

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Supplementary Budget Estimates Hearing 2011-12
19 October 2011

AGENCY/DEPARTMENT: DEPARTMENT OF INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: STEEL INDUSTRY

REFERENCE: Written Question - Senator Colbeck

QUESTION NO.: SI-121

1. Over how many years does the Steel Transformation Plan operate (that is, from which to which financial years)?
2. Is it correct that the entire sum allocated to the Steel Transformation Plan could actually all be exhausted within one year and one day of the start of the carbon tax?
3. What are the practical activities that either BlueScope or OneSteel must undertake to receive payments under the Steel Transformation Plan? (The legislation says that the Plan “(provides) assistance for participants for investment, innovation and competitiveness in the Australian steel manufacturing industry to transform it into an efficient and economically sustainable industry in a low carbon environment” – please detail the kinds of practical activities to this would translate.)
4. Will payments be made in a lump sum or staggered in accordance with BlueScope and OneSteel meeting certain milestones?

ANSWER

1. The Steel Transformation Plan will operate over six financial years from 2011-12 to 2016-17.
2. This is not correct. The \$300 million Steel Transformation Plan is a special appropriation scheme with assistance under the Plan capped at \$75 million per year for plan years 2012-13 to 2015-16.
3. Details of the eligible activities for the self-assessment component of the Plan are to be included in a legislative instrument that is currently being formulated. The Steel Transformation Plan Bill 2011 enables the Minister to approve up to \$164 million in 2011-12 in competitive assistance advances. In determining the type of activities that would be supported for an advance payment, the Minister will need to be satisfied that the activities to be undertaken by the eligible corporation will significantly enhance the competitiveness and sustainability of the Australian steel manufacturing industry in a low carbon economy.
4. A legislative instrument is currently being formulated setting out the payment process for the self-assessment component of the scheme (payments will be made up to six months in arrears). Part 2 of the Steel Transformation Plan Bill 2011 sets out all of the provisions necessary for the operation of competitiveness assistance advances. The Minister will have the discretion to determine the amount and timing of individual payments and the conditions to which they will be subject.

