

<b>Key Policy in discussion</b>	<b>INDUSTRY</b>
<b>Portfolio and or agency</b>	<b>Industry, Science and Resources</b>
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### **Key Portfolio Issues**

The Government spending audit has resulted in a refocusing of grants to industry, and for infrastructure projects, to align with the priorities of the new Government largely by redirecting unallocated funding from previous Government programs to the development of alternative energy resources. The target industries significantly overlap with the industries targeted under the previous measures, however it appears that revised assessment criteria will support changed priorities. Women are underrepresented in the workforce in these priority areas, and there are significant gender pay gaps. Ensuring gender equality in the allocation of these funds should be one of the criteria.

In the longer term the reallocation of priorities to climate and services, including public transport, will be important in meeting the priorities of a Budget Wellbeing Framework and will benefit women.

### **Budget Measures**

The measures in the Industry Science and Resources Portfolio are principally designed to redirect funding identified by the spending audit as inconsistent with this Government's priorities toward the priorities identified in the election campaign.

The spending audit is expected to save \$506.4million over the 4 years to 2025-26.

### **Government Spending Audit – Industry and Science Portfolio – efficiencies**

Payments (\$m)	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Industry, Science and Resources	-	-164.3	-192.8	-77.5	-71.7

Source: [Budget Paper No 2](#), p. 152

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The National Foundation for Australian Women is a feminist organisation, independent of party politics and working in partnership with other women's organisations. NFAW is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres.

The savings come from a number of cancelled projects including

- \$303.7 million of uncommitted funding in the previous Government’s *Modern Manufacturing Initiative* and the *Manufacturing Modernisation Fund*. \$1.5 billion was allocated to this initiative in 2020, and was focused on the priority areas of:
  - Resources Technology & Critical Minerals Processing
  - Food & Beverage
  - Medical Products
  - Recycling & Clean Energy
  - Defence
  - Space
- \$197.7 million of funding, about 30 per cent of the current allocation, for the *Entrepreneurs Programme*, that provides advice and mentorship to start-up businesses, and
- \$5.0 million in 2022–23 from ceasing the Thermochemical Conversion Technology Trial Facility.

This funding is redirected to the National Reconstruction Fund:

### National Reconstruction Fund – establishment

Payments (\$m)	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Industry, Science and Resources	-	9.0	34.5	-	-
Department of Finance	-	0.5	0.7	-	-
Total – Payments	-	9.5	35.3	-	-
<i>Related receipts (\$m)</i>					
Department of Industry, Science and Resources	-	-	*	*	*

Source: Budget Paper No 2, p.153

This funding is primarily to provide the support for \$15 billion of investment partnerships in 7 priority areas, which partially overlap with the previous priorities (denoted with #):

- resources #
- agriculture
- forestry and fisheries
- transport
- medical science #
- renewables and low emission technologies, and
- defence capability #.

The policy and design of the funding will be developed during the establishment phase. This measure was set out in the election commitment in the *Plan for a Better Future*.

Other measures to redirect funding within the portfolio include:

- Supporting the Strategic Critical Minerals Development Program with \$99.8 million over 3 years from 2022–23 to support Australian critical minerals producers to overcome technical and market access barriers;

- \$50.5 million over 4 years from 2022–23 to establish the Australian Critical Minerals Research and Development Hub to coordinate and align government, industry and academic research and development efforts in Australia and internationally; and
- \$10.0 million to methane abatement in the resources sector.

The Government will also continue to support the decommissioning of the Northern Endeavour floating oil production storage and offtake facility, which was previously allocated in the 2020-2021 MYEFO.

Other election commitments pledged in *Plan for a Better Future* have been funded within this portfolio to the extent of \$135.5m, partially redirected from other programs in the Department of Climate Change, Energy, the Environment and Water.

The Department will also provide \$65.7 million over 9 years to the ACCC to monitor and respond to changes in the domestic gas market. This is partly funded by redirecting funding from the existing *Strategic Basin Plans*, which focused on exploration and development of gas.

To support science, the Government will provide \$47.2 million over 6 years from 2022–23 to support the development of talent and leadership in Australian science and technology, including

- \$13.5 million over 4 years to support Australian development of critical and emerging technologies;
- \$10.3 million over 6 years to host the International Science Council’s Regional Presence for Asia and the Pacific and to deepen Australia’s science engagement in the region;
- \$10.0 million over 3 years for Questacon outreach programs;
- \$5.8 million over 5 years to support women in through the Women in STEM and Entrepreneurship program and to undertake an independent review of existing STEM programs;
- \$4.8 million over 4 years to develop Australian quantum technology through sponsoring up to 20 PhD research scholarships and encouraging collaboration on quantum research across Australian universities; and
- \$2.9 million in 2022–23 to strengthen the quality of advice from the Prime Minister’s National Science and Technology Council’s provision of science and technology advice and continue support of the Prime Minister’s Prizes for Science.

There has been a similar review of projects in the Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio. The measure “Building a Better Future through considered Infrastructure Investment” has cut spending in infrastructure significantly.

## Building a Better Future through considered Infrastructure Investment

	2021-22	2022-23	2023-24	2024-25	2025-26
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	-	16.0	80.8	29.1	254.1
National Faster Rail Agency	-	-1.2	-2.6	-2.6	-2.6
Department of the Treasury	-	-2,880.8	-4,657.9	-1,361.2	3,798.4
Total – Payments	-	-2,866.1	-4,579.7	-1,334.7	4,049.8
<i>Related receipts (\$m)</i>					
National Faster Rail Agency	-	-	-	-	-

Source: Budget Paper No 2, p. 161

\$2.8 billion has been saved by the cancellation and reallocation of projects under the *Infrastructure Investment Program*, *Urban Congestion Fund* and *Commuter Carpark Fund*, and a further \$6.5 billion has been saved from the reassessment of projects due to construction market conditions. These projects include \$2.2 billion for the Suburban Rail Loop in Victoria, \$125 million for Electric Bus Charging in Perth and \$250.0 million for Phase 4 of the Local Roads and Community Infrastructure Program to support local councils.

There are no budget measures that alter funding allocations to Infrastructure Australia. There is a small drop in funding (\$120,000, 3 staff) due to the ending of a special appropriation in 2021-22 to support a review of the Assessment Framework. The performance measures are unchanged, requiring Infrastructure Australia to evaluate project proposals on all infrastructure proposals with more than \$250 million of Commonwealth funding, except for defence projects and associated research into best practice ([Infrastructure Australia Entity resources and planned performance, 2022](#)).

### Policy issues and indicators

This portfolio clearly shows a refocusing of the portfolio to respond to the development of alternative energy resources, with funding redirected from the exploitation of gas resources to critical minerals and facilitating the gas market. Further measures in the infrastructure portfolio have addressed a number of infrastructure projects that were either not viable or unlikely to be completed on schedule. Some of the projects, including the Victorian Suburban Rail Loop, have been subject to criticism ([VAGO, Sep 2022](#)).

The allocation of funding to specific projects is based on election commitments. This is largely a redirection of funds that were promised, but not yet expended, by the former Government. Individually each project that is named fits within the priorities set out in the plan, however there are concerns of transparency over how the specified projects are supported, particularly when announced in a marginal electorate during an election campaign.

The funding that has been redirected is based on the Government Spending Audit. The *Entrepreneurs' Programme* was the subject of an Australian National Audit Report released in June 2022 ([ANAO, 2022](#)) that found that Commonwealth Procurement Processes had not been complied with in awarding tenders to the service providers. The Portfolio Budget Statements shows that the program is now costed at:

	2021-22	2022-23	2023-24	2024-25	2025-26
	Estimated	Budget	Forward	Forward	Forward

	actual \$'000	estimate \$'000	estimate \$'000	Estimate \$'000
Entrepreneurs' Programme	117,072	127,315	88,657	65,966

Source: Portfolio Budget Statements 2022-23, [Budget Related Paper no. 1.11](#), Table 2.1.2: Program components of Outcome 1, p.39

The reducing level of the forward commitments is consistent with the reduction in funding after the existing contracts end.

## Gender implications

A limited gender impact analysis has been undertaken by reviewing the WGEA and ABS data in respect of each of the nominated target industries. This analysis is necessarily limited as the descriptions in the budget papers do not map to ANZIC codes and WGEA data is only collected from employers with more than 100 employees. The Department of Industry, Science and Resources publishes a STEM Gender Equity Monitor based on WGEA data, and has estimated the Gender Pay Gap across STEM industries generally as 18 per cent in 2021 ([Dept of Industry, Science and Resources](#)).

The resources industry is notably challenging in terms of gender equality. Both the former and current government have identified resources as a target industry, however the focus has shifted. There is insufficient data to undertake an analysis of the shift away from Oil and Gas to Critical Minerals, noting that the critical minerals industry is an emerging industry. It is notable, however, that the Oil and Gas Extraction Industry has the highest gender pay gap across STEM industries 2021 ([Dept of Industry, Science and Resources](#)).

Agriculture and Fishing and Forestry are also identified as priorities by the Government. The WGEA data is problematic in this industry as it only collects data from organisations with more than 100 employees, and many organisations in this sector would not be required to report. ABS data for August 2022 (Table EQ09 [ABS, 2022](#)) shows 283,100 people employed in this sector, of which 28 per cent are female. WGEA data shows 36.8 per cent female. The gender effect of funding in this sector will depend on where the spending is targeted, but there is insufficient data to examine this further.

Transport also skews to male employees, with WGEA data showing a gender pay gap of 16.7 per cent in 2020-21. Job segregation is also evident in this sector with community and personal service employees 69.4 per cent female, clerical and administrative staff 58.1 per cent female and machinery operators and drivers 8.9 per cent female.

Defence undertakes a periodic survey of its members which includes a gender breakdown of employees in the Australian Defence Forces, both Permanent and Reserve, and the Australian Public Service ([Defence, 2020](#)). While the female employment rate is trending upwards, it is still below the wider community, particularly in the Defence Forces. However it is not clear how much of the spending in this budget initiative is targeted to Defence directly, and how much will be allocated to capacity building, which will involve contractors outside the Department.

Although we have not tried to undertake a Gender Impact Analysis of the effect of the spending in medical science and renewables, and our analysis in respect of critical minerals processing and defence capabilities is limited by the available data, what is well known is that women are underrepresented generally in the STEM industries, and the gender pay gap across STEM disciplines is 18 per cent ([Dept of Industry, Science and Resources](#)). There is an allocation of \$5.8 million to support STEM initiatives in the portfolio.

In the Infrastructure portfolio, women are known to be underrepresented in the Construction sector, which in 2021 had a female employment rate of 25.9 per cent and a full-time gender pay gap of 24 per cent. In the longer term, spending on projects that support services, including public transport or local roads, benefit women more than other forms of infrastructure spending.

### **Recommendations.**

- We recommend that in administering the grants awarded by the Department, including but not only under the National Reconstruction Fund and projects awarded through Infrastructure Australia, the applicant should be required to provide data to allow the gender impact of the funding to be examined. This should:
  - be consistent with WGEA reporting, modified for employers with fewer than 100 employees,
  - require employers to identify how the employer will ensure that qualified women will be encouraged to apply for jobs created under the funding program, and
  - identify the support systems available, or to be created, within the business.
- The Office for Women should be consulted to develop a Gender Impact Analysis framework to assess applications and outcomes for industry grants.
- Assessments for grants promised during an election period should be transparent with a business case required and presented to the administering Department.