



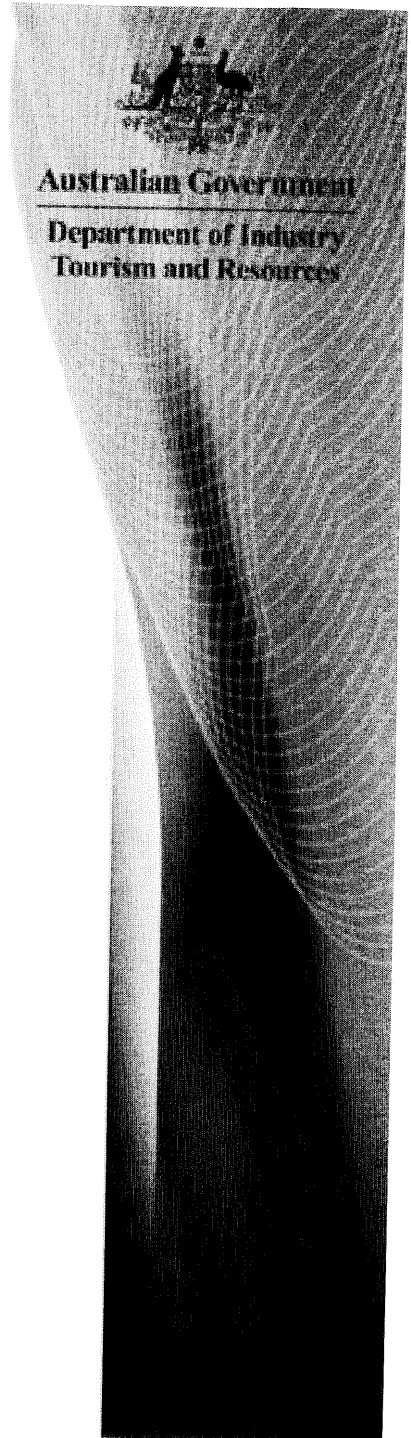
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TCF Post 2005 SIP Scheme

**Initial Industry Consultations
February 2004 – March 2004**

Presentation Outline

1. TCF Post 2005 Assistance Package
2. TCF Post 2005 SIP Scheme - Indicative Timeline
3. TCF Post 2005 SIP Scheme – Underlying Policy Principles
4. TCF Post 2005 SIP Scheme – Transition Issues
5. TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme
6. Close





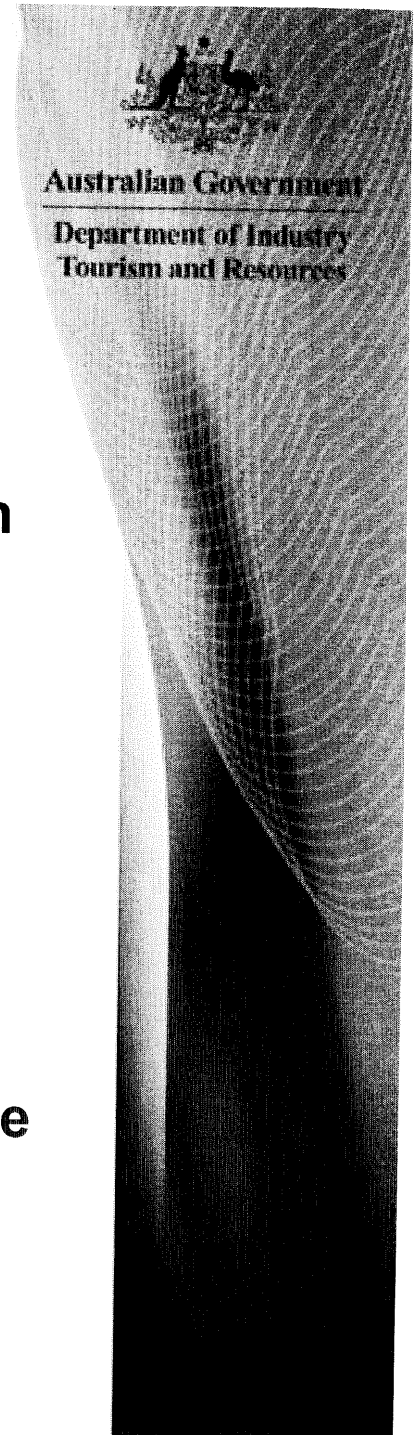
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1. TCF Post 2005 Assistance Package

TCF Post 2005 Assistance Package

- **Announced on the 27 November 2003, the \$747m TCF Post 2005 Assistance Package includes:**
 - **\$600m 10 year extension of TCF SIP Scheme**
 - **Including \$25m for Small Business grants**
 - **\$50m 10 year Structural Adjustment Fund**
 - **\$50m 10 year Import Credit Scheme**
 - **\$27m 5 year extension of EOAP**
 - **\$20m Supply Chain Program 5 years from 2010**
- **These assistance measures are contingent on the legislation of the Tariff Reduction Schedule**





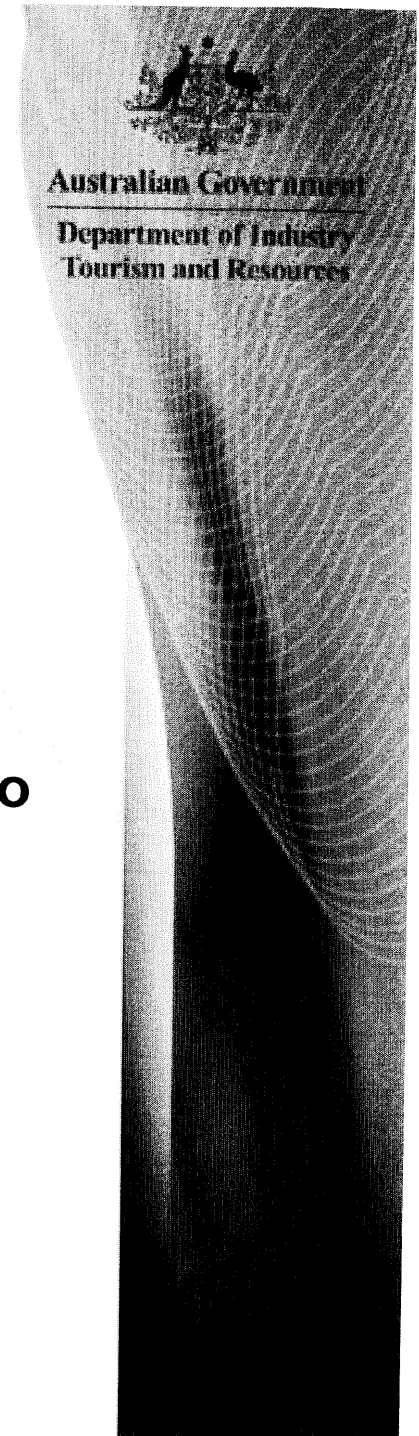
TCF Post 2005 Assistance Package

- Tariff Reduction Schedule

	2005	2010	2015
Clothing and finished textiles	17.5%	10%	5%
Cotton sheeting, fabrics, carpet, and footwear	10%	5%	5%
Sleeping bags, table linen and footwear parts	7.5%	5%	5%
Other (eg yarns, leather)	5%	5%	5%

TCF Post 2005 Assistance Package

- **\$25m Small Business Program**
(UNDER DEVELOPMENT)
 - 2005 to 2015
 - Available to small TCF firms who are unable to access TCF Post 2005 SIP Scheme
 - Competitive grants program



TCF Post 2005 Assistance Package

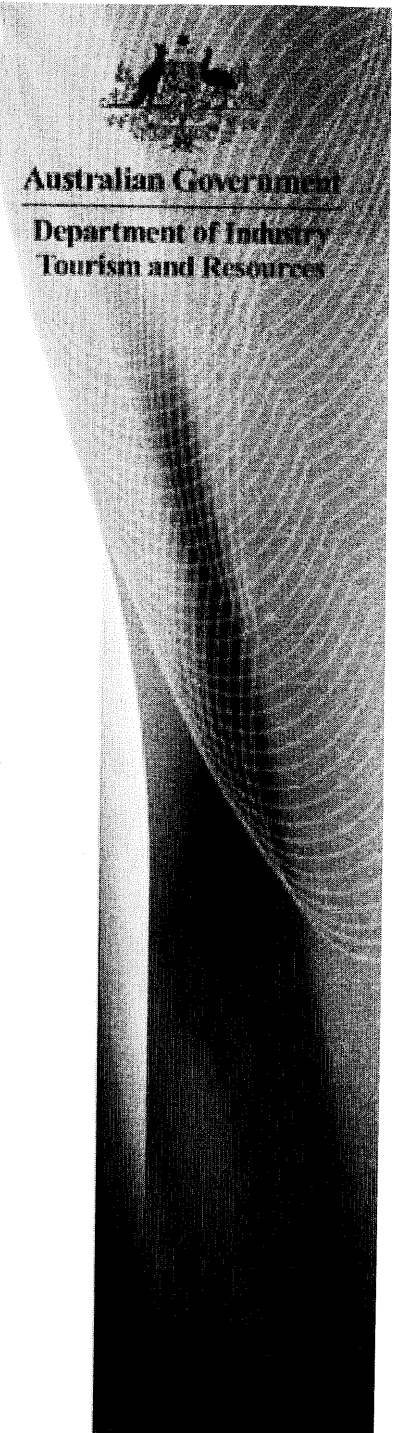
- **\$50m Structural Adjustment Fund**
(UNDER DEVELOPMENT)
 - **2005 to 2015**
 - **To encourage restructuring and reduce the burden of transition experienced by firms, workers and communities, particularly in TCF dependent regions**



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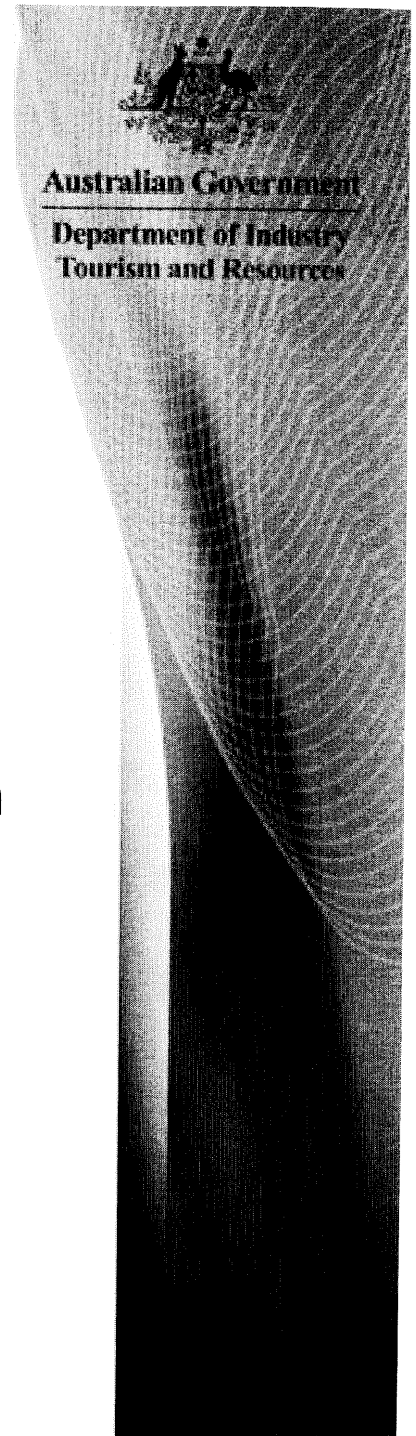
TCF Post 2005 Assistance Package

- **\$50m Import Credit Scheme (UNDER DEVELOPMENT)**
 - 2005 to 2015
 - Only available to manufacturers of clothing and finished textiles
 - Encourage firms to internationalise their supply chains
 - TCF Post 2005 SIP Scheme registered firms increasing production will accrue non-transferable duty credits for the import of clothing and finished textile items
 - Up to \$5m in credits will be issued each year



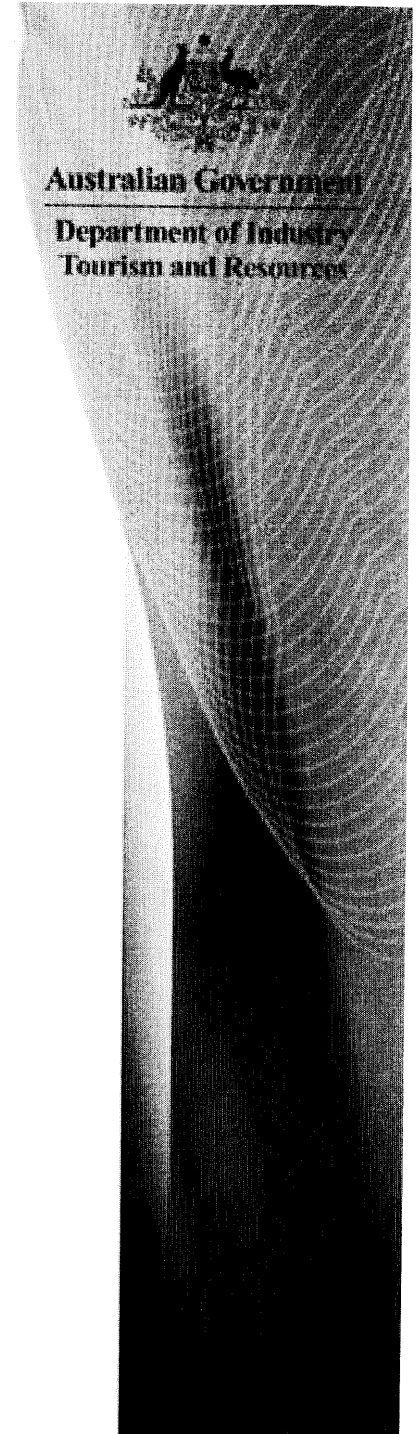
TCF Post 2005 Assistance Package

- **\$27m 5 year extension of EOAP**
 - In place, has been extended to 2010
 - Duty forgone of around \$5 - \$6m pa
 - Provides a duty concession for the Australian content of finished products imported into Australia after processing offshore



TCF Post 2005 Assistance Package

- **\$20m Supply Chain Program**
(TO BE DEVELOPED)
 - 2010 to 2015
 - Competitive grants program
 - Support major capital investments which strengthen the local supply chain for the clothing and finished textiles sector.

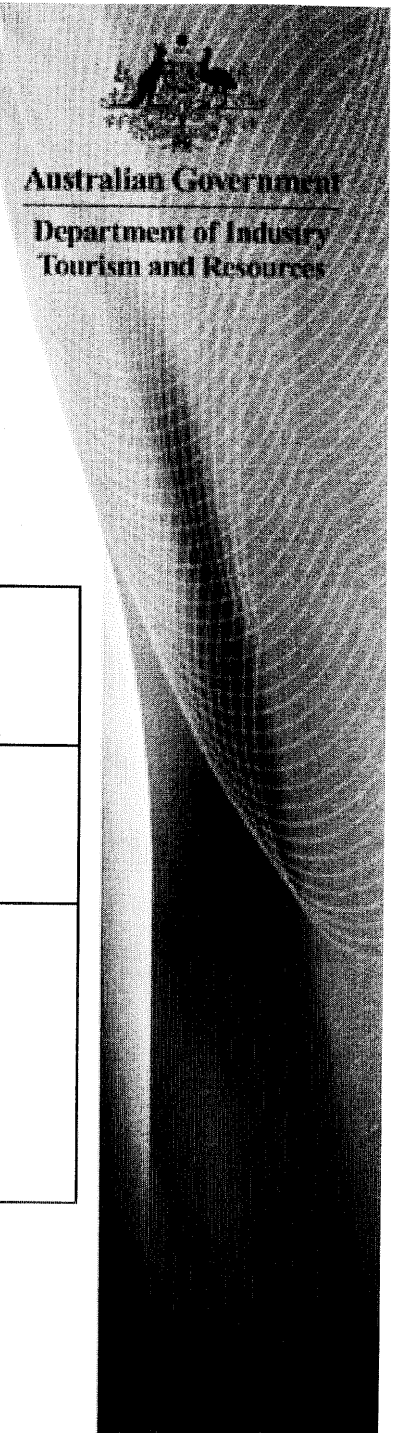




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2. TCF Post 2005 SIP Scheme - Indicative Timeline

TCF Post 2005 SIP Scheme - Indicative Timeline



Initial industry consultations	23 February – 1 March
Deadline for industry comment	19 March
Draft exposure Bill and indicative draft of Scheme released for final industry consultation	Early April



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3. TCF Post 2005 SIP Scheme – Underlying Policy Principles

TCF Post 2005 SIP Scheme – Underlying Policy Principles

Underlying Policy Principles

- **Grant funding directed according to the amount of tariff adjustment faced by firms**
- **Grant funding to be wound back when tariffs reach the general rate of 5%**

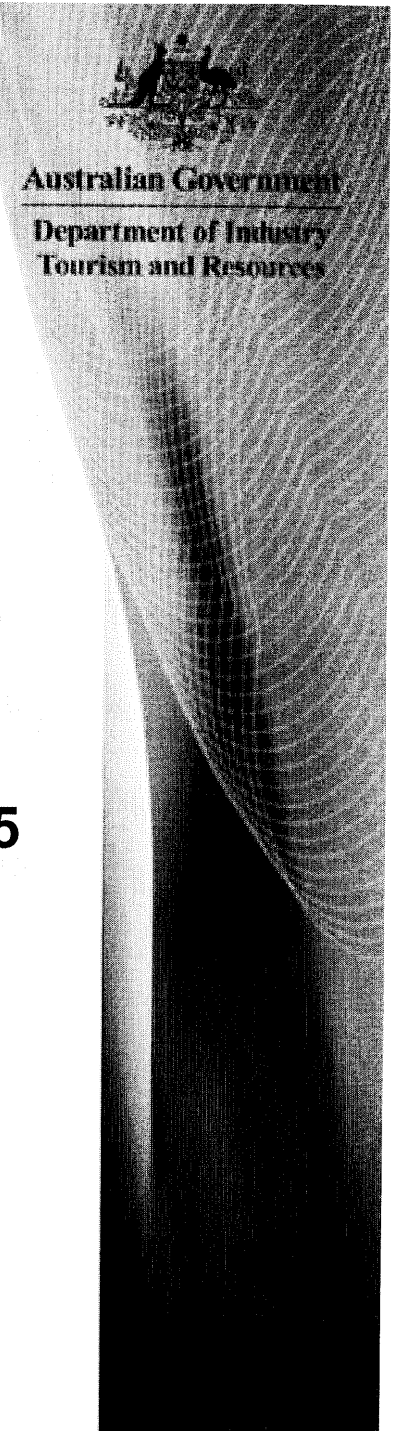


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4. TCF Post 2005 SIP Scheme – Transition Issues

TCF Post 2005 SIP Scheme – Transition Issues

- **5 years + 5 years funding caps**
 - Funding for 2006 to 2010 is capped at \$487.5m
 - Funding for 2011 to 2015 is capped at \$87.5m
 - There will be no rollover of unallocated funds from the TCF SIP Scheme to the TCF Post 2005 SIP Scheme
 - There will be no rollover of unallocated funds from the 1st 5 years to the 2nd 5 years
 - There will be no rollover of unallocated funds from one year to a subsequent year in the TCF Post 2005 SIP Scheme

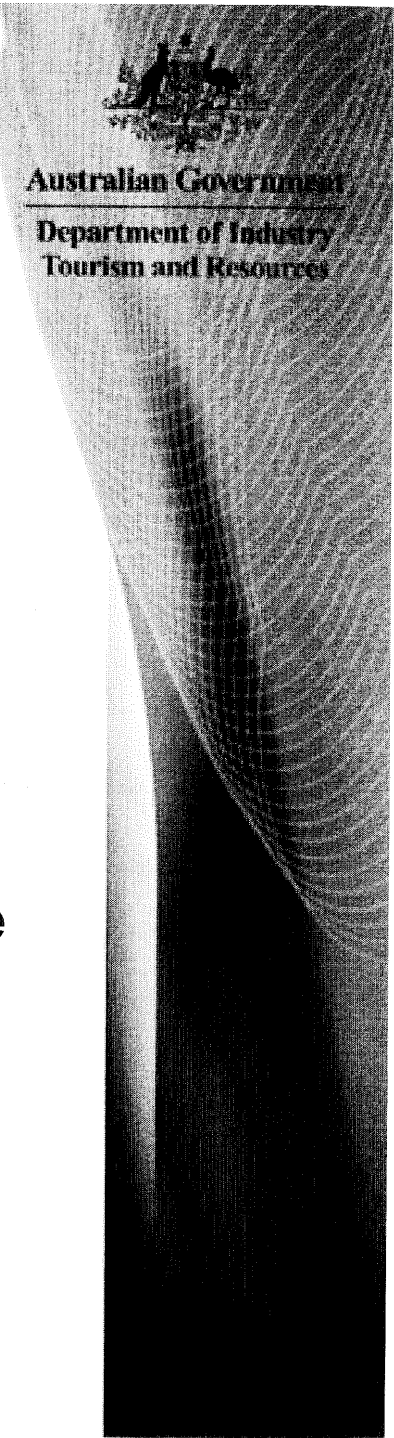




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TCF Post 2005 SIP Scheme – Transition Issues

- **5% TER carryovers**
 - **No carryover of grant entitlements in excess of a firm’s 5% TER cap from the current Scheme into the new Scheme**
 - **In the new Scheme there will be no carryover of grant entitlements in excess of a firm’s 5% TER cap to subsequent program years**



TCF Post 2005 SIP Scheme – Transition Issues

- **Entrance Threshold**
 - Remain at \$200,000 worth of eligible expenditure
 - Only eligible expenditure incurred in the last program year of the TCF SIP Scheme will be counted towards the \$200,000 threshold of the new Scheme
 - Minimum additional expenditure threshold of \$100,000 will be removed



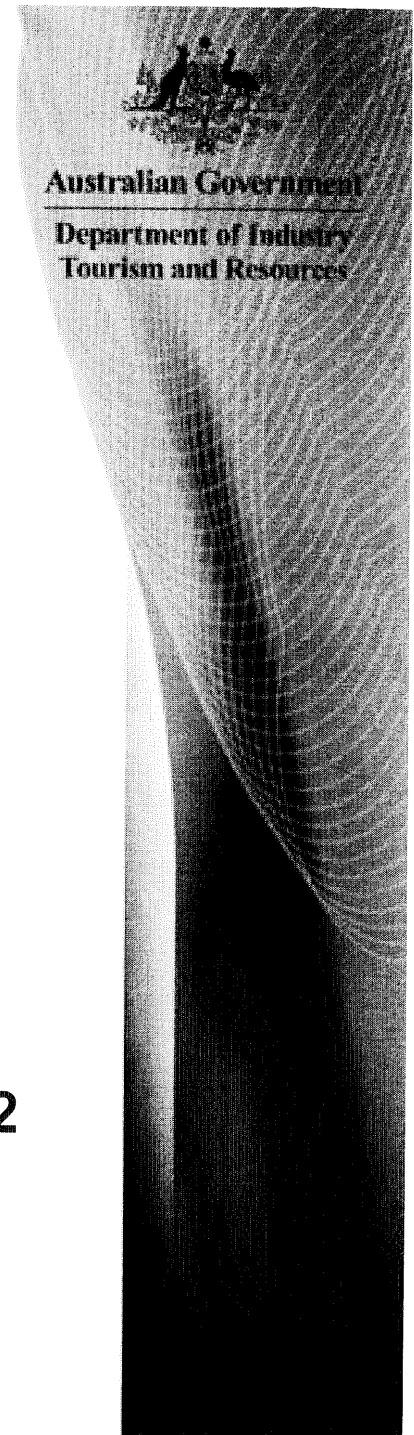
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5. TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

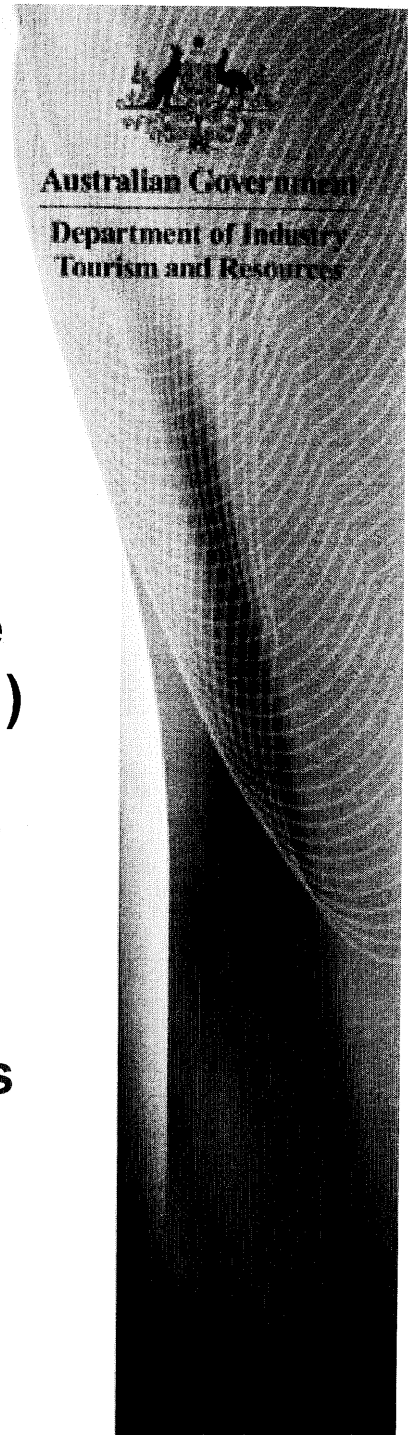
Summary of Modifications

- **Rate for Type 1 grants up to 40%**
- **Rate for Type 2 grants up to 80%**
- **Type 1 will provide wider support for branding**
- **Clothing and Finished Textile firms able to claim non-production related IT under Type 1**
- **Type 3, 4 and 5 grants removed**
- **Expenditure on innovation for leather and technical textile products will not attract a Type 2 grant**



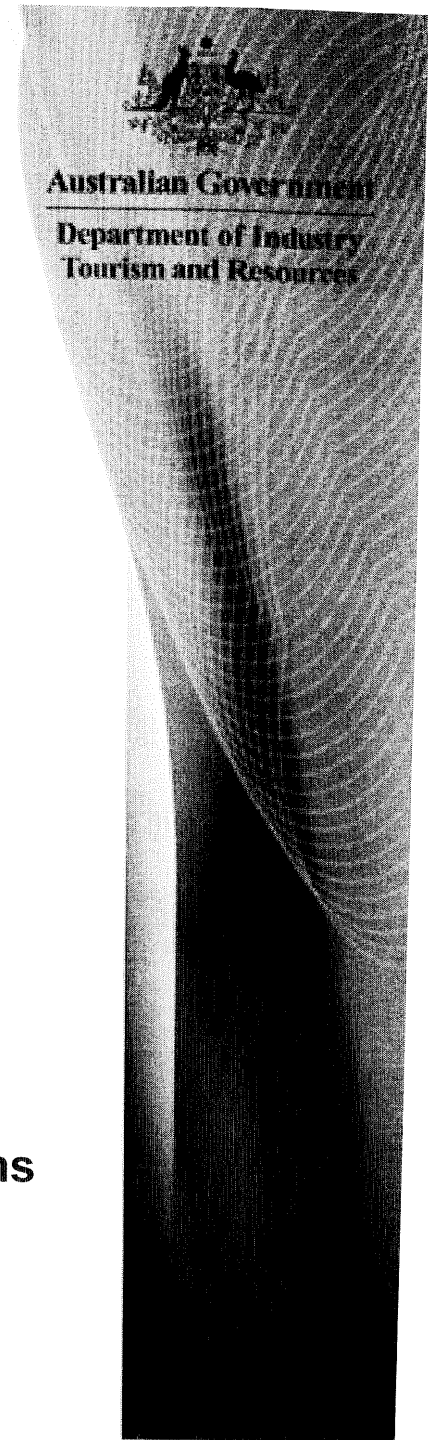
TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

- **2 Grant types**
 - To simplify the new Scheme there will only be two grant types for capital investment (Type 1) and innovation (Type 2)
 - Value add (Type 3) grants have been removed but subsidy rates increased for Types 1 and 2
 - The Structural Adjustment Fund will provide assistance for industry restructuring activities (Types 4 and 5)



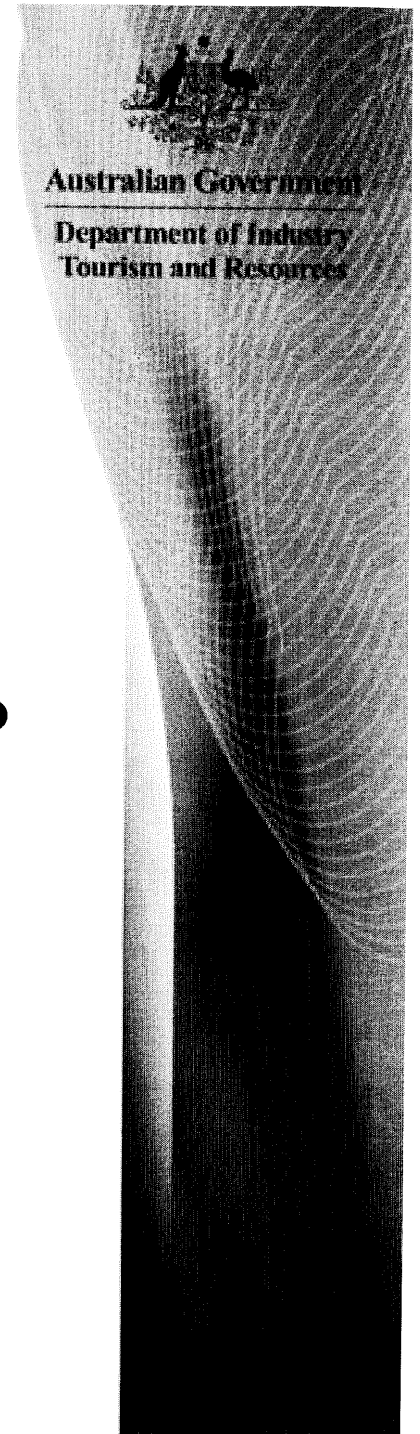
TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

- **Type 1 Grants**
 - **Up to 40% of eligible expenditure**
 - **Eligible activities as for TCF SIP Scheme (no provisions for 2nd hand equipment)**
 - **Additional support for branding activities**
 - **Same criteria as current brand support but now available for all TCF products not just innovative products**
 - **Maximum eligible expenditure of \$3m per firm pa**
 - **Additional support for non-production related IT**
 - **Only available to Clothing and Finished Textiles firms**
 - **Maximum eligible expenditure of \$2m per firm pa**



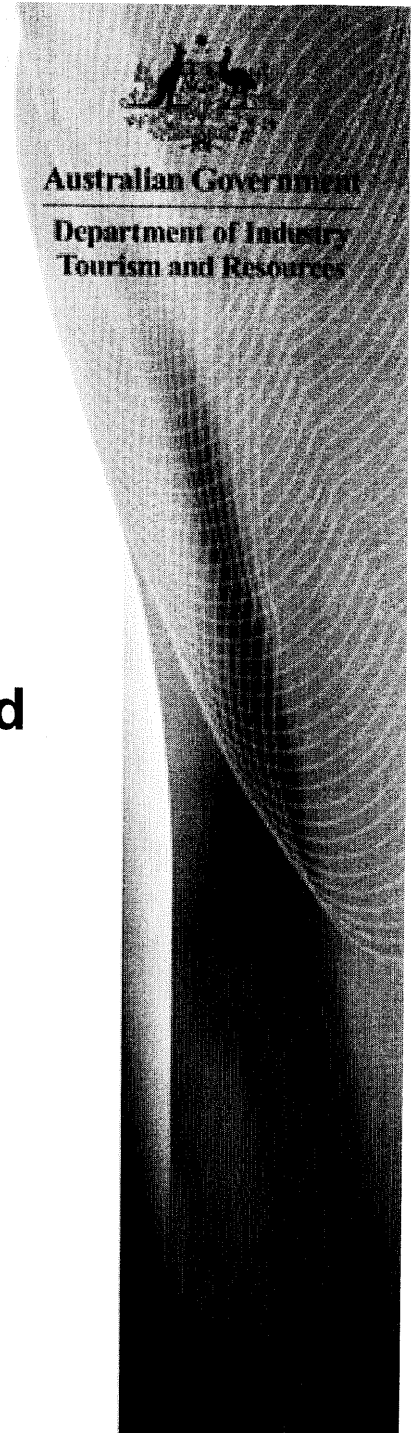
TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

- **Type 2 Grants**
 - Up to 80% of eligible expenditure
 - Expenditure on innovative projects relating to technical textile and leather products is not eligible
 - No support for branding (moved to Type 1)



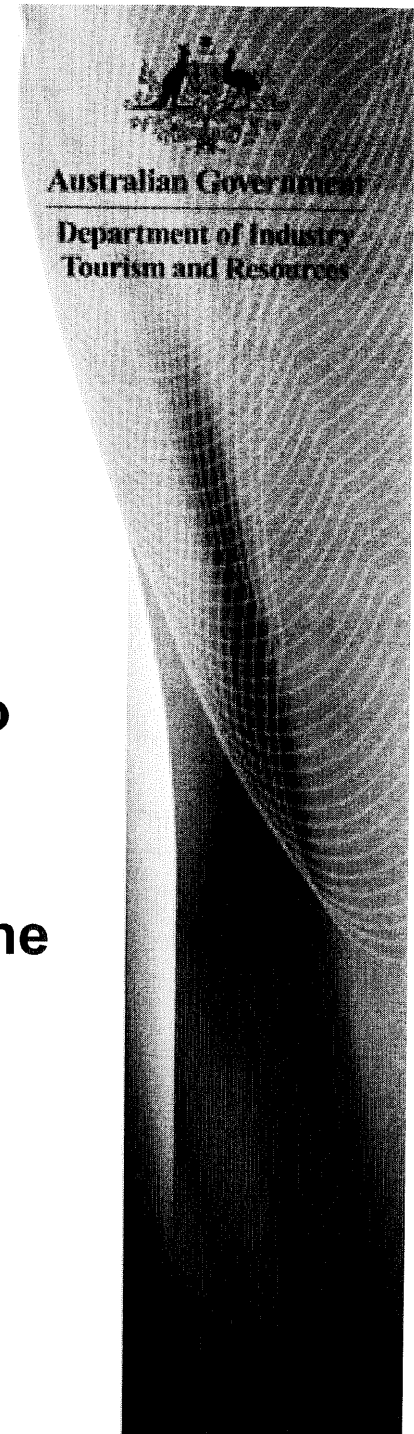
TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

- **Clothing and Finished Textiles**
 - Face the greatest tariff adjustment
 - Type 1 grant: Claim for non-production related IT expenditure
 - 10 years access to Scheme



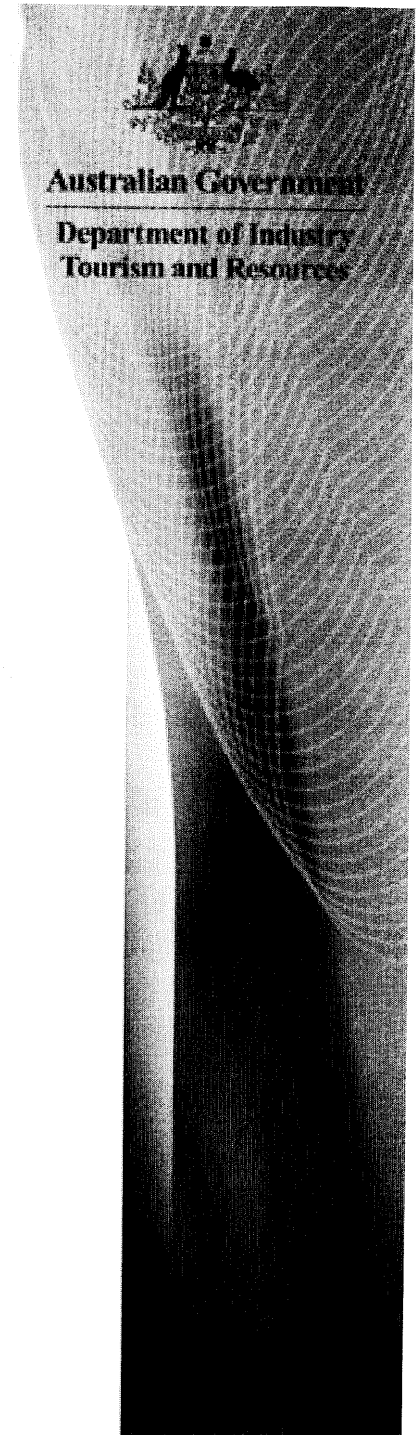
TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

- **Technical Textiles and Leather**
 - Face least tariff adjustment
 - Expenditure on innovative projects relating to technical textile and leather products is not eligible for Type 2 grants
 - Can still access generic R&D programs and the R&D Tax Concession
 - Type 1 grants still available



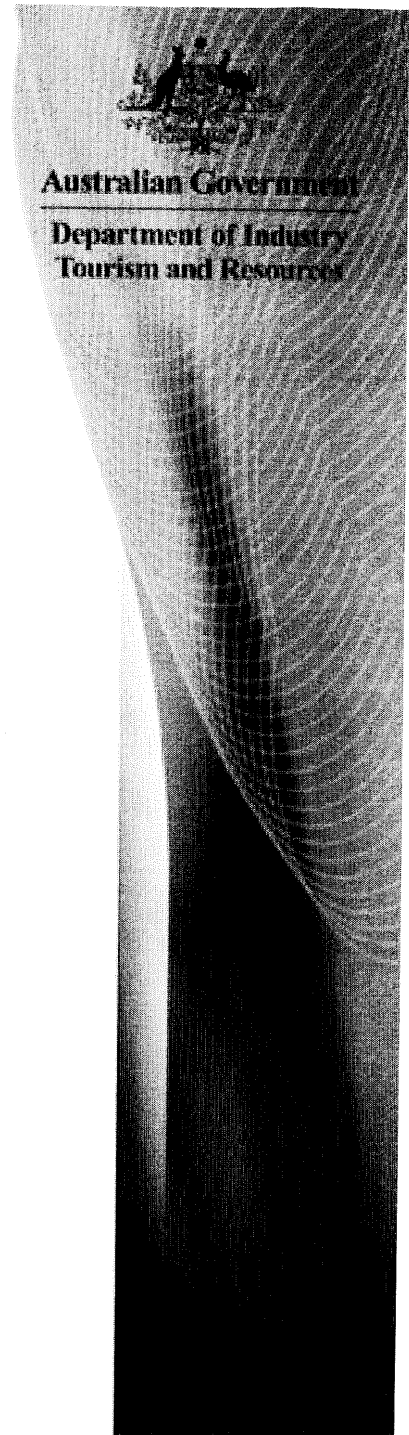
TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

- **Modulation**
 - **Scheme will be modulated annually**
 - **Impact on the timing and payment of claims**



TCF Post 2005 SIP Scheme – Modifications from TCF SIP Scheme

- **Inclusion of Public Disclosure clause**
 - Annual disclosure of a firm's total grant payments
- **Electronic lodgement of registration and claim details**
- **Self-assessment with compliance audits**

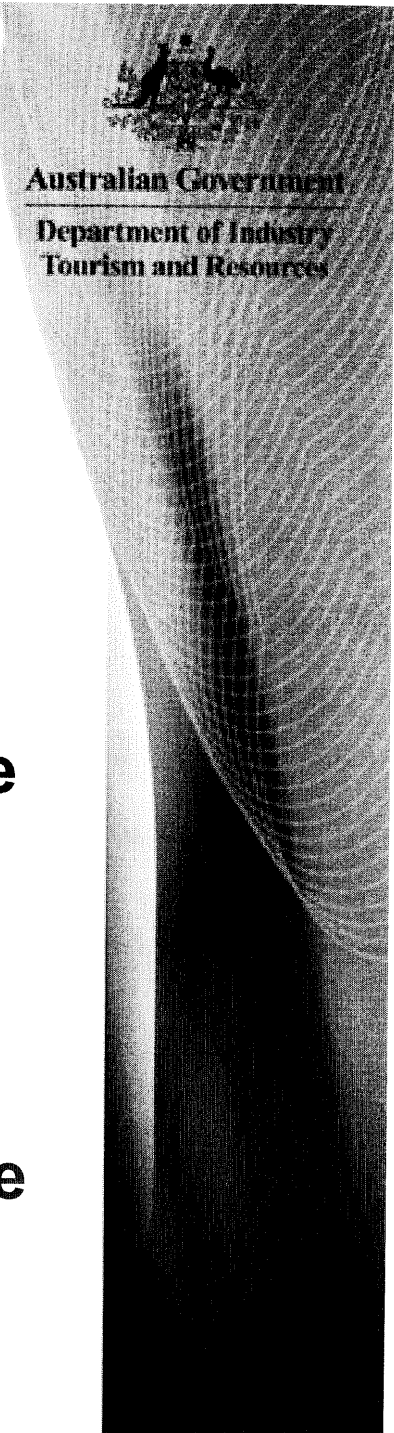




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6. Close



What does this mean to me?

- **The Department is currently developing legislation and consulting with industry**
- **Industry is invited to provide feedback on the policy parameters for the new Scheme**
- **Further consultation will occur**
- **We expect to have the administrative processes confirmed by the end of the year, at which point firms will be able to register for the TCF Post 2005 SIP Scheme**

Industry Comments

- Industry is invited to provide feedback on the new Scheme by March 19 to:

tcfinfo@industry.gov.au



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Questions?