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# THE REVIEW

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## Key points

- Industry assistance has declined significantly over the past decade, particularly import restrictions. However, while most industries and firms now receive low assistance, some still receive substantial support.
- Gross assistance to industry amounted to over \$14 billion in 2001-02, including \$6.8 billion in tariff assistance on outputs and \$7.2 billion in budgetary programs.
- Commonwealth budgetary assistance has edged up since 1997-98, and totalled \$3.9 billion in 2001-02.
  - The main components of the \$2.2 billion in budgetary outlays were funding for CSIRO (17%), Austrade's export promotion and grants (15%), the R&D Start scheme (11%) and the TCF Strategic Investment Program (7%).
  - The Automotive Competitiveness and Investment Scheme was the most significant tax concession, accounting for almost one-third of all such assistance.
- The manufacturing sector is the major beneficiary of Commonwealth assistance. In 2001-02, it received \$4.4 billion in (net) tariff assistance as well as \$1.9 billion in budgetary assistance.
  - Textiles, clothing and footwear and the automotive industries remain the most highly assisted manufacturing industries.
- Commonwealth assistance to most agricultural activities remains low. Exceptions include the dairy industry, notwithstanding a decrease in assistance since its deregulation in 2000, and the sugar industry.
- The services sector received some \$900 million in Commonwealth budgetary assistance in 2001-02. However, tariffs on manufactured inputs increased service industries' costs by some \$2.3 billion in that year.
- In 2001-02, State and Territory governments are estimated to have spent \$3.3 billion on programs that assist industry (of which up to \$1.2 billion involved programs that provide incidental support).
  - This represents a real increase of 15 per cent since 1994-95.
- Increasingly assistance programs are designed to provide incentives for industries to adjust to market pressures. Assistance to the four most highly assisted industries — textiles, clothing and footwear, automotive, dairy and sugar — embody significant adjustment incentives.
- Increases in assistance are in train for tourism and, in response to the drought, the rural sector. Changes have also been introduced in relation to export programs, assistance for small businesses and ethanol production.
- Targeted support to individual projects and firms continues to be provided by State governments, often in competition with each other, as well as through the Commonwealth's Strategic Investment Incentive Program.