

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
 Industry Portfolio
 Supplementary Budget Estimates 2014-15
 23 October 2014

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: Automotive

REFERENCE: Written Question – Senator Carr

QUESTION No.: SI-122

1. What are the savings associated with the abolition of the Automotive New Markets Program? Please provide a breakdown of the financial impact of ceasing the program over the forward estimates.
2. In relation to the Automotive Transformation Scheme (ATS), please provide a detailed breakdown outlining how the MYEFO and Budget measures reduce the allocated funding available through the scheme. Please provide this breakdown on a half-year (i.e. calendar year) basis and on a financial year basis.
3. In relation to the Automotive Transformation Scheme (ATS), please provide a detailed breakdown outlining remaining funding available through the scheme. Please provide this breakdown on a half-year (i.e. calendar year) basis and on a financial year basis.
4. In relation to the Automotive Transformation Scheme (ATS), the Department provided estimates of expected claims under the capped component to the Productivity Commission under a scenario with and without the MYEFO cuts. Have those projects been updated? If so, please provide a detailed breakdown of current projections.
5. In relation to the Automotive Transformation Scheme (ATS), what portion of the projected claims for motor vehicle manufacturers was for R&D, investment or production? What were the expected/projected claims for those categories for other claimants?
6. In relation to the Automotive Transformation Scheme (ATS), comparing the 2013-14 PBS (p. 43) to the 2014-15 PBS (p. 62), the expected investment generated by the ATS is substantially higher. Why is that? What is the methodology used to calculate induced investment from the ATS?

ANSWER

1. The termination of the Automotive New Markets Initiative (ANMI) on 30 June 2014 provided up to \$16.9 million in savings. The table below provides a breakdown of the impact on fiscal balance from the termination of the ANMI over the forward estimates:

	2013-14	2014-15	2015-16	2016-17	2017-18
Impact on Fiscal Balance from the Termination of ANMI (\$m)	+4.7	+4.7	+7.1	+0.3	+0.0

*Figures presented are subject to rounding

2. The tables below provide a breakdown of ATS savings from the MYEFO and Budget measures on a financial year and calendar basis.

Table 1: Financial Year Basis

ATS Financial Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
MYEFO Savings (\$500m)	-100.0	-175.0	-150.0	-75.0	0.0	0.0	0.0
Budget Savings – Terminate ATS from 2018				-108.4	-175.0	-91.7	-25.0

Table 2: Calendar Year Basis

ATS Calendar Year	2015	2016	2017	2018	2019	2020
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
MYEFO Savings (\$500m)	-200.0	-150.0	-150.0	0.0	0.0	0.0
Budget Savings - Terminate ATS from 2018				-216.7	-133.3	-50.0

3. The tables below provide the post-savings ATS capped funding profile on a financial year and calendar year basis.

Table 1: Financial Year Basis

ATS Financial Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Capped Funding After Budget Announcement	200.0	125.0	150.0	75.0	0.0	0.0	0.0

Table 2: Calendar Year Basis

ATS Calendar Year	2015	2016	2017	2018	2019	2020
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Capped Funding After Budget Announcement	100.0	150.0	150.0	0.0	0.0	0.0

4. The Department has not updated the projections provided to the Productivity Commission.
5. The projected claims for ATS participants are commercial-in-confidence. Published information on the ATS can be found in the Department of Industry 2013/14 Annual Report (pages 14-17) at:
www.industry.gov.au/AboutUs/CorporatePublications/AnnualReports/Documents/13-14/AnnualReport-Consolidated.pdf
6. The Portfolio Budget Statement reports ATS participants expected investments in the forward estimates. This is based on participant's individual annual business plans. Changes in expected investments from one year to the next represent updates to participant's business plans.