

QUESTION TIME BRIEF

SUPPORT FOR THE CAR INDUSTRY AND OTHER MANUFACTURERS

The Government will support manufacturing through a manufacturing transition grant program to help assist communities and businesses transition to competitive industries.	The Government has committed \$50 million over two years (2014-15 and 2015-16).
The Productivity Commission has commenced an inquiry into automotive industry assistance to guide policy settings for a sustainable and competitive industry.	Assistance to the automotive manufacturing sector is provided through the Automotive Transformation Scheme and direct grants to manufacturers. An estimated \$537 million will be provided to the sector in 2013-14. The Government committed to cutting funding for the Automotive Transformation Scheme by \$500 million over four years.
The Government will create Strategic Growth Action Agendas to encourage investment in high-growth manufacturing industries.	These agendas will advise the Government on regulatory burdens and policies that will boost growth.
The Government will restore funding to the Export Market Development Grants program.	An initial funding boost of \$13 million each year will be provided. Further increases will be considered as the Budget improves.

COALITION ACTION:

The Government will remove cost barriers on Australian manufacturing by abolishing the carbon tax, lowering company tax, cutting red tape costs by \$1 billion per annum and addressing energy costs. It will also strengthen the anti-dumping system and modernise competition laws.

The Government has commissioned the Productivity Commission to examine the best way that the Australian Government and the Australian economy can ensure the ongoing viability of the automotive industry. It has asked the Commission to provide an interim report by 20 December 2013 and a final report by 31 March 2014.

The Government will not proceed with the previous Government's \$1.8 billion Fringe Benefits Tax changes affecting the automotive sector.

KEY QUOTES:

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NARRATIVE:

The Australian Government understands that Australian manufacturing is changing. Its future depends on seeking new and improved opportunities to create competitive advantage, by making our products more efficiently or in a way that adds higher value.

The Government's policy for Australian manufacturing is underpinned by recognition that businesses create jobs and wealth, not governments. Picking winners or relying on taxpayer subsidies results in long-term damage and costs.

The Government desires an internationally competitive and globally integrated automotive manufacturing sector and wishes to ensure that any support for the local automotive manufacturing industry is accountable, transparent and targeted at the long-term sustainability of the sector. The Productivity Commission inquiry will provide the Government with necessary information to respond to the challenges facing the car industry in a measured way that will focus on long-term sustainability and will identify options that are sustainable, accountable and transparent.