



**Australian Government**  
**Department of Finance**  
**The Treasury**

## PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

<b>Name of proposal costed: Manufacturing Modernisation Fund</b>	
<b>Costing Identifier:</b>	COA037
<b>Summary of costing:</b>	<p>The proposal is to provide \$50.0 million over three years from 2019-20 to establish a Manufacturing Modernisation Fund to increase the competitiveness of Australian manufacturing businesses and secure manufacturing jobs.</p> <p>The proposal includes:</p> <ul style="list-style-type: none"><li>- \$20.0 million for small-scale grants (\$50,000 to \$100,000) to fund capital-investments that support technology and efficiency improvements. Industry would be required to co-invest at a rate of 1:1; and</li><li>- \$30.0 million for large-scale grants (up to \$1.0 million) to support more transformative investments in technologies and processes. Industry would be required to co-invest at a rate of 3:1.</li></ul>
<b>Ongoing or Terminating (including date) (a)</b>	Terminating on 30 June 2022.
<b>Person making the request:</b>	Prime Minister.
<b>Date costing request received:</b>	9 May 2019.
<b>Date of public release of policy:</b>	6 May 2019.
<b>Date costing completed:</b>	13 May 2019.
<b>Additional information requested (including date):</b>	Not applicable.
<b>Additional information received (including date):</b>	Not applicable.

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

### Financial implications (outturn prices) (b)

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-10.0	-20.0	-20.0	0.0
Fiscal Balance (\$m)	0.0	-10.0	-20.0	-20.0	0.0

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

**Where relevant, state that the proposal has been costed as a defined or specified amount.**

The proposal has been costed as a specified amount.

**Where relevant, include separate identification of revenue and expense components.**

Not applicable.

**Where appropriate, include a range for the costing or sensitivity analysis.**

This costing is based on the proposal being a \$50.0 million capped grants program and it is assumed that between:

- 200 and 400 businesses would benefit from the small-scale grant component; and
- 30 and 300 businesses would benefit from the large-scale grant component.

**Qualifications to the costing (including reasons for the costing not being comprehensive).**

Not applicable.

**Where relevant, explain effects of departmental expenses.**

Consistent with the costing request, the costing assumes that all departmental costs associated with the proposal would be met from within the existing resources of the Department of Industry, Innovation and Science.

**Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.**

Not applicable.

**Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).**

Not applicable.

**Where relevant, include an explanation of the medium term implications of the proposal<sup>(c)</sup>.**

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

## **Background information**

### **Costing methodology used:**

The costing assumes that the capped \$50.0 million grants program will have a financial profile of \$10.0 million in 2019-20 and \$20.0 million in 2020-21 and 2021-22.

Under this policy, it is assumed that 250 businesses would benefit from small-scale grants based on an average grant of \$75,000, and 100 businesses will benefit from large scale grants based on an average grant of \$300,000.

The costing is based on the assumption that the applicants of the small-scale grants component would invest \$1 for every \$1 in grant funding, while the applicants of the large-scale grants component would invest \$3 for every \$1 in grant funding, resulting in a minimum business investment of \$110.0 million.

### **Behavioural assumptions used (as appropriate)**

Not applicable.