
I Australian Capital Territory 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 Australian Capital Territory (ACT), 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.

I.1 Summary data

The estimates indicate that the ACT Government outlaid around \$38 million in 2000-01, and around \$53 million in 2001-02, on programs that provide assistance to industry (table I.1). Some relatively minor tax concessions are included in these figures.

Of the \$53 million expended in 2001-02, at least \$13 million was directed to programs classified as having a general industry development objective (table I.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).

The estimates also include \$40 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 I.1.

Table I.1 **Australian Capital Territory Government budgetary assistance program outlays, by sectors and objectives, 2000-01 and 2001-02**

\$ million

	2000-01	2001-02
Principal objective		
Industry development	9.12	13.49
Regional industry development	..	..
Other or not classified	29.09	40.02
Sector		
<i>Primary production</i>	..	..
– General industry development	..	..
– Regional industry development	..	..
– Other or not classified	..	..
<i>Mining</i>	..	..
– General industry development	..	..
– Regional industry development	..	..
– Other or not classified	..	..
<i>Services</i>	28.93	40.09
– General industry development	0.07	0.21
– Regional industry development	..	..
– Other or not classified	28.86	39.89
<i>Manufacturing^a</i>	0.07	0.02
– General industry development	0.07	0.02
– Regional industry development	..	..
– Other or not classified	..	..
<i>Unallocated^a</i>	9.21	13.40
– General industry development	8.98	13.27
– Regional industry development	..	..
– Other or not classified	0.24	0.14
Total	38.21	53.52

.. 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.

In terms of the sectoral distribution, at least \$40 million was spent on programs that provide assistance to the services sector, although virtually all 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 minor funding has been recorded as assisting the manufacturing sector. However, as discussed in

appendix B, the Commission considers that many of the programs in the unallocated category appear likely to predominantly assist manufacturing.

The Commission has estimated that the ACT Government provided total payroll tax concessions in the order of \$100 million 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).

I.2 Detailed data

Table I.2 describes different aspects of the ACT 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 I.2 Australian Capital Territory 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
CHIEF MINISTER'S DEPARTMENT					
<i>Business ACT</i>	Provision of a range of business development, attraction and employment programs.	Industry development	Unallocated		
— Staffing budget	BusinessACT staffing budget (less policy salaries).			..	2.43
— General Assistance to Industry	Various programs and projects relating to women, awards, sport, export, defence, technology, environment, wine, entrepreneurship, business angels, intellectual property, sponsorships, marketing, Canberra Business Promotion Centre and Honorary Ambassadors program.	Industry development	Unallocated	1.51	0.65
— ACT Business Incentive Scheme (ACTBIS)	Assistance and attraction of major businesses and projects via cash grants, payroll tax waivers, rent foregone, land discounts and stamp duty waivers.	Industry development	Unallocated		
	<ul style="list-style-type: none"> • Cash grants • Revenue foregone: estimates of payroll tax concessions, rent foregone and land discounts provided to specific companies that are identified as financial grants in the Budget. • Contingent liabilities: the revenue forgone and grants to be paid to recipient companies upon meeting certain performance requirements, including specified employment levels. This is the assistance offered by the ACT Government, but not yet 'utilised' by the companies. Estimates of contingent liabilities are \$52.0 million in 2000-01 and \$55.5 million in 2001-02. 			0.01	0.85
				5.00	4.58

Table I.2 Australian Capital Territory (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
— Research and Development Grants Scheme	Grants to companies and public organisations undertaking R&D and commercialisation activities. Average funding per company is \$100 000.	Industry development	Unallocated	1.54	4.24
— Small Business Growth Program	Grants and loans to small businesses, consisting of: <ul style="list-style-type: none"> • <i>Business improvement</i>: a subsidy to offset the cost of engaging consultancy services on e-commerce and development services. Funding per company is a maximum of \$7 500. • <i>Strategic support</i>: grants to non-profit organisations which provide 'strategic' services to ACT business. Funding per company is a maximum of \$20 000. • <i>Small Business Loans</i>: Government guaranteed loans for individuals starting a new small business or those operating a small business with less than five years. The total guarantee of the scheme is capped at \$500 000. Funding per company is a maximum of \$20 000. 	Industry development	Unallocated	0.26	0.40
— Business Seminar Program	Provision of business information and seminars.	Industry development	Unallocated	0.04	0.03
— ACT Industry Search & Opportunities	Marketing local industry capability.	Industry development	Unallocated	0.01	..

Table I.2 Australian Capital Territory (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>
— ACT Business Gateway	Funding for development of the ACT Government's internet-based entry point to business development services and programs.	Industry development	Unallocated	0.02	0.15
— Canberra Business Advisory Service	Provision of business information, referral and advisory services to small business.	Industry development	Unallocated	0.26	0.28
— New Future in Small Business	Training and mentoring support for unemployed people over 40 years of age to establish a small business.	Industry development	Unallocated	0.20	0.10
— Canberra Youth Business Incentive Scheme	Grants and mentoring services are available to unemployed people aged 18 to 28 who are eligible for support under Commonwealth New Enterprise Incentive Scheme.	Other or not classified	Unallocated	0.03	0.03
— Young Achievement Australia Business Skills Program	Skill and information provision to assist senior secondary and tertiary students to set up and run their own businesses for six months.	Other or not classified	Unallocated	0.01	0.01
— Biotechnology Industry Development	Assistance to commercialisation of biotechnology research by facilitating formation of the Australian BioSciences Consortium with links between Canberra's research institutions, legal advisers and venture capital providers. Funding also covers activities of the Australian Biotechnology Association.	Industry development	Unallocated	0.04	0.03
— ACT Photonics Industry Development Strategy	Assistance to establish the photonics industry in the ACT, in particular the establishment of the National Photonics Institute which provides training courses at the technical and postgraduate level.	Industry development	Unallocated	0.07	0.02

Table I.2 Australian Capital Territory (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
— Co-operative Research Centre for Smart Internet Technology (previously Information Technology and Telecommunication)	Contribution to establishment of the centre which conducts research and commercialisation of internet technology applications.	Industry development	Unallocated	0.07	0.21
<i>Tourism and artsACT</i>					
— Canberra Tourism and Events Corporation (CTEC)	Various programs, including: Tourism marketing campaigns and management of tourism events, including V8 Supercar Series Championship, Rally of Canberra and Floriade.	Other or not classified	Services	13.90	16.00
— Cultural Facilities Corporation	Funding for the management of the Canberra Theatre Centre and ACT museums and galleries.	Other or not classified	Services	6.20	..
— Institute of Arts	Funding to provide special rates for hire of premises, targeted fee tuition, programs of lectures and music programs.	Other or not classified	Services	0.80	..
— artsACT	Implementation of the 'Arts Capital' strategy and administration of various arts programs and cultural facilities, consisting of: <ul style="list-style-type: none"> • <i>Arts Development Strategy</i>: promotion of partnerships, collaboration and fostering links with business community to develop arts activity. • <i>Arts Funding Support</i>: this includes the ACT Arts program and Creative Arts Fellowship. The ACT Arts program provides grants to individual artists, arts organisations and community groups. 	Other or not classified	Services	3.50	..

Table I.2 Australian Capital Territory (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
	<ul style="list-style-type: none"> • <i>Arts Facilities</i>: funding of ten arts centres in the ACT. • <i>Public Arts Program</i>: provides and maintains a range of arts work for public places and buildings. 				
— Festivals ACT	Management of the Festival Development Fund at a cost of \$200 000 to assist ACT festivals to plan and promote quality events.	Other or not classified	Services	0.25	..
— ACT Academy of Sport (<i>transferred from Department of Education and Community Services from November 2001</i>)	Funding to prepare ACT athletes and teams in selected sports for national and international sporting competitions and to develop the skills of sport coaches through the ACT Academy of Sport and the ACT Coaching Centre.	Other or not classified		..	1.70
Sub-total for Chief Minister's Department				33.71	36.31
DEPARTMENT OF URBAN SERVICES					
(The following programs were transferred from the Chief Minister's Department to the Department of Urban Services from November 2001. See Chief Minister's Department for 2000-01 funding data)					
— Institute of Arts	Funding to provide special rates for hire of premises, targeted fee tuition, programs of lectures and music programs.	Other or not classified	Services	..	0.80
— artsACT	Implementation of the 'Arts Capital' strategy and administration of various arts programs and cultural facilities, consisting of:	Other or not classified	Services		

Table I.2 Australian Capital Territory (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
	<ul style="list-style-type: none"> • <i>Arts Development Strategy</i>: promotion of partnerships, collaboration and fostering links with business community to develop arts activity. 			..	1.00
	<ul style="list-style-type: none"> • <i>Arts Funding Support</i>: this includes the ACT Arts program and Creative Arts Fellowship. The ACT Arts program provides grants to individual artists, arts organisations and community groups. 			..	3.50
	<ul style="list-style-type: none"> • <i>Arts Facilities</i>: funding of ten arts centres in the ACT. 			..	0.26
	<ul style="list-style-type: none"> • <i>Public Arts Program</i>: provides and maintains a range of arts work for public places and buildings. 			..	0.40
— Festivals ACT	Management of the Festival Development Fund at a cost of \$200 000 to assist ACT festivals to plan and promote quality events.	Other or not classified	Services	..	0.25
Sub-total for Department of Urban Services				..	6.21
DEPARTMENT OF EDUCATION AND COMMUNITY SERVICES					
— ACT Academy of Sport	Funding to prepare ACT athletes and teams in selected sports for national and international sporting competitions and to develop the skills of sport coaches through the ACT Academy of Sport and the ACT Coaching Centre.	Other or not classified	Services	1.70	..
Sub-total for Department of Education and Community Services				1.70	..

Table I.2 Australian Capital Territory (continued)

Agency Output Program	Description	Objectives ^b	Sector ^c	Funding (\$ million) ^a	
				2000-01	2001-02
STADIUMS AUTHORITY					
Funding	Management and promotion of the Bruce Stadium and attraction of international sport events.	Other or not classified	Services	2.80	3.60
Sub-total for Stadiums Authority				2.80	3.60
AUSTRALIAN INTERNATIONAL HOTEL SCHOOL					
Funding	Subsidy to the operating cost of the hotel school.	Other or not classified	Services	..	2.00
Sub-total for the Australian International Hotel School				..	2.00
TOTAL BUDGETARY OUTLAY ASSISTANCE^d				38.21	53.52

.. 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, using the *Budget Estimates 2001-02* (Australian Capital Territory Government 2001) and the information provided by the ACT Department of Treasury.

- The estimates excludes user charges, industry contributions and Commonwealth grants.

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** The outlay data includes some minor tax concessions that are costed in government budget papers as part of the overall expenditure for an agency or investment incentive program.

Sources:

- Australian Capital Territory (ACT) Government 2001, *Budget Estimates 2001-02*, Budget Paper No. 4, Publishing Services, Canberra.
- Chief Minister's Department (ACT) 2001, *Annual Report 2000-2001*, Vols 1 and 2, Publishing Services, Canberra.
- Department of Industry, Science and Resources (Commonwealth) 2001, *Commonwealth and State Government Programs Supporting Innovation in Firms At January 2001*, February.
- Department of Industry, Tourism and Resources (Commonwealth) 2002, *AusIndustry — Business Entry Point Database*, <http://www.ausindustry.gov.au>