
Key points

- The gross value of assistance to industry provided by the Australian Government was equivalent to over \$10 billion in 2002-03.
- This included the equivalent of \$6.8 billion in the form of tariff assistance on outputs.
 - Virtually all of this was directed to industries in the manufacturing sector.
 - The resulting higher prices of manufacturing inputs meant that net tariff assistance to the other sectors (agriculture, mining and services) was negative.
- Budgetary assistance totalled \$4 billion in 2002-03.
 - \$2 billion was provided in budgetary outlays — the main components were funding for CSIRO (19%) and Austrade's export promotion and grants (15%).
 - The Automotive Competitiveness and Investment Scheme was the most significant tax concession, accounting for almost one-third of the \$2 billion of such assistance provided.
- The manufacturing sector is the major beneficiary of Australian Government assistance. In 2002-03, it received the equivalent of \$4.4 billion in net tariff assistance as well as \$1.8 billion in budgetary assistance.
 - Textiles, clothing and footwear and the automotive industries remain the most highly assisted manufacturing industry groupings, although the Government has announced continuing transition programs designed to move both sectors to lower levels of assistance.
 - The Government has substantially increased assistance to ethanol recently.
- Measured assistance to most agricultural activities remains low.
 - A key exception is the dairy industry, notwithstanding a decrease in assistance since its deregulation in 2000.
 - Although not included in the Commission's estimates, significant drought relief has also been provided to farmers and rural communities over the past year.
- The services sector received some \$757 million in Australian Government budgetary assistance in 2002-03. However, tariffs on manufactured inputs increased service industries' costs by some \$2.5 billion that year.
 - Although not included in the Commission's estimates, some pockets of the services sector, such as the legal and medical professions, benefit from regulatory restrictions on competition.
 - Significant increases in assistance for tourism and medical indemnity insurance suppliers have recently been provided and/or announced.
- There has been little progress on international trade liberalisation recently.
 - The recent collapse of WTO talks in Mexico is a setback for multilateral reform.
 - There has been an increase in preferential trade arrangements (PTAs) — Australia itself has concluded PTAs with Singapore and Thailand recently and is negotiating a PTA with the United States.