives, 2000-01 and 2001-02

\$ million

	2000-01	2001-02
Principal objective		
Industry development	144	238
Regional industry development	7	9
Other or not classified	169	127
Sector		
<i>Primary production</i>	40	79
– General industry development	40	79
– Regional industry development	..	..
– Other or not classified	..	..
<i>Mining</i>		
– General industry development	..	..
– Regional industry development	..	..
– Other or not classified	..	..
<i>Services</i>	207	169
– General industry development	38	42
– Regional industry development	..	..
– Other or not classified	169	127
<i>Manufacturing^a</i>	1	20
– General industry development	1	20
– Regional industry development	..	..
– Other or not classified	..	..
<i>Unallocated^a</i>	73	106
– General industry development	65	97
– Regional industry development	7	9
– Other or not classified	..	..
Total	320	374

.. Nil. Figures may not add up to total due to rounding. ^a The unallocated category contains programs for which the Commission could not obtain sufficient information on program beneficiaries to allocate the program to a particular sector. As noted in appendix B, the Commission considers that outlay programs in the unallocated category appear likely to predominantly assist the manufacturing sector.

Source: Commission estimates.

The estimates also include \$127 million of programs for which the principal objective of the program has not been classified, or which have ‘other’ objectives,

such as environmental, cultural or equity goals, but provide incidental assistance to industry.

A further breakdown of the estimates, by both objective and sectoral incidence, is provided in table G.1.

In terms of the sectoral distribution, \$169 million was spent on programs that provide assistance to the services sector, although most of this — spending on the arts and professional sports — has not been classified as having industry development as the principal objective. The table shows that \$20 million has been recorded as assisting the manufacturing sector. As discussed in appendix B, the Commission considers that many of the programs in the unallocated category also appear likely to predominantly assist manufacturing.

The Commission has estimated that the South Australian Government provided total payroll tax concessions in the order of \$0.4 billion to non-social welfare related businesses in 2000-01. The Commission notes that some level of general concessions, based on payroll tax thresholds can be justified on tax-efficiency grounds, and that not all of the concessions can be counted as industry assistance (appendix B).

G.2 Detailed data

Table G.2 describes different aspects of the South Australian government programs included in the Commission's estimates. For each output, program or sub-program, the table provides information (where available) on:

- the government agency responsible for the program;
- the program's scope, mode of funding and other program details;
- the program's main objective as classified by the Commission;
- the sectoral incidence of assistance as determined by the Commission; and
- funding estimates.

Table G.2 South Australia Government budgetary assistance program outlays, 2000-01 and 2001-02

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
DEPARTMENT OF INDUSTRY AND TRADE					
<i>Infrastructure facilitation</i>	Various programs to fund major infrastructure projects for industry development, including the Adelaide-Darwin rail link, regional infrastructure projects and firm-specific projects.	Industry development	Unallocated	74.83	33.73
<i>Investment facilitation</i>	Attraction and facilitation of investment from interstate and overseas to South Australia.	Industry development	Unallocated	36.83	63.37
<i>Enterprise development</i>	Provision of advice, information and training to small businesses on business management and uptake of R&D. Assistance is also provided for product development.	Industry development	Unallocated	30.64	33.78
<i>Industry support</i>	Assistance to develop industry networks, clusters, incubators and informal networking events and industry associations.	Industry development	Unallocated	6.14	11.65
<i>Trade development</i>	Provision of advice and information on market opportunities, including export market access and support of local industry to secure procurement contracts.	Industry development	Unallocated	3.72	5.57
<i>Market South Australia</i>	Marketing services to promote South Australia to attract investment and business migrants to support industry development.	Industry development	Unallocated	3.67	4.82
Sub-total for Department of Industry and Trade				76.42	126.59
(The sub-total has been adjusted to exclude funding for the construction and operation of the Adelaide-Alice Spring rail link)					

Table G.2 South Australia (continued)

<i>Agency Output Program</i>	<i>Description</i>	<i>Objectives^b</i>	<i>Sector^c</i>	<i>Funding (\$ million)^a</i>	
				<i>2000-01</i>	<i>2001-02</i>
Under the above assistance activities, financial assistance to industry consists of: ^d					
— Automotive Program	Loans.	Industry development	Manufacturing	0.50	19.50
— Enterprise Development	Loans and grants.	Industry development	Unallocated	9.38	10.51
— Industry Development	Loans and grants.	Industry development	Unallocated	29.34	39.43
— Payroll Tax Reimbursement	Loans and grants.	Industry development	Unallocated	5.21	5.57
— Rail Reform Transition Program	Grants.	Industry development	Services	2.07	2.92
— Regional Development	Grants.	Regional industry development	Unallocated	3.82	5.13
— Regional Industry Development	Loans and grants.	Regional industry development	Unallocated	0.67	1.82

Table G.2 South Australia (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
— Regional Infrastructure	Loans and grants.	Regional industry development	Unallocated	2.66	1.61
— Tourism Infrastructure	Grants.	Industry development	Services	3.35	1.40
— Other grants	Grants.	Industry development	Unallocated	1.90	1.45
<i>Sub-total for financial assistance schemes</i>				58.89	89.34
<p>Under the <i>Industries Development Act 1941</i>, the Minister may refer any matter to the Industries Development Committee for review and recommendation. The financial assistance recommended by the Industries Development Committee during 2000-01 was:</p>					
— Investment incentives	16 projects were provided incentives in 2000-01.	Industry development	Unallocated	58.31	60.39
— Industrial and Commercial Premises Corporation	Funding to administer the <i>Industrial Premises Development Scheme</i> . The scheme provides various finance and tenure arrangements for development of new factory and commercial properties, as part of the Government program of assisting industry and securing their presence in South Australia. The majority of the Corporation's land and building assets receive guarantees from the Minister of Industry and Trade to make up for shortfalls between proceeds from sale and the actual cost of construction of the assets.	Industry development	Unallocated	20.77	51.54

Table G.2 South Australia (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
Financial assistance commitments	In addition to the financial assistance reported above, these commitments are future payments to companies and other bodies upon fulfilling certain performance criteria: <ul style="list-style-type: none"> • Not later than one year: 53.60 • Later than one year but not later than three years: 58.60 • Later than three years but not later than eight years: 22.30 Sub-total 178.40	Industry development Unallocated		71.50	130.50
SA TOURISM COMMISSION					
<i>Tourism Development</i>	Provision of advice and assistance to people wishing to enter the tourism industry. Assistance is also provided for tourism product development.	Industry development	Services	4.56	..
<i>Tourism Infrastructure Development</i>	Financial assistance to projects to support the development of tourism in South Australia through programs such as the Tourism Infrastructure Fund and the Tourism Road Grant Program.	Industry development	Services	8.14	7.91
<i>Tourism marketing</i>	Marketing services and development of marketing campaigns aimed at increasing visitors to South Australia.	Industry development	Services	22.05	32.90
<i>Event development</i>	Bidding and management of major events held in South Australia.	Other or not classified	Services	17.84	15.58
	Under these assistance activities, the financial assistance schemes include: <ul style="list-style-type: none"> • Sponsorship of events 2.02 			2.02	4.03

Table G.2 South Australia (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
	<ul style="list-style-type: none"> • Tourism Infrastructure grants • Tourism marketing boards/information centre grants • Marketing support • Road signage program • Membership of tourism industry bodies • Trade show subsidies 			9.18	8.41
				2.20	2.01
				1.24	0.76
				0.68	0.77
				0.15	0.05
				0.08	0.07
				52.59	56.39
Sub-total for SA Tourism Commission					
MINISTER FOR TOURISM					
Adelaide Convention Centre	Grant funding for the costs of upgrading and maintenance of the centre. The functions of the centre include commercial development of the site and the management, promotion and sponsorship of events.	Other or not classified	Services	66.06	15.59
Adelaide Entertainment Centre	The functions of the centre include commercial development of the site and management, promotion and sponsorship of events. The capital asset provided by the Government was \$55.54 million in 2000-01	Other or not classified	Services	na	0.54
South Australian Motor Sport Board	Funding for the staging of the 'Race of 1000 Years' and other motor sport events.	Other or not classified	Services	7.95	1.50
				74.00	17.63
Sub-total for Minister for Tourism					

Table G.2 South Australia (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
DEPARTMENT OF PRIMARIES INDUSTRIES AND RESOURCES					
<i>Data and information products and services</i>	Information services (publications, electronic information and products), training and consulting services on primary industries and resources.	Industry development	Primary production and mining	8.51	15.97
<i>Research and scientific services</i>	Research and development services to generate new technologies, methodologies and practices, and diagnostic and geoscientific services, eg cereal breeding, geological survey, tests and analyses.	Industry development	Primary production and mining	25.23	55.67
<i>Trade and market services</i>	Various services, including investment facilitation and promotion trade missions/delegations, to improve access for industries to interstate and international markets.	Industry development	Primary production and mining	2.27	3.00
<i>Training and education services</i>	Delivery of training and education services to rural communities and groups, including property management planning workshops, rural leadership projects, Top Crop workshops, and FarmBis services.	Industry development	Primary production	3.58	4.48
Sub-total for Department of Primaries Industries and Resources				39.59	79.12
ARTS SA					
<i>Access to and preservation of State collections</i>	Funding of art organisations including the Art Gallery of SA, SA Museum and ArtLab and event attraction organisations, such as Carrick Hill.	Other or not classified	Services	21.22	22.34

Table G.2 South Australia (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
<i>Arts industry development</i>	Services to create opportunities for artists, cultural tourism, festivals and events, and grants to production and exhibitions of arts.	Other or not classified	Services	36.15	36.98
<i>Cultural facilities</i>	Financial support to the Adelaide Festival Centre Trust in support of cultural services for the community.	Other or not classified	Services	5.76	15.53
Sub-total for Arts SA				63.14	74.85
DEPARTMENT OF ADMINISTRATIVE AND INFORMATION SERVICES					
<i>Recreation and sport participation</i>	Provision of information, education and support services to groups and community groups to increase community participation in sport activities. Working with industry to create industry development opportunities for sport in South Australia.	Other or not classified	Services	10.38	14.42
<i>Athlete and coach development</i>	Sport science services, information and training to develop high performance athletes and coaches.	Other or not classified	Services	3.48	4.58
Sub-total for Department of Administrative and Information Services				13.86	19.00
DEPARTMENT OF TREASURY AND FINANCE					
<i>Exporters Payroll Tax Rebate Schemes^d</i>	Exporters and companies with export prospects can claim a rebate of 20 per cent on the payroll tax payable on wages of employees engaged in generating export earnings.	Other or not classified	Unallocated	na	na

Table G.2 South Australia (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
<i>Young Persons Employment Incentive Scheme^d</i>	A rebate on payroll tax is available to employers on wages payable in the first 12 months of employment where the new employee is under the age of 21 years. The rebate applies to the first 6 months where the new employee is between 21 and 25 years of age. The maximum rebate cannot exceed the total payroll tax amount in the rebate period.	Other or not classified	Unallocated	na	na
<i>Training Wages Payroll Tax Rebate Scheme^d</i>	Payroll tax rebate for businesses with employees engaged under accredited apprenticeship.	Other or not classified	Unallocated	na	na
Sub-total for Department of Treasury and Finance				na	na
TOTAL BUDGETARY OUTLAY ASSISTANCE^e				319.59	373.58

.. Nil; na not available. Figures for individual programs may not add up to total due to rounding.

a Funding estimates were derived as follows.

- The estimates are compiled for 2000-01 and 2001-02 only, using the *Portfolio Statements 2001-02* and *2002-03* (Government of South Australia 2001) and South Australian Auditor-General reports (2001a, 2001b and 2002) as the principal information source. This is to facilitate comparison across States and Territories on the same reporting period and to overcome difficulties in reconciliation of funding figures due to changes in departmental structures and programs between years.
- The figures are indicative only and are likely to be revised by the South Australian Government.
- The estimates represent the 'net expenses' of the output (or program) costs as shown in the *Portfolio Statements 2001-02* (Government of South Australia 2001). This excludes user charges, industry contributions and Commonwealth grants.
- The assistance sub-total for each agency is computed as the sum of individual output funding (in italics). Where information is available, funding figures for individual programs, sub-programs or grants and subsidies are also shown, but are not included in the calculation of the sub-total.

b Program objectives are classified according to whether the main aim of the program is to promote:

- general industry development;

- regional industry development;
 - other objectives — such as cultural objectives for funding of the arts; or
 - not classified — programs which are difficult to allocate into one of the above categories.
- c** To give some indication of the incidence of assistance based on the information available, the Commission has classified the programs according to the broad sectors to which they primarily benefit. These sectoral classifications include:
- primary production — agriculture, forestry and fishing;
 - manufacturing;
 - mining;
 - services; and
 - unallocated — information is not available to determine the incidence of assistance.
- d** Information published in South Australian Auditor-General (2001a) and (2001b), and Parliament of South Australia Economic and Finance Committee (2000).
- e** The outlay data includes some minor tax concessions that are included, but not separately costed, in state and territory budget papers as part of the overall expenditure for an agency or investment incentive program.

Sources:

- Government of South Australia 2001, *Portfolio Statements 2001-02*, Budget Paper No. 5, Vols. 1 and 2, Adelaide.
- Government of South Australia 2002, *Portfolio Statements 2002-03*, Budget Paper No. 4, Vols. 1 and 2, Adelaide.
- Industry Commission 1996, *States, Territory and Local Government Assistance to Industry*, Report No. 55, AGPS, Canberra, October.
- Parliament of South Australia Economic and Finance Committee 2000, *South Australian Government Assistance to Industry*, Thirty First Report of the Economic and Finance Committee, July.
- South Australian Auditor-General 2001a, *Report of the Auditor-General for the Year ended 30 June 2001*, Part A and B, Government Printer, October.
- South Australian Auditor-General 2001b, *Report of the Auditor-General for the Year ended 30 June 2001*, Supplementary Report, Agency Audit Reports, November.
- South Australian Auditor-General 2002, *Report of the Auditor-General for the Year ended 30 June 2002*, Part A and B, Government Printer, October.