



# Support for the Australian steel industry

Australian steel makers are currently facing considerable pressures from factors other than a carbon price, including high exchange rates, increases in raw material costs and lower growth rates in the Australian construction industry.

The Government is providing assistance to help the steel industry transition to a clean energy future, recognising that the steel industry has an important role to play in the prosperity of regional and metropolitan Australia providing a significant source of employment.

The package of additional assistance comprises two measures which are:

- the Steel Transformation Plan, worth \$300 million over the first four years of a carbon price to provide transitional support for innovation, investment and production; and
- expanded assistance through a 10 per cent increase in permit allocations for crude steel under the Jobs and Competitiveness program, commencing in 2016/17.

These assistance measures will be in addition to the assistance provided under the Jobs and Competitiveness Program which is designed to address the risks of 'carbon leakage'. They will assist the steel industry to transform into an increasingly efficient and sustainable industry in a low carbon economy.

## Steel Transformation Plan

Through the Steel Transformation Plan, the Government will provide assistance worth \$300 million over four years, with the objective of encouraging investment, innovation and competitiveness in the Australian steel manufacturing industry to assist it transform into an increasingly efficient and sustainable industry in a low carbon economy.

On Monday 22 August 2011, the Prime Minister announced that the Government would allow BlueScope Steel to bring forward in 2011-12 up to \$100 million of payments nominally allocated to it under the Plan in order to address short-term cash flow issues and help the industry become more efficient and sustainable.

The Steel Transformation Plan would be a legislated entitlement (self-assessment) scheme. The Steel Transformation Plan Bill 2011 was introduced into Parliament on 13 September 2011.

The Plan will support manufacturers of integrated iron and steel and manufacturers of carbon steel from cold ferrous feed.

## Jobs and Competitiveness Program assistance

The Government is providing assistance to steel manufacturers under the Jobs and Competitiveness Program to help companies transition to a carbon price, protect jobs, and address the risks of 'carbon leakage'.

In addition to the funding under this program, the Government will provide assistance through a 10 per cent increase in the direct emissions and electricity baselines relating to the production of saleable continuously cast carbon steel products and saleable ingots of carbon steel under both the Integrated Iron and Steel Manufacturing and Manufacturing of Carbon Steel from Cold Ferrous Feed activities under the Jobs and Competitiveness Program.

This increase will commence in 2016/17 and will be included in regulations legislating assistance arrangements for emissions-intensive trade-exposed industries.

This assistance will be guaranteed for 2016/17 and 2017/18 under the carbon pricing mechanism.

The Productivity Commission will review the treatment of the steel industry as part of the review of the Jobs and Competitiveness Program in 2014/15, and 3 years notice will be provided of any changes to assistance arrangements, consistent with the treatment of all activities under this program.

Once the carbon pricing mechanism has commenced, firms in receipt of this assistance may make a request to the Government that a review be undertaken by the Productivity Commission into the impact of carbon pricing on the competitiveness of the steel industry. The review would take into account the industry's circumstances including a range of factors related and unrelated to the carbon pricing mechanism that affect the competitiveness of the industry and the assistance provided to the industry. The Productivity Commission would make recommendations to the Government about whether it should adjust assistance to the industry and the appropriate mechanism for that assistance.

## Further Information

For further information go to the Clean Energy Future website at [www.cleanenergyfuture.gov.au](http://www.cleanenergyfuture.gov.au) or call 1800 057 590.