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## D Victorian 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 Victoria, 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.

### D.1 Summary data

The estimates indicate that the Victorian Government outlaid \$543 million in 2000-01, and \$778 million in 2001-02, on programs that provide assistance to industry (table D.1). Some relatively minor tax concessions are included in these figures.

Of the \$778 million expended in 2001-02, at least \$352 million was directed to programs classified as having a general industry development objective (table D.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 \$68 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 Victorian Government to be included in this category, the total expenditure on regional industry development assistance would have amounted to some \$232 million in 2001-02.

Table D.1 **Victorian Government budgetary assistance program outlays, by sectors and objectives, 2000-01 and 2001-02**

\$ million

	2000-01	2001-02
<b>Principal objective</b>		
Industry development	281	352
Regional industry development	12	68
Other or not classified	250	357
<b>Sector</b>		
<i>Primary production</i>	142	152
– General industry development	142	152
– Regional industry development	..	..
– Other or not classified	..	..
<i>Mining</i>	11	11
– General industry development	5	5
– Regional industry development	..	..
– Other or not classified	6	7
<i>Services</i>	295	414
– General industry development	52	63
– Regional industry development	..	..
– Other or not classified	244	351
<i>Manufacturing<sup>a</sup></i>	39	45
– General industry development	39	45
– Regional industry development	..	..
– Other or not classified	..	..
<i>Unallocated<sup>a</sup></i>	56	157
– General industry development	44	88
– Regional industry development	12	68
– Other or not classified	..	..
<b>Total</b>	<b>543</b>	<b>778</b>

.. Nil. Figures may not add up to total due to rounding. <sup>a</sup> 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 \$357 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.

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

In terms of the sectoral distribution, \$414 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 \$45 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 Victorian Government provided total payroll tax concessions in the order of \$1.2 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).

## **D.2 Detailed data**

Table D.2 describes different aspects of the Victorian 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 D.2 Victorian Government budgetary assistance program outlays, 2000-01 and 2001-02**

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<b>DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT</b>					
<b>Innovation and Policy</b>					
<i>Science, Technology and Innovation Initiative Management</i>	Allocation and management of grant funding to science and technology projects and infrastructure in priority industry sectors on behalf of all Victorian agencies. Grants are provided on a contestable basis, but vary depending on projects (minimum grant is \$250 000). The major facilities include funding of \$100 million for construction of the National Synchrotron Project at Monash University.	Industry development	Unallocated	7.1	46.8
<i>Biotechnology</i>	Implementation of Biotechnology Strategic Development Plan, including assistance for the commercialisation of biotechnology R&D, training and career development, international marketing and promotion of the Victorian biotechnology sector.	Industry development	Unallocated	..	..
<i>Commercialisation</i>	The Technology Commercialisation Program (TCP) provides professional business support and tailored development services to start up technology companies. The TCP is delivered through 12 private sector service providers, who can also facilitate access to investment capital. The program includes policy development for technology parks, business innovation, intellectual property and agricultural technologies.	Industry development	Unallocated	6.3	8.7
<i>ICT (Information &amp; Communications Technologies) Industry Development and E-Commerce</i>	Delivery of financial assistance to ICT projects in several areas, including: investment attraction, export development, skills development and uptake of electronic commerce.	Industry development	Services	6.6	10.6

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<b>Business</b>					
<i>Investment Facilitation and Attraction</i>	Financial incentives and facilitation services to attract international investment and encourage additional investment by companies already operating in Victoria.	Industry development	Manufacturing	38.9	45.0
— Investment Support Program <sup>d</sup>	Provision of financial assistance to attract investment. Case-by-case assessment of incentives by a Cabinet Committee chaired by the Premier. <ul style="list-style-type: none"> <li>• <u>Projects assisted</u>: 29 projects received financial assistance in 2001-01.</li> <li>• <u>Commitments</u>: future payments to companies upon fulfilling investment and employment targets.</li> </ul>	Industry development	Manufacturing	24.4	na
<i>Business Development</i>	Assistance to individual firms and industries to improve business competitiveness, including provision of information, subsidised consultancies and assistance to access export markets.	Industry development	Unallocated	25.6	28.1
— Enterprise Improvement Program <sup>d</sup>	A range of planning and management services to improve business competitiveness: <ul style="list-style-type: none"> <li>• <i>General Diagnostic Report</i>: a subsidy of up to 75 per cent (or \$4000) for consultancy costs to identify company areas in need of change.</li> <li>• <i>Specialist Services</i>: a subsidy ranging from 25 per cent up to 75 per cent for consultancy costs of technical and specialist services relating to human resource, investment, environmental and export planning.</li> </ul>	Industry development	Unallocated	na	na

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
— Overseas Trade Fairs, Outward Trade Missions and Inward Buyer Visits <sup>d</sup>	A subsidy of up to \$20 000 per mission and up to \$25 000 per fair for groups of companies to assist 'export-ready' companies to participate in selected trade fairs and outward trade missions. A subsidy of up to \$15 000 is available, on a contributory basis, towards the cost of bringing business visits or buyers to Victoria.	Industry development	Unallocated	na	na
— Export Assistance Program <sup>d</sup>	Includes several sub-programs: <ul style="list-style-type: none"> <li>• <i>'Getting into Export' Workshops</i>: workshops to discuss issues involved in exporting.</li> <li>• <i>Export Networks and Consortia</i>: provides a subsidy of up to \$9000 to determine the feasibility of forming an export network and then a subsidy of up to \$15 000 to establish such a network.</li> <li>• <i>Export Market Planning</i>: a subsidy of up to \$6000 to assist companies assessing their export capabilities and strategies</li> <li>• <i>Export Managers' Forum</i>: regular meetings for export managers to discuss export opportunities.</li> </ul>	Industry development	Unallocated	na	na
— Bilateral Chambers of Commerce <sup>d</sup>	A subsidy of up to \$15 000 is available to assist key bilateral Chambers of Commerce to develop new export activities.	Industry development	Unallocated	na	na
— Innovation Program <sup>d</sup>	Subsidies are available for small to medium-sized firms for consultancy costs of technical audits, developing business strategies, and R&D links.	Industry development	Unallocated	na	na
— Cleaner Production Planning Program <sup>d</sup>	Subsidies between 50 per cent and 75 per cent of approved costs for eligible firms to engage an environmental consultant to assess opportunities for introducing cleaner production techniques, and to develop strategies to manage environmental issues.	Industry development	Unallocated	na	na

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<i>Regional Strategic Leadership</i>	Development and administration of regional programs and provision of economic intelligence and policy development services.	Regional industry development	Unallocated	2.2	2.6
<i>Regional Infrastructure Development</i>	Funding of infrastructure development projects in regional Victoria.	Regional industry development	Unallocated	6.9	61.7
— Regional Infrastructure Development Fund <sup>d</sup>	Funding of capital works relating to: <ul style="list-style-type: none"> <li>• industry development, including physical works to facilitate economic development;</li> <li>• transport improvements of strategic regional significance;</li> <li>• tourism-related capital works for new and improved facilities;</li> <li>• education, information and communications technologies.</li> </ul>	Regional industry development	Unallocated	na	na
— Rural Community Development Program <sup>d</sup>	Funding to renew or upgrade community infrastructures to develop a positive investment environment.	Regional industry development	Unallocated	na	na
— Council and Regional Development Body Program <sup>d</sup>	Grants are available to regional bodies and Councils to undertake 'Regional Group Projects' and 'Priority Projects', such as regional investment promotion, regional business plans, regional industry development projects and regional marketing strategies, to attract firms considering locating in rural and regional Victoria.	Regional industry development	Unallocated	na	na

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<i>Regional Economic Development</i>	Attraction of new investment in regional Victoria and support of business development in key regional industries.	Regional industry development	Unallocated	3.3	4.1
— Regional Economic Development Program <sup>d</sup>	Includes two components: <ul style="list-style-type: none"> <li>• <i>Investment Attraction</i>: financial assistance and facilitation services to attract footloose investment to regional Victoria, in particular food processing, forest products and natural fibres processing industries.</li> <li>• <i>Expanding Local Business</i>: a range of enterprise improvement services for existing regional businesses; case-by-case assistance for significant regional companies to expand operations; and grants to Local Councils to provide business planning services.</li> </ul>	Regional industry development	Unallocated	na	na
<i>Small Business Support and Online Business Services</i>	Provision of business information, advisory and referral services through the Victorian Business Line, Business Channel and regional offices operating across rural and metropolitan Victoria. Management of assistance programs and events to assist small business.	Industry development	Unallocated	4.6	4.6
<i>Employment Programs</i>					
— Migrant Employment Services <sup>d</sup>	Delivery of services to attract skilled migrants to Victoria; services to assess overseas qualifications; and provision of information to migrants about job opportunities in Victoria.	Industry development	Unallocated	..	..

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
— Business Employment Programs <sup>d</sup>	Provision of services to employers and individuals to encourage increased take-up of apprentices and trainees in areas of skill shortages. The programs include: <ul style="list-style-type: none"> <li>• Government Youth Employment Scheme;</li> <li>• Go for IT;</li> <li>• Youth Employment Incentive Scheme;</li> <li>• Private Sector Skills Development Program.</li> </ul>	Other or not classified	Unallocated	..	..
<b>Sub-total for Department of Innovation, Industry and Regional Development</b>				<b>101.5</b>	<b>212.5</b>
<b>DEPARTMENT OF TOURISM, SPORT AND THE COMMONWEALTH GAMES</b>					
<b>Sport, Recreation and Racing</b>					
<i>Sport and Major Event Facilitation</i>	Attraction, planning and retention of major national and international sporting and other events that raise the profile of Victoria, such as facilitation of sports visitations, facilities inspection, training and competition and athletes and official pre-Olympic training.	Other or not classified	Services	34.9	29.8
<i>Sport and Recreation Industry Development</i>	Facilitation of the development of the sport and recreation industry. Industry regulation and probity in horse racing, professional boxing and martial arts sector.	Other or not classified	Services	14.0	20.4
<i>Sport and Recreation Facility Development</i>	Funding, coordination and facilitation services to develop Victoria sport and recreation facilities.	Other or not classified	Services	12.0	15.2
<i>Sub-total for Sport, Recreation and Racing</i>				<b>53.5<sup>e</sup></b>	<b>65.4</b>

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<b>Tourism</b>					
<i>Tourism marketing and Event Facilitation</i>	Conduct of marketing campaigns with the aim of increasing visits to Victoria; assistance to developing tourism products; undertaking of cooperative marketing programs; and assistance to major and special events.	Industry development	Services	37.1	48.9
<i>Tourism Industry and Infrastructure Development</i>	Facilitation of investment in tourism projects; development of tourism plans; and attraction new carriers and air services to Victoria.	Industry development	Services	7.8	3.3
<i>Sub-total for Tourism</i>				44.9	52.2
<b>Melbourne 2006 Commonwealth Games</b>					
<i>Melbourne 2006 Commonwealth Games</i>	Coordination of planning and facility development for the Commonwealth Games with the Melbourne 2006 Commonwealth Games Pty Ltd.	Other or not classified	Services	..	35.60
<i>Commonwealth Games Coordination</i>	Provision of planning, development, coordination and management services for preparation of staging of the 2006 Commonwealth Games in Melbourne.	Other or not classified	Services	..	..
<i>Sub-total for Melbourne 2006 Commonwealth Games</i>				..	35.60
<b>Sub-total for Department of Tourism, Sport and the Commonwealth Games</b>				<b>98.4</b>	<b>153.2</b>

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<b>DEPARTMENT OF INFRASTRUCTURE</b>					
<i>Major Public Construction and Land Development</i>	Management and delivery of construction and land development projects, including the World Congress Centre, the Royal Melbourne Showground and the Commonwealth Games Athletes Villages. Provision of coordination of projects and feasibility studies. This output was previously classified as Major Projects Victoria under the former Department of State and Regional Development.	Other or not classified	Unallocated	4.8	6.0
<b>Sub-total for Department of Infrastructure</b>				<b>4.8</b>	<b>6.0</b>
<b>DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT</b>					
<b>Agriculture</b>					
<i>Services to Improve Market Access, Market Development and Consumer Confidence</i>	Various services for food and agricultural industries to develop markets, enhance consumer confidence and protect the environment. These services include: food safety and quality assurance; pest and disease management; facilitation of business value chains; and development of export markets.	Industry development	Primary production	45.0	45.0
<i>Development of 'Next Generation' Technologies for Sustainable Agriculture</i>	Research and extension services to improve agricultural competitiveness. The R&D includes strategic and applied research, product development, improved land and natural resource management systems of benefit to agriculture industries. The services also include provision of technical advice and technical review to support policy development and industry strategic planning.	Industry development	Primary production	76.1	82.6

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<i>Community, Farm and Industry Development Services</i>	Funding of on-farm management programs, industry training and skills development, extension and research, and communication and information services. These are aimed at encouraging adoption of best practice systems for sustainable and productive food and agriculture industries at both the farm and regional level.	Industry development	Primary production	12.6	16.9
<b>Fisheries</b>					
<i>Management Services</i>	Fisheries management services and industry development.	Industry development	Primary production	2.4	2.3
<i>Research</i>	Funding for agricultural and fisheries research.	Industry development	Primary production	2.5	2.2
<b>Forestry</b>					
<i>Forest Industry Structural Assistance Program</i>	Joint Commonwealth-State program to assist forestry industry in response to implementation of the Regional Forest Agreement process.	Industry development	Primary production	3.6	2.7
<b>Minerals and petroleum</b>					
<i>Minerals and Petroleum Regulation Services</i>	Management, monitoring and enforcement of tenement and health, safety and environmental standards for mining and petroleum operations.	Other or not classified	Mining	6.3	6.7

Table D.2 **Victoria** (continued)

Agency Output Program	Description	Objectives <sup>b</sup>	Sector <sup>c</sup>	Funding (\$ million) <sup>a</sup>	
				2000-01	2001-02
<i>Minerals and Petroleum industry development and information</i>	Facilitation services and royalty exemption for mining and petroleum industry.	Industry development	Mining	4.6	4.7
<b>Sub-total for Department of Natural Resources and Environment</b>				<b>153.1</b>	<b>163.1</b>
<b>DEPARTMENT OF PREMIER AND CABINET</b>					
<i>Cultural Product and Art Development</i>	Funding for the creation and presentation of art products and for the development of artists and arts organisations via five art development programs.	Other or not classified	Services	14.9	17.1
<i>Audiences and Access</i>	Funding for the development of audiences and local and international markets.	Other or not classified	Services	8.4	7.6
<i>Infrastructure and Cultural Facilities</i>	Support for Victorian cultural venues and state-owned facilities.	Other or not classified	Services	50.4	74.6
<i>Arts Portfolio Agencies</i>	Promotion, presentation and preservation of heritage and arts through funding of agencies such as Cinemedia, Geelong Performing Arts Centre, Museum Victoria, National Gallery of Victoria and Victorian Arts Centre.	Other or not classified	Services	111.7	144.4
<b>Sub-total for Department of Premier and Cabinet</b>				<b>185.4</b>	<b>243.7</b>
<b>TOTAL BUDGETARY OUTLAY ASSISTANCE<sup>f</sup></b>				<b>543.2</b>	<b>778.2</b>

.. 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 *Budget Estimates 2002-03* (Victorian Government 2002) and information provided by Victorian Government agencies.
  - The estimates exclude user charges, industry contributions and Commonwealth funding.
  - The assistance sub-total for each agency is computed as the sum of individual program funding (in italics). Where information is available, funding figures for individual 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 Department of State and Regional Development (Victoria) (2001), Victorian Auditor-General (2002), Department of Industry, Science and Resources (Commonwealth) (2001) and Department of Industry, Tourism and Resources (Commonwealth) (2002).
- e** The sub-total figure is drawn from Department of State and Regional Development (Victoria) (2001).
- f** The outlay data includes some minor tax concessions that are included, but not separately costed, in state budget papers as part of the overall expenditure for an agency or investment incentive program.

**Sources:**

- 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>
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- Victorian Auditor-General 2002, *Investment attraction and facilitation in Victoria*, Government Printer, May.
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