

WORLD TRADE ORGANIZATION

G/SCM/N/38/AUS
G/SCM/N/48/AUS
G/SCM/N/60/AUS
11 May 2000
(00-1938)

Committee on Subsidies
and Countervailing Measures

Original: English

SUBSIDIES

New and Full and Updating Notifications Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the SCM Agreement

AUSTRALIA

The following communication, dated 10 May 2000, has been received from the Permanent Mission of Australia.

The following notification provides details on federal programmes for fiscal years 1996/97 to 1998/99. It serves as the new and full subsidies notification for federal programmes as well as the updating notification for FY 1998/99. The Shipbuilding Innovation Scheme, which was introduced from 1 July 1999 and therefore outside the scope of the period covered by the notification, has been included for the sake of clarification and in the context of the shipbuilding bounty.

The notification also provides a new and full notification relating to sub-federal programmes. Data on budgeted expenditures for those sub-federal programmes that are ongoing have been provided from financial year 1995/96 and onwards.

In some cases, it is arguable whether these programmes are specific within the meaning of the Agreement on Subsidies and Countervailing Measures. However, these have been included for the sake of transparency and without prejudgement of the legal status, effects or the nature of the measures under the Agreements.

TABLE OF CONTENTS

	<u>Page</u>
I. FEDERAL PROGRAMMES.....	2
1. Bed Sheeting	2
2. Books	2
3. Computers	4
4. Dairy.....	4
5. Invest Australia	6
6. Machine tools and robots	7

7.	Printed Fabrics.....	7
8.	Shipbuilding	7
9.	Textile Yarns	9
10.	Wheat.....	9
II.	SUB-FEDERAL PROGRAMMES.....	11
A.	AUSTRALIAN CAPITAL TERRITORY	11
1.	A.C.T. Business Incentive Scheme (ACTBIS)*	11
B.	NEW SOUTH WALES	12
1.	Industries Assistance Fund (IAF)*	12
2.	Regional Business Development Scheme	14
3.	RBDS.....	15
C.	NORTHERN TERRITORY	15
1.	Industry and Business Assistance*	15
D.	QUEENSLAND.....	16
1.	Queensland Investment Incentives Scheme (QIIS)*	16
2.	Queensland Industry Development Scheme	18
E.	SOUTH AUSTRALIA.....	19
1.	Industry Investment and Attraction Fund*	19
F.	TASMANIA	20
1.	Investment Attraction Programme*	20
G.	VICTORIA	21
1.	Investment Attraction Programme*	21
H.	WESTERN AUSTRALIA	22
1.	Industry Incentive Scheme*	22
2.	Industry Relocation Scheme	23

I. FEDERAL PROGRAMMES

1. Bed Sheeting

The bounty on bed sheeting was terminated on 30 June 1995. No payments were made after FY 1995/96.

2. Books

As foreshadowed in G/SCM/N/25/AUS of 9 July 1997, the bounty on books terminated on 31 December 1997. Payments under the bounty scheme made for FY 1996/97 were A\$ 13.242 million, for FY 1997/98 were A\$ 7.410 million and for FY 1998/99 were

A\$ 0.345 million. However, the Australian Government introduced a new Printing Industry Competitiveness Scheme which came into effect on 1 January 1999.

1. Title of the subsidy

Printing Industry Competitiveness Scheme

2. Period covered by the notification

The new scheme was introduced from 1 January 1999.

3. Policy objective and/or purpose of the subsidy

The scheme is designed to improve the competitiveness of the Australian book printing industry and reduce the effect of negative assistance on the industry by compensating book printers for the cost impact of duty on paper inputs.

4. Background and authority for the subsidy

The scheme was approved by the Government and announced by the Minister for Industry, Science and Resources in a media release dated 16 December 1998.

5. Form of the subsidy

Under the scheme, book printers are able to claim payment for a proportion of the cost of paper used in the production of eligible books. All paper used, whether actually imported or not, and whether duty was actually paid or not, is eligible for compensation.

6. To whom the funding is provided

The bounty is paid to book printers for eligible book production.

7. Level of subsidy per unit

4 per cent of the paper purchase price for all paper used in the production of eligible books.

8. Duration

The scheme will operate from the period 1 January 1999 until 30 June 2003.

9. Trade effects

The scheme will reduce input costs for book printers by offsetting the impact of tariffs on the price of paper inputs. Input costs are inflated by the tariff on paper, while competing imported books are able to enter Australia tariff free.

It is likely that up to 700 book printing firms nationwide may qualify for assistance under the new scheme.

3. Computers

The bounty on computers was terminated on 30 June 1997. Payments in FY 1996/97 were A\$ 54.017 million, in FY 1997/98 A\$ 48.897 million and in FY 1998/99 A\$58.038 million.

4. Dairy

1. Title of the subsidy

Dairy Market Support Scheme

2. Period covered by the notification

1997/98-1998/99

3. Policy objective and/or purpose of the subsidy

The current arrangements for domestic dairy marketing aim to provide a secure framework for further structural adjustment, investment and rationalisation within the Australian dairy industry to the year 2000.

4. Background and authority for the subsidy

Under the *Dairy Produce Act 1995*, *Dairy Produce Levy (No.1) Amendment Act 1995*, *Dairy Produce Levy (No.2) Amendment Act 1995*, *Dairy Produce Regulations (Amendment) no. 209 1995* and *Dairy Produce Levy Regulations (Amendment) no. 210 1995* the domestic market support scheme was introduced to replace the previous market support scheme active under the 1992 Dairy Plan. The Dairy Plan was terminated on 30 June 1995.

The previous set of dairy marketing arrangements, the 1992 Dairy Plan, was developed to provide domestic support to the Australian dairy industry during its period of rationalisation and restructure. This market support was delivered through a market support payment (MSP) to manufacturers upon export of dairy produce and was funded by a statutory levy on all milk produced. The MSP was effectively recycled to manufacturing milk producers along with the consumer transfer in the price paid by the manufacturer for milk to the producer.

These arrangements, as a producer financed export subsidy, were classified as an "export subsidy" subject to reduction commitments under the WTO Agriculture Agreement which resulted in a need to change the nature of the subsidy. On 1 July 1995, new domestic market support arrangements for the Australian dairy industry came into operation. The new scheme is a clearly defined, transparent domestic market support scheme which removed the subsidy on export dairy products and creates a consumer transfer on domestic sales of dairy products.

Under these arrangements, assistance to manufacturing milk producers was generated through a monetary transfer from domestic consumers. Manufacturers, rather than producers, pay a levy on milk used in the manufacture of dairy products. Domestic support payments are paid direct to producers of manufacturing milk by the Australian Dairy Corporation (ADC). Manufacturers will continue to operate at world market prices for exported product.

5. Form of the subsidy

The subsidy takes the form of a direct payment to manufacturing milk producers. Market milk and manufacturing milk levies raised are paid into the consolidated revenue of the Government and are then appropriated to the Domestic Market Support Fund of the Australian Dairy Corporation (ADC). The scheme represents an income transfer to domestic milk producers from Australian consumers. No financial assistance is provided by the Government to industry. The Government's role is to facilitate the operation of the industry funded scheme.

6. To whom and how is the subsidy provided

Support for manufacturing milk producers is obtained from two sources:

- (a) an inter-sectoral transfer from market milk producers generated by a levy on market milk; and
- (b) through a transfer from Australian dairy product consumers. This is generated by a levy paid by manufacturers (ie processors not farmers) on all milk used in manufacturing dairy produce which is sold on the domestic market. Manufacturers recoup the levy through domestic prices.

The ADC is the agent for the Government and is responsible for administering DMS payments. The ADC makes direct monthly payments from the Domestic Market Support Fund to producers on the basis of milk delivered for manufacturing purposes. The calculation of levies and payments are based on milk fat and protein content. The manufacturing milk levy is imposed on all milk used in the manufacture of dairy products in each month.

7. Subsidy per unit

Year	Manufacturing Milk Production (MI)	Support per litre (cents/litre)
1996/97	7120	1.99438
1997/98	7518	1.77574
1998/99	8267	1.52653

8. Duration of the subsidy

The current arrangements are legislated to terminate on 30 June 2000.

9. Statistical information

(a) Statistics:

Year	Total Milk Production (ML)	Total Product Specific AMS (A\$ million)*	Total Dairy Exports (A\$ billion)
1994/95	8206	unavailable	1.440
1995/96	8716	151.72	1.692
1996/97	9040	144.19	1.779
1997/98	9440	131.62	1.937
1998/99	10194	119.71	2.257**

* Aggregate Measure of Support as calculated annually in Australia's DS:1 Notification to the WTO Committee on Agriculture.

** ABARE provisional (ABARE, Australian Commodities December 1999).

Note: 1994/95 represents the last year in which the previous dairy arrangements were in place.

(b) Trade Effects:

Levy paid on milk used in the manufacture of dairy products for export is rebated to the manufacturer. Exports take place at export parity price and do not benefit from the subsidy. Australia is essentially a price-taker on world markets and as such the consumer transfer to milk producers has had no effect on trade.

5. Invest Australia

1. Title of the subsidy

Invest Australia: investment incentives

2. Period covered by the notification

1997/98-1998/99

3. Policy objective and/or purpose of the subsidy

The Australian Government will consider the provision of investment incentives to strategic investment projects in limited and special circumstances where the project would generate significant net economic and employment benefits for Australia.

4. Background and authority for the subsidy

Invest Australia is the Government's investment agency which was established in 1997 and is located in the Department of Industry, Science and Resources. The Strategic Investment Coordinator advises the Australian Government Cabinet, through the Prime Minister, on the possible use of incentives for strategic investment projects. Incentives for major investment projects are considered in limited and special circumstances and on a case by case basis, taking into account a published set of eligibility criteria. The criteria include a requirement that the investment would not be likely to occur

in Australia without the incentive, is viable without subsidy, and provides significant net economic benefits for Australia.

5. Form of the subsidy

Incentives could include grants, tax relief or the provision of infrastructure services.

6. To whom and how the subsidy is provided

The focus is on major or high technology projects with strategic characteristics. A dedicated fund for investment incentives is not applicable/available.

7. Level of subsidy per unit

This is a new programme. To date, two projects have been offered in principle incentives. As of June 1999, no incentives have been paid.

8. Duration of the subsidy

The assistance is only to limited and special circumstances for strategic investment projects.

9. Trade effects

Not known.

6. Machine tools and robots

As advised in G/SCM/Q2/AUS/10 of 23 April 1997, the bounty on machine tools and robots was terminated on 30 June 1997. However, there were some payments for activities made during FY1996/97 (A\$5.534 million), in FY 1997/98 (A\$ 3.853 million) and in FY 1998/99 (A\$ 0.25 million).

7. Printed Fabrics

The bounty on printed fabrics terminated on 30 June 1995. No payments have been made during FY 1996/97 or since.

8. Shipbuilding

(a) Shipbuilding Bounty

1. Title

Shipbuilding bounty

2. Period covered by the notification

1 July 1996-30 June 1999.

3. Policy objective and/or purpose

The bounty is designed to facilitate adjustment in the shipbuilding industry. It is paid as a bounty on production and enables shipbuilding firms to compete against heavily subsidized rivals.

4. Background and authority for the scheme

The Bounty (Ships) Amendment Act (No. 14, 1999).

5. Form of the subsidy

Bounty on eligible production costs.

6. To whom the funding is provided

The bounty is paid to registered shipbuilders on eligible vessels (between 150 and 20,000 gross construction tons).

7. Level of subsidy per unit

Rates of bounty on eligible costs are as follows:

1 July 1996-30 June 1999	5%
1 July 1999-31 December 2000	3%

8. Duration

The bounty terminates on 31 December 2000. A phasing out arrangement will apply to vessels which are contracted for sale on or before 31 December 2000, and are delivered on or before 31 December 2003.

9. Statistical information

Bounty payments under the programme are as follows:

Year	\$million
1994-95	23.0
1995-96	23.7
1996-97	22.5
1997-98	19.1
1998-99	24.2

Source: Parliamentary Budget Papers and ISR Annual Reports

(b) Shipbuilding Innovation Scheme

1. Title

Shipbuilding Innovation Scheme

2. Period covered by the notification

1 July 1999-30 June 2004

3. Policy objective and /or purpose

The Shipbuilding Innovation Scheme is designed to improve the competitiveness of the Australian shipbuilding industry by encouraging investment in research, development and design.

4. Background and authority for the scheme

The Bounty (Ships) Amendment Act (No. 14, 1999).

5. Form of the subsidy

Payment of a subsidy for eligible research and development expenditure.

6. To whom the funding is provided

The Shipbuilding Innovation Scheme is available to firms engaged in the construction of eligible vessels (between 150 and 20,000 gross construction tons).

7. Level of subsidy per unit

Shipbuilders are entitled to a benefit equivalent to 50% of expenditure in eligible innovation activities. Payments under this scheme are not permitted to exceed 2% of the total eligible production costs of a bountiable vessel.

8. Duration

The scheme will operate for the period 1 July 1999-30 June 2004.

9. Trade effects

Not known. The scheme is intended to enable Australian shipbuilders to adopt best practice product and process technologies.

9. Textile Yarns

The bounty on textile yarns was terminated on 30 June 1995. Payments made in FY 1996/97 amounted to A\$ 9,000. There have been no payments after the 1996/97 financial years.

10. Wheat

1. Title of the subsidy

Tasmanian Wheat Freight Subsidy

2. Period covered by this notification

1997/98-1998/99

3. Policy objective and or purpose of the subsidy

The purpose of this subsidy is to compensate for the higher cost of shipping wheat to Tasmania.

4. Background and authority for the subsidy

The subsidy was introduced in 1989 following the deregulation of the Australian wheat market. The Tasmanian subsidy was initially provided to assist Tasmanian cereal processors, end users and consumers adjust to deregulation through improvements in storage and handling facilities. Prior to deregulation the Government administered a scheme to equalise the price of wheat across Australia.

By 1996 the nature of the scheme had moved from structural assistance to a freight subsidy designed to equalise the price of wheat between Tasmania and mainland Australia. As part of its savings strategy in 1996/97, the Government decided to continue the subsidy but limited these payments to the approximate cost of shipping wheat to Tasmania. A\$1.2 million was appropriated for the programme in 1996/97 and each of the Forward Estimate years to 1998/99.

Funding for the Tasmanian Wheat Freight Subsidy Scheme is provided annually through *Budgetary Appropriations Bill Number 2*. The Minister for Agriculture, Fisheries and Forestry is responsible for negotiating with the Tasmanian Government the terms and conditions of the assistance.

5. Form of the Subsidy

The assistance is provided in the form of a Government Grant to the Tasmanian Government.

6. Provision of the Subsidy

The Grant is provided on a quarterly basis to the Tasmanian Government by the Commonwealth Government. The Tasmanian Government is responsible for administering the grants to eligible interstate transporters. Transporters are compensated for the approximate cost of shipping wheat to Tasmania.

7. Value of the Subsidy

Period	Outlay A\$ '000
1 July 1996-30 June 1997	1,200
1 July 1997-30 June 1998	1,200
1 July 1998-30 June 1999	1,200

Cost per unit value has not been provided as the financial assistance is based on transportation costs and not the quantity of wheat delivered to Tasmania. An assessment of cost per unit is therefore an inappropriate measure of assistance in this case.

8. Duration

No funds have been allocated to the Tasmanian Wheat Freight Scheme beyond 1998/99 and it is expected that adjustment assistance for deregulation will no longer be necessary beyond this financial year.

9. Statistical Information

(a) Statistics:

Year	Volume (tons)	Assistance (A\$ million)
1994/95	86,549	2.2
1995/96	77,245	2.2
1996/97	44,196	1.2
1997/98	Unavailable	1.2
1998/99	Unavailable	1.2

(b) Trade effects:

The subsidy only applies to the cost of wheat freight to Tasmania for domestic consumption and not wheat for export. As a result there is no trade effect.

II. SUB-FEDERAL PROGRAMMES

Each of the States/Territories provides an investment attraction/assistance programme (which are marked with an * asterisk under the individual State/Territory entries) which is designed to attract investment from and between the States. The following is an estimate of the aggregated level of funding for these programmes for the financial years 1995/96 through to 1998/99 together with the estimated number of firms assisted/investment packages offered. Due to the nature of these programmes (which may involve in some cases the provision of advisory facilitation services), the funding levels reflect budget figures as opposed to actual grants paid. The range of sectors assisted under these programmes is described under the individual State/Territory entries.

Financial Year	1995/96	1996/97	1997/98	1998/99
A\$ million	140	63	56	72
No. of companies/ packages offered	98	116	102	99

A. AUSTRALIAN CAPITAL TERRITORY

1. **A.C.T. Business Incentive Scheme (ACTBIS)***1. Title of the subsidy

A.C.T. Business Incentive Scheme (ACTBIS)

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

ACTBIS provides incentives to assist the development of significant new business investment and employment in the Australian Capital Territory. Packages are designed to encourage businesses to relocate to the ACT, expand an existing business activity or develop a new business activity.

4. Background and authority for the subsidy

ACTBIS was established in 1995/96. The ACTBIS programme is not specifically authorised under legislation. It is an administrative function that utilises discretionary powers contained within existing legislation. For example, waivers are provided for under the Financial Management Act and land grants under the Land (Planning and Environment) Act.

5. Form of the subsidy

Assistance is generally provided through tax concessions, including payroll tax; provision of land; and training and workforce development. Other forms of assistance may be provided. Each case is assessed on its merits.

6. To whom and how the subsidy is provided

Eligible companies are assessed against a set of evaluation criteria which includes suitability of the industry to the ACT; soundness of the business case; contribution to the ACT economy. There must be no undue detriment to existing ACT businesses.

7. Level of subsidy per unit

Assistance approved between FY 1995/96 and FY 1997/98 was for cash grants, payroll tax waivers, stamp duty waivers, and land discounts) and was utilized by companies to 31 December 1998. Information Technology is the major area assisted (>50%) with the remainder spread between a diverse range of industries from advanced technology manufacturing through to winery projects. See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

8. Duration of the subsidy

The programme is ongoing.

9. Trade effects

Not known.

B. NEW SOUTH WALES

1. **Industries Assistance Fund (IAF)***

1. Title of the subsidy

Industries Assistance Fund (IAF)

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

The IAF aims to promote economic development through assisting new firms to establish in NSW; interstate or overseas firms to relocate in NSW; firms to expand or consolidate their operations in NSW; and large-scale infrastructure projects.

4. Background and authority for the subsidy

The IAF was established under the State Development and Industries Assistance Act 1966 as the vehicle for payments of grants made by the Ministerial Corporation for Industry, the operations of which are managed by the Minister (or the Minister's delegate).

5. Form of the subsidy

Financial assistance, which is considered in limited and special circumstances only, may take the form of contributions to taxes; facility establishment costs; relocation costs; contributions to infrastructure; skills training; or contribution to feasibility/technical skills.

6. To whom and How the Subsidy is Provided

Assistance is provided to eligible companies who will undertake new investments in NSW. To be eligible, an investment must provide significant net economic benefits (for example, through substantial increases in employment and investment, and the introduction of new technologies); be footloose; and be strategic to NSW.

7. Level of subsidy per unit

Expenditure from the fund has assisted companies across a range of sectors including information technology, finance and call centres. See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

8. Duration of the subsidy

The IAF is an ongoing programme. The duration of IAF assistance to companies is agreed between the project proponent and the Department of State & Regional Development. It reflects in part the lead and gestation times associated with the particular investment proposal, and is generally for a period of up to five years.

9. Trade effects

The primary objective of this fund is to attract investment to the State in strategic areas.

Trade effects are not considered as a rationale for selecting companies for assistance. The predominant intent of the investor is to establish their operations in the Australian market.

2. Regional Business Development Scheme

1. Title of the subsidy

Regional Business Development Scheme

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

The objectives of the Regional Business Development Scheme (RBDS) are to develop sustainable regional enterprises and economies; boost employment and investment in regional NSW by minimising initial cost impediments to viable firms; achieve balanced economic development across the State; and implement business opportunities which add value to regional resources.

4. Background and authority for the subsidy

There is no legislation under which assistance from the RBDS is granted; the RBDS operates as a departmental function of the NSW Department of State and Regional Development.

5. Form of the subsidy

Financial assistance may be granted as an establishment grant; a grant for the expansion of existing premises/facilities; location feasibility analysis; business planning and technical consultancy assistance; plant and equipment/key personnel removal costs; skills training; contributions towards infrastructure costs such as improving public road access to the site, etc; offset to local government charges; contribution to regional opportunities investigation; contributions to payroll and land taxes and stamp duty.

6. To whom and how the subsidy is provided

Assistance is provided to eligible companies who satisfy at least one of the following criteria: potential for a substantial increase in employment; relocation from outside NSW or Sydney; significant new investment in operations; setting up of a new industry/business operation; clear improvement in the competitiveness of an existing business.

7. Level of subsidy per unit

Total actual expenditure by financial year for regional assistance (including the Regional Business Development Scheme) together with the estimated number of firms assisted since the 1995/96 financial year are provided in the table below:

Financial Year	Actual Expenditure (as per audited financial statements) \$M	Estimated Number of Firms Assisted (as per NSW Treasury Budget Papers)
1995/96	10	100
1996/97	11	102
1997/98	10	127
1998/99	12	108

Expenditure from the fund has assisted companies across a range of sectors including food technology, new agricultural products/derivatives, aquaculture, forestry, and wine production.

3. RBDS

1. Duration of the subsidy

The RBDS is an ongoing programme. The duration of the RBDS assistance to companies is agreed between the project proponent and the Department of State and Regional Development, and will reflect in part the lead and gestation times associated with the particular investment proposal.

2. Trade effects

The primary objective of this fund is to expand businesses in regional New South Wales and create employment in those locations. Trade effects are not considered as a rationale for selecting companies for assistance. The predominant intent of the investor is to establish or expand their operations in the Australian market utilising skills and resources in regional locations.

C. NORTHERN TERRITORY

1. Industry and Business Assistance*

1. Title of the subsidy

Industry and Business Assistance

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

To support the growth and development of the Northern Territory's industrial and commercial base through the provision of appropriate and prudent assistance to target industries. To assist and encourage the development, expansion and diversification of primary, secondary and tertiary industries in the Northern Territory by providing grants to eligible new or expanding business.

4. Background and authority for the subsidy

There is no legislation determining Industry and Business Assistance. The programme is administered by the Department of Industries and Business.

5. Form of the subsidy

Grants.

6. To whom and how the subsidy is provided

Assistance eligibility is not restricted by sector, category or enterprise, although each proposal must be of a commercially viable nature and have the ability to demonstrate potential growth and benefit to the Northern Territory. Assistance is generally available to businesses undertaking a particular endeavour (i.e. a special project).

7. Level of subsidy per unit

See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

8. Duration of the subsidy

The programme is ongoing.

9. Trade effects

Not known.

D. QUEENSLAND

1. Queensland Investment Incentives Scheme (QIIS)*

1. Title of the subsidy

Queensland Investment Incentives Scheme

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

The objective of QIIS is to positively influence investment decisions by businesses where there is a net economic benefit to the State and a demonstrated need for Government support to overcome an impediment to a project's location or future development in Queensland.

4. Background and authority for the subsidy

QIIS is administered by the Department of State Development on behalf of the Queensland Government. There is no legislative authority for this programme. The scheme is funded as a special budget line item for the Department.

5. Form of the subsidy

Financial incentives available include:

- **Payroll Tax and land Tax Refunds**

Consideration may be given to refunding part of payroll and land taxes directly related to the project, incurred and paid by the proponent over the first four years of operation.

- **Stamp Duty Refund**

Consideration may be given to refunding in part or in full, Queensland Stamp Duty incurred and paid by the proponent. The stamp duty incurred must directly relate to the establishment of the project.

- **Establishment Grants**

A grant may be offered to offset part of any establishment, relocation or training costs associated with the project that is incurred and paid by the organization.

Where an establishment grant is offered, an unconditional security acceptable to the Government (normally an unconditional and irrevocable bank guarantee) is required for the amount of the grant.

6. To whom and how the subsidy is provided

The scheme is a discretionary programme and companies are assessed after a rigorous level of commercial evaluation and due diligence.

7. Level of subsidy per unit

See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

8. Duration of the subsidy

The programme is ongoing. Relevant contracts are currently supported through to 2004.

9. Trade effects

The following industry types have been provided with financial assistance:

- Traded services;
- Pharmaceuticals;
- Transport equipment; and
- Food industry.

2. **Queensland Industry Development Scheme**

1. Title of the subsidy

Queensland Industry Development Scheme

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

To help businesses develop, expand and employ more people.

4. Background and authority for the subsidy

QIDS is administered by the Department of State Development on behalf of the Queensland Government. There is no direct legislative authority for this programme, however the scheme operates in conjunction with the *Industrial Development Act (1963)*. The scheme is funded as a special budget line item for the Department.

5. Form of the subsidy

Grant.

6. To whom and how the subsidy is provided

Small to medium manufacturers.

7. Level of subsidy per unit

Total budget for the Programme is \$29m over 3.5 years. A minimum of \$5,000 to a maximum of \$50,000 is available per project. The average grant in 1998/1999 was A\$20,000.

QIDS Commitments as at 30 June 1999 (150 grants)

\$4,051,205

QIDS Payments as at 30 June 1999

\$297,150

8. Duration of the subsidy

QIDS commenced November 1998 and will run for 3.5 years (i.e. July 2002).

9. Trade effects

QIDS approvals by major sectors for 1998/1999:

Manufacturing

Food	24
TCF	10
Wood and paper	6

Chemicals	10
Non-metallic mineral	3
Fabricated metal	9
Industrial machinery	34
Other manufacturing	12
Agriculture	1
Mining	2
Services	
Business Services	21
Education	3
Health Services	3
Cultural and recreation	3
Other services	9

E. SOUTH AUSTRALIA

1. **Industry Investment and Attraction Fund***

1. Title of the subsidy

Industry Investment and Attraction Fund

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

The programme is aimed at encouraging investment to increase competitiveness and the creation of employment. Financial assistance and investment incentives are provided to encourage further value added activity or to encourage firms to relocate to South Australia.

4. Background and authority for the subsidy

Industries Development Act 1941

5. Form of the subsidy

Each applicant is assessed on a case by case basis and the total value and form of the incentive package will be based on an assessment of the net economic benefits and the strategic importance of the project to South Australia. Assistance can take the form of grants, concessional loans, tax holidays such as stamp duty and payroll tax exemptions.

6. To whom and how the subsidy is provided

Available to established firms seeking to establish in South Australia that have a reasonable prospect of long term viability and who are involved in the goods and services sector (i.e. excluding

building, retailing, mining, tourism and agriculture). The firms eligible for assistance are usually medium to large and complement the Government economic development priorities with the capacity to contribute significantly to flow effects in the economy.

7. Level of subsidy per unit

See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

8. Duration of the subsidy

The programme is ongoing.

9. Trade effects

Not known.

F. TASMANIA

1. Investment Attraction Programme*

1. Title of the subsidy

Investment Attraction Programme

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

Aimed at attracting and retaining key investment projects to Tasmania, the programme provides facilitation services and assistance in the form of site identification, selection, industrial relations and employment advice and cost issues at various locations to new firms establishing in Tasmania, companies relocating to Tasmania or to firms expanding and consolidating their operations in Tasmania.

4. Background and authority for the subsidy

The legislative basis is the Tasmanian Development Act 1983 with any funds expended under the Investment Attraction Programme being appropriated under the budget of the Department of State Development.

5. Form of the subsidy

Assistance can take the form of grants, concessional loans, payroll tax exemptions, rental assistance, reduced stamp duty, workforce training and development or feasibility/technical studies.

6. To whom and how the subsidy is provided

Applications are assessed on a case-by-case basis. Incentive packages are based on an assessment of the net economic benefits (increases in employment, increase in investment and the introduction of new technologies), the long-term viability of the project and the strategic importance of the project to the State.

7. Level of subsidy per unit

See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

8. Duration of the subsidy

The investment attraction programme is ongoing. Assistance to companies are time-specific, agreed upon between the proponent and the Department of State Development.

9. Trade effects

Not known.

G. VICTORIA

1. Investment Attraction Programme*

1. Title of the subsidy

Investment Attraction Programme

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

The programme provides facilitation services for key investment projects and regional headquarters, and seeks to attract additional investment for Victoria leading to the balanced development of the State. Investment facilitation and assistance includes site identification, selection, industrial relations and employment advice and information on costs in different locations. In very limited circumstances, taxable grants may be provided.

4. Background and authority for the subsidy

Economic Development Act of 1981 is the legislative basis; that Act was repealed on 27 April 1994. Since this time, any funds expended under the Investment Attraction Programme have been appropriated under the normal global budget of the Department of State & Regional Development.

5. Form of the subsidy

Where financial assistance is provided, it is in the form of taxable grants to offset payroll and land tax, provision of infrastructure and assistance with training.

6. To whom and how the subsidy is provided

Where financial assistance is provided, companies must demonstrate a certain level of capital expenditure. Eligibility for the scheme is not limited to any sector or category of enterprise or to any region.

7. Level of subsidy per unit

See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

Since 1995/96, the programme has provided assistance to a number of industry sectors including automotive; chemicals and plastic; information technology and telecommunications; engineering; packaging; food and related industries; textiles, clothing and footwear; medical and scientific; forest products; and aviation.

8. Duration of the subsidy

The programme is ongoing.

9. Trade effects

Not known.

H. WESTERN AUSTRALIA

1. **Industry Incentive Scheme***

1. Title of the subsidy

Industry Incentive Scheme

2. Period covered by the notification

1995/96-1998/99

3. Policy objective and/or purpose of the subsidy

The Industry Incentive Scheme aims to foster economic development in Western Australia by facilitating major capital investment in new products or services of strategic importance to the State, which would not otherwise occur due to identified impediments. An incentive may be offered to a strategically important project which would not occur due to an identified impediment and for which the wider economic benefits of the investment outweigh the costs to government. The preferred form of assistance is assistance for the construction or development of public infrastructure.

4. Background and authority for the subsidy

Departmental budget

5. Form of the subsidy

Incentives are usually provided as direct financial assistance in the form of a capital grant or concessional loan. Possible components include capital establishment grants (interest-free convertible loans); concessional or interest free loans; provision of public infrastructure necessary for the project; and provision of land.

6. To whom and how the subsidy is provided

Eligibility criteria for any project include: establishment or development of a business for the manufacture of a new product (or new service); level of capital invested (minimum capital establishment cost of AUD 2.5 million or a minimum of 25 direct, permanent, full time jobs created); projects to be either in the manufacturing or services sector (primary agricultural production, fishing, tourism, retail or the extractive component of mining are excluded); have appropriate equity funding and be viable in the long term with net economic benefits to the State.

7. Level of subsidy per unit

Sectors which have received benefits under this programme include the machinery, food, other chemical products and textiles sectors. See above table for the aggregated State expenditure and the estimated number of firms assisted since 1995/96.

8. Duration of the subsidy

The programme is ongoing.

9. Trade effects

Not known.

2. Industry Relocation Scheme

1. Title of the subsidy

Industry Relocation Scheme

2. Period covered by the notification

1997/98-1998/99

3. Policy objective and/or purpose of the subsidy

The Industry Relocation Scheme aims to provide financial incentives to existing manufacturing, value adding, advanced technology or service based industries to totally relocate operations from Perth to a regional area as defined in the Regional Development Commission Act (1993); or partially relocate operations from Perth to a regional area; or expand operations by establishing a new regional facility as opposed to the expansion of their current Perth premises.

4. Background and authority for the subsidy

Departmental budget

5. Form of the subsidy

The incentive package which may be offered to an eligible project may comprise one or more components tailored to suit both the specific requirements of the project proponents and the Government's objectives with respect to the project. Possible components include capital establishment grants (interest-free convertible loans); concessional or interest-free loans; provision of public infrastructure necessary for the project; provision of land either by way of a grant or a loan on a concessional basis; provision of buildings either by way of a grant or a loan on a concessional basis; or state tax rebates.

6. To whom and how the subsidy is provided

Eligibility criteria for any project include: proponents must have an established business with at least three full time employees and an annual turnover greater than \$350,000; the project must involve existing manufacture, value adding, advanced technology or service based businesses (primary agricultural production, fishing, retail and the extractive component of mining are excluded); the project should relate to the relocation or expansion of a Perth-based business; have appropriate equity funding and be viable in the long term with net economic benefits to the State, including the creation of employment opportunities in the chosen region.

7. Level of subsidy per unit

No payments have as yet been made under this scheme.

8. Duration of the subsidy

The programme is ongoing.

9. Trade effects

Not known.
