



Australian Government
Productivity Commission

Trade & Assistance Review 2010-11

Productivity Commission
Annual Report Series



Commonwealth of Australia 2012

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The Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au) or by contacting Media and Publications on (03) 9653 2244 or email: maps@pc.gov.au

Foreword

The Productivity Commission is required under its Act to report annually on industry assistance and its effects on the economy. *Trade & Assistance Review 2010-11* contains the Commission's latest quantitative estimates of Australian Government assistance to industry. It also identifies recent developments in assistance for various industries and sectors of the economy, and international trade policy.

The Commission's estimates of budgetary assistance include measures intended to assist firms and industries adjust to changing economic circumstances. The Commission has identified 70 budgetary measures of this kind since 1996-97. Total assistance provided by these measures has amounted to around \$22 billion (in current dollars). Chapter 4 of this *Review* details this assistance and discusses aspects of its design and application.

In preparing this report, the Commission has received helpful advice and feedback from a number of officials in Australian Government agencies. The Commission is very grateful for their assistance.

Gary Banks AO
Chairman
May 2012

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Abbreviations

ANAO	Australian National Audit Office
ANZSIC	Australia and New Zealand Standard Industrial Classification
APEC	Asia-Pacific Economic Cooperation
CEFP	Clean Energy Future Plan
DAFF	Department of Agriculture, Fisheries and Forestry
DIISR	Department of Innovation, Industry, Science and Research
DIISRTE	Department of Industry, Innovation, Science, Research and Tertiary Education
DSB	Dispute Settlement Body
EITE	Emission-Intensive-Trade-Exposed
IAC	Industries Assistance Commission
IC	Industry Commission
MFN	Most Favoured Nation
NSE	Net subsidy equivalent
PC	Productivity Commission
PTAs	Preferential Trade Agreements
STP	Steel Transformation Plan
TES	Tax Expenditures Statement
WTO	World Trade Organization

OVERVIEW

Key points

- Government assistance to industry is provided through tariffs, budgetary outlays, taxation concessions, regulatory restrictions on competition and other measures.
 - Assistance generally benefits the industry receiving it and, if well targeted and designed, can deliver wider community benefits, but it can also come at a cost to other industries, taxpayers and consumers.
- For 2010-11, total measured assistance by the Australian Government to industries was \$17.7 billion in gross terms.
 - It comprised \$8.7 billion in tariff assistance, \$3.6 billion in budgetary outlays and \$5.4 billion in tax concessions.
 - After allowing for the cost to industries of tariffs on imported inputs, amounting to \$7.9 billion, net assistance to industry was \$9.8 billion.
- In the 12 months prior to the May 2012 Budget, the Australian Government announced further budgetary assistance of over \$700 million, mostly to be expended over the next five years.
 - Most of this is directed at forestry, rural activities, R&D and innovation.
- The Australian Government also announced the Clean Energy Future Plan involving budgetary support to industry over several years amounting to around \$28 billion, a large part of which is compensation for the carbon price.
 - Around \$10 billion of this is for investments by the Clean Energy Finance Corporation, while a further \$8.6 billion relates to the Jobs and Competitiveness Program.
 - The Plan also includes a number of activity and industry-specific support measures, such as for the coal and steel industries.
- The Commission has identified 70 budgetary measures by the Australian Government since 1996-97 that have provided adjustment assistance to business.
 - Total estimated support was equivalent to about \$22 billion in present day values (2010-11 dollars).
 - This adjustment assistance represents about 20 per cent of estimated total budgetary assistance to industry over the 16-year period.
- Given program costs and uncertainties about efficiency, there would be merit in a more detailed assessment of different adjustment assistance programs, in order for any lessons to be incorporated into future program design and delivery.
- The Doha Round of multilateral trade negotiations remained stalled during 2011 under its conventional negotiating framework.
 - Attention has therefore turned to negotiating strategies that may advance specific elements of the Doha Development Agenda where consensus might be reached.

Overview

The Australian Government assists industries through an array of measures, including import tariffs, budgetary outlays, taxation concessions, and regulatory restrictions on competition. Although assistance generally benefits the receiving industry and businesses, it can penalise other industries, taxpayers and consumers and therefore transparency about assistance arrangements are important. However, assessing whether the benefits of any particular support program exceed the costs requires detailed consideration — a task beyond the scope of this *Review*.

The industry assistance landscape in Australia has changed considerably over the last 40 years. Tariff assistance has declined markedly, predominantly through unilateral reforms undertaken by the Australian Government. On the other hand, there has been a trend towards greater budgetary assistance to industry, particularly over the last decade. Such assistance is provided by the Australian Government and also by State and Territory governments, as well as by local governments.

Although more difficult to quantify, assistance to industry is also provided through measures such as marketing arrangements, regulatory restrictions on competition, government purchasing arrangements and guarantees.

Estimates of assistance to industry

For 2010-11, measured assistance to industry by the Australian Government amounted to \$17.7 billion in gross terms — comprising \$8.7 billion in tariff assistance, \$3.6 billion of budgetary outlays and \$5.4 billion in estimated tax concessions.

After allowing for the cost to business of tariffs on imported inputs (\$7.9 billion), estimated net assistance was \$9.8 billion.

The primary sector received the majority of its assistance in the form of budgetary outlays. The level of support to this sector in 2010-11 declined from previous years with the ending of widespread drought and falls in tax expenditures under the farm management deposits scheme. The manufacturing sector continued to receive the majority of its assistance through tariffs. For the service sector, the tariff penalty on inputs significantly exceeds its measured budgetary assistance.

Around 40 per cent of Australian Government budgetary assistance is directed towards small business assistance. This represents a substantial increase in the relative importance of assistance to small business compared to that reported in earlier *Reviews*. The change reflects effects of the introduction of the Small Business and General Business Tax Break in the 2008-09 financial year. The concession amounted to \$2.3 billion in 2010-11. A further 27 per cent of total budgetary assistance related to R&D and innovation, with this assistance being spread across most industries. About 16 per cent of budgetary assistance was directed to selected industries — particularly automotive, TCF and film production — and another 8 per cent of total assistance was sector-specific (such as drought support for the primary sector).

Across the primary, mining and manufacturing industries, in 2010-11, the highest measured effective rates of assistance — net assistance per dollar of value added — were for the automotive, and textiles clothing and footwear industries. Effective rates of assistance are not estimated for the service industries. Net assistance is negative for most service industries because the cost of tariffs on imported inputs exceeds the magnitude of budgetary assistance.

Recent industry-related announcements

Since May 2011 (and prior to the May 2012 Budget), the Australian Government announced a number of budgetary and regulatory measures relating to industry assistance, across a wide range of activities.

Announcements relating to budgetary outlays for the more ‘traditional’ forms of Australian Government support amounted to over \$700 million. This was predominantly in relation to forestry and other rural support programs, and support for research, development and innovation. Most of the announced funding is planned to be expended over the next five years.

In July 2011, the Australian Government also announced the Clean Energy Future Plan. The Plan is intended to reduce carbon emissions from energy production and industry, and to encourage investment in energy with lower or no direct carbon emissions. The Plan includes taxing carbon emissions and provides transitional assistance for businesses and communities, as well as ongoing assistance to households to help compensate for the impacts of the price on carbon emissions.

The Plan will involve, amongst other things, budgetary support to industry amounting to around \$28 billion. Around \$10 billion relates to funding of the new Clean Energy Finance Corporation, to invest in businesses to support clean energy proposals and technologies, and to support the transformation of manufacturing

business to supply these activities, while a further \$8.6 billion relates to the Jobs and Competitiveness Program. In addition, the Plan includes a number of activity and industry-specific support measures, such as the Coal Sector Jobs Package and the Steel Transformation Plan. It is expected that the support will be provided over the next seven years.

Households will receive assistance through tax cuts, higher family payments and increases in pensions and benefits.

Other announcements with potential assistance implications for firms and activities were made in relation to regional development and infrastructure; and broadcasting and communications. Funding associated with these totalled around \$1.4 billion and is to be expended over the next three years. While the level of funding is substantial, the ultimate assistance implications of individual programs would depend on factors such as the level of government contributions relative to the scale of activities being supported, the economic incidence (whether payments accrue to businesses or households), and the effects of regulatory changes and any user charges.

In addition to budgetary measures, assistance to industry can be conferred through regulatory arrangements which affect market access and competition. In this area, during the last year, the Government made a number of announcements and introduced legislation relating to intellectual property rights, a national food plan, and the Australian shipping industry. While such regulatory changes are likely to benefit certain businesses there may also be costs to other businesses and consumers.

Adjustment assistance

Adjustment assistance of various kinds has long been a feature of government support to firms, workers and regions experiencing difficulty in response to market developments, including those related to policy changes. It can play a potentially valuable role in facilitating change, reducing transitional costs and easing burdens.

In this *Review*, the Commission has identified 70 measures that have been included in the annual estimates of Australian Government budgetary assistance to industry since 1996-97 and that may be considered as assisting firms and industries to cope with and adjust to changing circumstances. Many of these programs operated for only a few years, but some, such as transitional assistance for the automotive and TCF industries and drought support have been ongoing. (The coverage of measures in this *Review* does not include State Government programs.)

Total estimated support since 1996-97 on the 70 programs is about \$18 billion in nominal terms, equivalent to about \$22 billion in present day values (2010-11 dollars). This represents about 20 per cent of estimated total budgetary assistance to industry over the 16-year period. This is additional to any direct assistance to displaced workers through the social safety net (income support and training) and negotiated company redundancy packages.

The bulk of adjustment assistance has been concentrated on relatively few industries and activities with the automotive industry accounting for around 40 per cent. Most of this comprises a series of schemes associated with successive tariff reductions. Exceptional Circumstances drought support accounted for around one quarter of outlays, while one eighth has been allocated to the TCF industry as part of its adjustment to lower tariffs.

The remainder of the schemes identified have variously accompanied economic reform or market pressures on particular activities (such as dairy, forestry, fisheries, sugar and pork), supported local development objectives following the closure of a major regional employer, or helped businesses cope with natural disasters and respond to outbreaks of disease. The nature of the schemes has varied. Some assistance, such as that afforded the automotive industry, is typically conditional on the recipient firms undertaking research and development, investment or other activity. Other support has been designed to attract new or expanding activities to a target region. Other schemes have provided assistance to firms to exit or scale back operations.

In order for adjustment assistance to yield net benefits to the community as a whole, it needs to be properly justified, well targeted and administered, and have the outcomes monitored. Experience has been variable in these respects, as has the likely efficacy of the various programs. Given the opportunity costs in funding such programs, it is important that taxpayers' money is well directed. To this end, there would be merit in conducting a more detailed assessment of programs of different kinds, in order for any lessons to be incorporated into future program design and delivery.

International trade policy developments

The Doha Round of multilateral trade negotiations remained stalled during 2011. Significant meetings at the WTO and within the G20 and APEC publicly declared that the 'business as usual' approach was no longer viable. Attention has therefore turned to negotiating strategies that may advance specific elements of the Doha Development Agenda where consensus might be reached, including through the use

of ‘critical mass’ agreements. The possibility of signing the Doha text ‘as is’ has also been canvassed. At a time of low growth in Europe and USA, the benefits offered by the Doha drafts would be particularly valuable.

Outside of the multilateral trade negotiations, Australia has continued to be involved in negotiations on bilateral and regional trade agreements. One of these is the proposed nine-party Trans-Pacific Partnership (TPP). The group announced during the year that agreement had been reached on the broad outlines of the TPP. It is intended that a legal text of an agreement be prepared in 2012.

There are number of international developments involving Australia that relate to intellectual property including the Anti-Counterfeiting Trade Agreements (ACTA) and negotiations towards the TPP. Such developments, on entering into force, could create obligations which require Australia and other member countries to increase the level of protection to IP holders, or the enforcement of IP rights. In regard to the extension of such rights through international agreements, the Commission’s 2010 report into *Bilateral and Regional Trade Agreements* recommended that IP provisions ‘should only be included in trade agreements in cases where rigorous economic analysis shows that the provisions would likely generate overall net benefits for the agreement partners’.

In June 2011, the Australian Government announced its response to the Commission’s report on Australia’s Anti-dumping and Countervailing system. The Government accepted 15 of the 20 recommendations. However, it rejected the key recommendation for a ‘bounded’ public interest test, instead retaining the existing Ministerial discretion over whether a recommended measure should be implemented.

In February 2012, the Commission released a draft report of an inquiry into Australia’s export credit arrangements. The Commission’s preliminary assessment was that information-related market failures in financial markets are only likely to affect newly exporting small and medium-sized enterprises (SMEs) accessing export finance. However, EFIC’s activity on the commercial account is largely focussed on large corporate clients and often repeat customers.

In January 2012, the Australian and New Zealand Governments agreed that the Productivity Commissions of each country would jointly study options for further reforms to increase economic integration and improve economic outcomes across the Tasman. The study’s final report is to be submitted to both governments in December 2012.

1 Introduction

The *Productivity Commission Act 1998* defines government assistance to industry as:

... any act that, directly or indirectly: assists a person to carry on a business or activity; or confers a pecuniary benefit on, or results in a pecuniary benefit to, a person in respect of carrying on a business or activity.

Assistance thus takes many forms. It extends beyond direct government subsidies to particular firms or industries and includes tariffs, quotas, regulatory restrictions on imported goods and services and tax concessions. Assistance can also arise from the provision of services below cost by government agencies and from government procurement policies.

Although assistance generally benefits the firms or industries that receive it, it typically imposes costs on other sectors of the economy. For example, direct business subsidies increase returns to recipient firms and industries, but to fund the subsidies governments must increase taxes and charges, cut back on other spending, or borrow additional funds. Similarly, while tariffs provide some price relief to domestic producers, they result in higher input costs for other local businesses and higher prices for consumers, who then have less money to spend on other goods and services.

Governments provide assistance for many different reasons. Some types of assistance — such as for R&D and to meet environmental objectives — can deliver net community benefits. Similarly, some policies which have industry assistance effects may be justified on other grounds, such as the achievement of social or equity objectives.

In view of the costs, as well as the potential benefits, that industry assistance can entail, government measures that provide assistance need to be monitored and regularly reviewed. One of the Productivity Commission's functions under its legislation is to review industry assistance arrangements. It also has a more general statutory obligation to report annually on assistance and its effects on the economy.

This edition of *Trade & Assistance Review* contains the Commission's latest estimates of Australian Government assistance to industry (chapter 2). These estimates cover the years 2005-06 to 2010-11. They provide a broad indication of the resource allocation effects of selective government industry policies, and highlight some of the costs of industry support. Appendix A provides additional details of the Commission's estimates of assistance.

Care is required in interpreting the estimates. Among other things, they generally cover only those government measures that selectively benefit particular firms, industries or activities, and which can be quantified, given practical constraints in measurement and data availability. Because industry assistance is discriminatory and can distort the allocation of economic resources, assessing whether the benefits of any particular industry support program exceed its costs involves case-by-case consideration — a task beyond the scope of this volume.

This Review also reports on a number of developments since April 2010, the reporting date of the last 2009-10 *Review*, with consequences for Australia's assistance structure generally or for particular sectors or industries.

- Chapter 3 reports recent policy announcements relating to: research, development and innovation; rural industries; manufacturing; carbon emission reduction and energy efficiency; infrastructure, industry participation and regional development; broadcasting and communications; and shipping and tourism.
- Chapter 4 reports on Australian Government budgetary measures that have provided adjustment assistance to firms and industries. It discusses the circumstances under which such assistance has been granted and the varied nature and design of such adjustment assistance. (Appendix B provides a supporting catalogue of measures providing adjustment assistance to industry since 1996-97).
- Chapter 5 reports on selected recent developments in international trade policy, including Australia's continued involvement in negotiating Preferential Trade Agreements (PTAs), complaints affecting Australia lodged through the WTO disputes resolution framework and recent trade policy program reviews. (Appendix C provides information on recent anti-dumping and countervailing duty cases in Australia.)

2 Assistance estimates

Industry is assisted through a wide array of government programs, regulatory instruments and policies. Each year, the Commission updates and publishes estimates of the assistance afforded by:

- import tariffs, which mainly assist the manufacturing sector while raising costs to consumers and to industries that use manufactured and other tariff-assisted inputs;
- Australian Government budgetary measures — divided into government outlays and tax concessions — which apply to the agricultural, mining, manufacturing and service sectors; and
- certain agricultural pricing and regulatory measures.

As well as providing estimates for these three categories, the Commission aggregates them to yield an estimate of the ‘combined’ assistance for four broad sectors of the Australian economy — ‘primary production’, ‘mining’, ‘manufacturing’ and ‘services’ — along with effective rates of assistance for primary, mining and manufacturing industries. For each category of assistance, the Commission provides more detailed estimates of assistance by 35 industry groupings.

The Commission also disaggregates its estimates of budgetary assistance into categories (such as R&D, export assistance and support to small business) to facilitate more detailed assessments of changes in the composition and nature of assistance.

While the estimates cover a broad range of measures that afford support to industry, the estimates do not capture all Australian Government support for industry (box 2.1), nor State government assistance. The assistance provided through government regulation is also not represented in the estimates.

The following sections outline the coverage of the Commission’s assistance estimates, present the most recent (2010-11) estimates and report on broad changes in the structure of industry assistance over the last four decades.

Box 2.1 Coverage of the Commission's assistance estimates

The Commission's assistance estimates cover only those measures which selectively benefit particular firms, industries or activities, and which can be quantified given practical constraints in measurement and data availability. Arrangements that may have assistance implications but are not part of the estimates include:

- quarantine restrictions and the allocation and pricing of water resources;
- the effects of government purchasing preferences and local content arrangements — for example, as they affect the manufacturing sector, IT industries and broadcasting;
- regulatory restrictions on competition — such as those relating to pharmacy, air services, importation of books and media and broadcasting;
- anti-dumping and countervailing measures;
- certain differential tax rates, including in relation to excises, the GST and superannuation;
- State and Territory government support to industry, other than designated agricultural marketing arrangements and rural support programs;
- government programs affecting a range of service industries, mainly relating to the provision of health, education, and community services;
- government programs affecting national security and public safety, including police and defence programs;
- government programs and taxation concessions affecting professional sport and the arts;
- government programs affecting the labour market; and
- resource access arrangements including to mining, forestry and fisheries.

2.1 Tariff assistance

Tariffs have direct effects on the returns received by Australian producers. The Commission's estimates of tariff assistance are divided into three main categories — 'output' assistance, 'input' assistance and 'net' assistance.

- Tariffs on imported goods increase the price at which those goods are sold on the Australian market, and thus allow scope for domestic producers of competing products to increase their prices. These effects are captured by the Commission's estimates of output assistance.
- On the other hand, tariffs also increase the price of local and imported goods that are used as inputs and thus penalise local user industries. This 'penalty' is

reduced if tariff concessions are available to Australian producers. The penalties are reflected in the Commission's estimates of input assistance.

- Net tariff assistance represents the 'effective' assistance provided through tariffs to industry, and is calculated as output tariff assistance less the input penalty imposed by tariffs.

The Commission estimates that the gross value of tariff assistance to domestic production was around \$8.7 billion in 2010-11 (table 2.1). The decline from 2008-09 mainly reflects reductions in assistance to passenger motor vehicles and parts, and textiles, clothing and footwear products in January 2010.

Table 2.1 Tariff assistance, 2005-06 to 2010-11^a

\$million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Output assistance	8946.4	9215.3	9847.0	9591.9	9053.4	8659.3
Input penalty	-6889.3	-7387.6	-7963.4	-8254.1	-8013.2	-7898.1
Net tariff assistance	2057.1	1827.7	1883.7	1337.8	1040.2	761.2

^a Nominal tariff assistance estimates are derived by re-indexing a reference series based on 2004-05 ABS input-output data, using ABS Industry Gross Value Added at current prices data. This information is subject to periodic revision by the ABS.

Source: Commission estimates.

The estimated cost penalty on inputs to user industries (including primary, manufacturing and service industries) arising from tariffs was estimated to be around \$7.9 billion in 2010-11. This compares with a cost of nearly \$6.9 billion in 2005-06. The estimated cost penalty has increased in nominal terms with the general growth in the economy and rising price levels. This increase was moderated towards the end of the period by the reductions in tariffs on passenger motor vehicles and parts, and textiles, clothing and footwear products in 2010.

After deducting the tariff input penalty from the output assistance, net tariff assistance (for the Australian economy) was estimated to be around \$0.8 billion in 2010-11, down from nearly \$2.1 billion in 2005-06. This reflects both high relative growth in the services sector (which incurs significant tariff penalties) and some reductions in tariffs applied to manufactured products.

In the Commission's tariff assistance estimates, preferences granted under Australia's preferential trading agreements are treated on the basis that domestic prices in Australia remain unchanged (box 2.2).

Box 2.2 Treatment of preferential tariffs in assistance estimates

The tariff preferences provided under Australia's preferential trading agreements (PTAs) need not result in any change in prices in the domestic market and, thus, in assistance to Australian industry provided by the general (Most Favoured Nation (MFN)) tariff regime. This would be the case if producers in the partner country effectively 'pocketed' the tariff concessions, rather than reduced their prices below the prevailing (tariff-inflated) price of rival imports.

However, to the extent that tariff concessions provided by PTAs reduce the prices of imported products in the Australian market, assistance to the relevant industry's outputs would be lower than that implied by the MFN rate. At the same time though, where the price of imported inputs falls as a result of PTA preferences, the penalties (or negative assistance) on the industry's inputs will also be lower than implied by the MFN rate. Whether this leads to a net overstatement or understatement of assistance to the Australian industry in question would depend on trade patterns with the PTA partner countries, which products are subject to price reductions, and their relative magnitudes.

Sources: PC (2004a; 2004b; 2008a).

Tariff assistance by sector and industry

Most tariff assistance on outputs is directed towards the manufacturing sector, and in particular the *Food, beverages & tobacco* (\$1.6 billion), *Metal product manufacturing* (\$1.9 billion), *Petroleum, coal, chemical and associated products*, and *Motor vehicles & parts* (\$1.0 billion each) industry groups (table 2.2 left hand column).

Mining and primary production industries receive little tariff assistance on outputs, and tariffs are not levied on services. On the other hand, tariffs impose input-cost penalties on *all* industries (because of their cost-raising effects on inputs) (table 2.2 middle column), so that the *Mining* and *Construction* industries, together with all other service industries, incurred negative net tariff assistance.

Table 2.2 Tariff assistance by industry grouping, 2010-11^{ab}

\$million (nominal)

<i>Industry grouping</i>	<i>Output assistance</i>	<i>Input cost penalty</i>	<i>Net tariff assistance</i>
Primary production	172.7	-76.0	96.7
Dairy cattle farming	–	-3.5	-3.5
Grain, sheep & beef cattle farming	0.0	-25.5	-25.4
Horticulture & fruit growing	116.9	-6.6	110.3
Other crop growing	–	-7.2	-7.2
Other livestock farming	–	-1.9	-1.9
Fisheries	0.0	-13.4	-13.4
Forestry & logging	55.7	-9.2	46.5
Other primary production ^c	–	-8.8	-8.8
Mining	2.0	-357.1	-355.1
Manufacturing	8484.7	-2571.1	5913.5
Food, beverages & tobacco	1638.8	-458.9	1179.9
Textiles, clothing, footwear & leather	270.0	-65.7	204.4
Wood & paper products	542.0	-139.7	402.2
Printing, publishing & recorded media	294.1	-117.0	177.1
Petroleum, coal, chemical & ass. Products	1034.4	-298.2	736.2
Non-metallic mineral products	267.2	-69.7	197.5
Metal product manufacturing	1944.0	-506.2	1437.8
Motor vehicles & parts	1013.5	-352.8	660.7
Other transport equipment	148.1	-99.3	48.8
Other machinery & equipment	872.7	-298.4	574.3
Other manufacturing	459.8	-165.2	294.6
Services	0.0	-4893.8	-4893.8
Electricity, gas & water supply	–	-75.2	-75.2
Construction	–	-1762.3	-1762.3
Wholesale trade	–	-324.4	-324.4
Retail trade	–	-575.8	-575.8
Accommodation, cafes & restaurants	–	-442.4	-442.4
Transport & storage	–	-267.9	-267.9
Communication services	–	-142.3	-142.3
Finance & insurance	–	-27.4	-27.4
Property & business services	–	-518.4	-518.4
Government administration & defence	–	-321.0	-321.0
Education	–	-96.8	-96.8
Health & community services	–	-131.3	-131.3
Cultural & recreational services	–	-133.6	-133.6
Personal & other services	–	-75.3	-75.3
Total	8659.3	-7898.1	761.2

– nil ^a See footnote (a) in table 2.1. ^b Totals may not add due to rounding. ^c Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*.

Source: Commission estimates.

All manufacturing industries are estimated to receive positive net tariff assistance, as the value of tariff assistance on outputs outweigh the cost imposts of tariffs on inputs for each industry group (table 2.2 right hand column).

Outside the manufacturing sector, the *Horticulture & fruit growing* and *Forestry & logging* industries are also estimated to have received positive net tariff assistance in 2010-11. Some imported products in these two particular industry groupings attract tariffs (for example, grapes and softwood conifers). All other primary, mining and service industries incur a net penalty from the level and structure of tariffs in Australia.

Since 2005-06, the value of net tariff assistance for the manufacturing sector has decreased by around 3 per cent in nominal terms, largely reflecting reductions in tariff assistance to the *Textiles, clothing, footwear & leather*, and *Motor vehicles & parts* industries. At the same time, the net tariff penalty on the service sector has increased by 24 per cent (to nearly \$4.9 billion), reflecting growth of that sector. The value of tariff assistance to primary production has varied from year to year with changes in the value of activity in the sector, including changes as a consequence of drought (table 2.3).

Table 2.3 Net tariff assistance by industry sector, 2005-06 to 2010-11^a

\$ million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Primary production	81.5	90.3	82.1	78.5	87.1	96.7
Mining	-209.6	-244.1	-264.7	-360.6	-290.3	-355.1
Manufacturing	6118.6	6308.0	6750.9	6576.1	6189.3	5913.5
Services	-3933.5	-4326.5	-4684.7	-4956.2	-4945.9	-4893.8
Total	2057.1	1827.7	1883.7	1337.8	1040.2	761.2

^a Nominal tariff assistance estimates are derived by re-indexing a reference series based on 2004-05 ABS input-output data, using ABS Industry Gross Value Added at current prices data. This information is subject to periodic revision by the ABS.

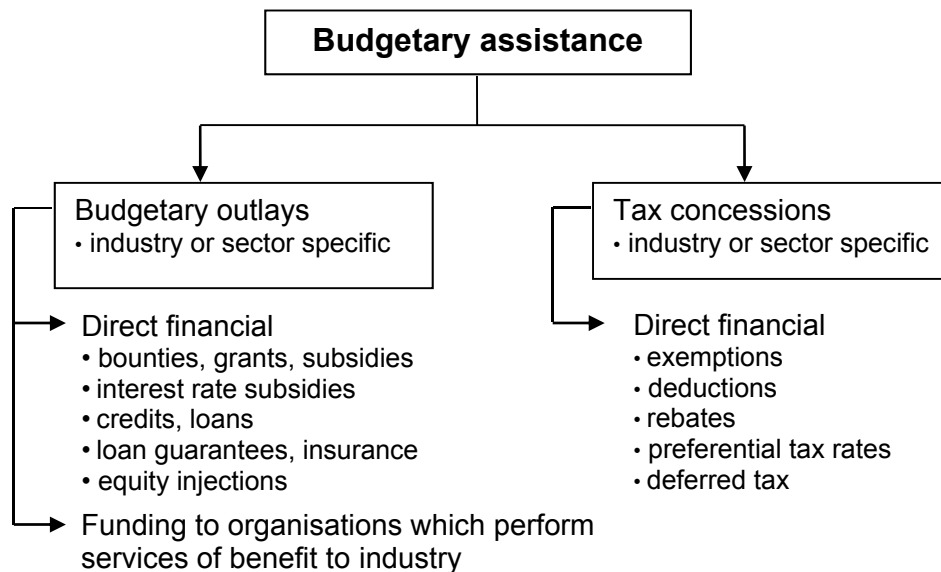
Source: Commission estimates.

2.2 Australian Government budgetary assistance

Budgetary assistance includes actual payments (outlays) and tax concessions (figure 2.1). Some measures provide assistance directly to firms, such as the Automotive Competitiveness and Investment Scheme, while other budgetary support measures deliver benefits indirectly to an industry via intermediate organisations such as the Rural Industries Research and Development Corporations and the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

The budgetary assistance estimates are derived primarily from actual expenditures shown in departmental and agency annual reports, and the Australian Treasury Tax Expenditures Statement (TES). Industry and sectoral disaggregations are based primarily on supplementary information provided by relevant departments or agencies.

Figure 2.1 Forms of budgetary assistance



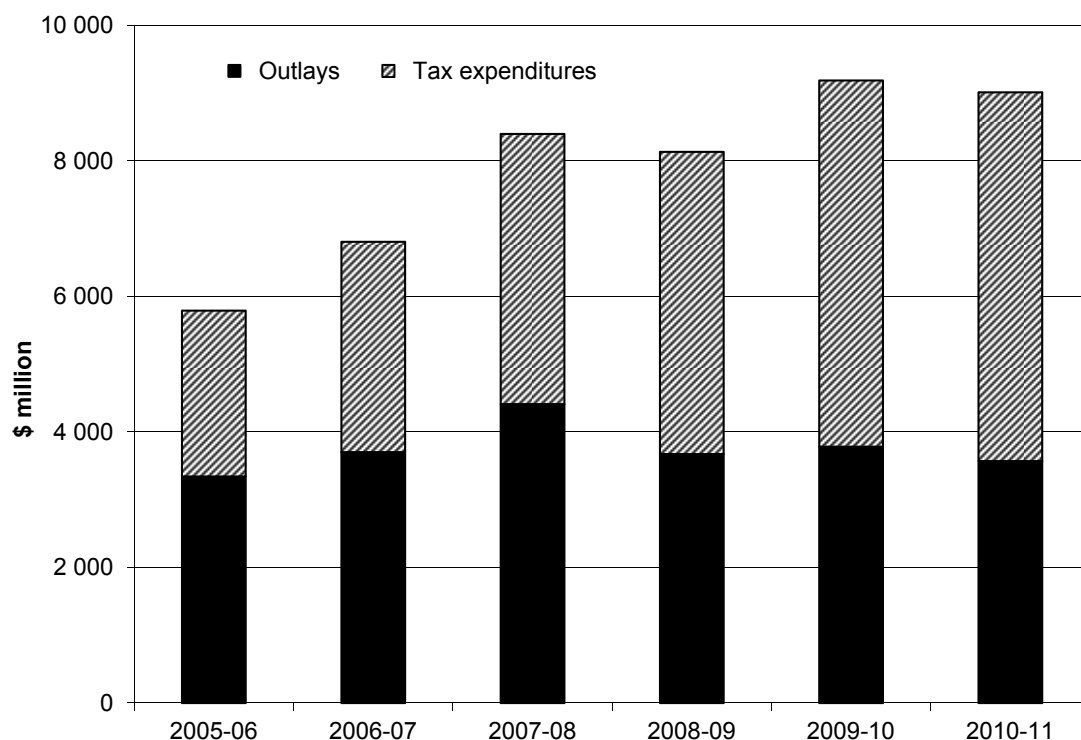
Aggregate budgetary assistance

The estimated gross value of budgetary assistance to Australian industry was around \$9.0 billion in 2010-11, compared with \$9.2 billion in 2009-10 and \$5.8 billion in 2005-06 in nominal terms (figure 2.2). In *real* terms, this represents a decline of 8 per cent since 2009-10, but an increase of 26 per cent since 2005-06.

The main reasons for the reduction in aggregate budgetary assistance in the last 12 months were:

- a decrease of around \$240 million in assistance under the Automotive Competitiveness and Investment Scheme;
- decreases of around \$100 million each in Exceptional Circumstances drought relief payments and interest rate subsidies, the Offshore Banking Unit Tax Concession, the Film Industry Offsets, and the Small Business Capital Gains Tax 50 per cent Reduction; and
- the cessation of a number of programs that afforded around \$50 million in 2009-10.

Figure 2.2 Budgetary assistance to industry, 2005-06 to 2010-11^a
\$ million (nominal)



^a A similar graph in last year's *Review* (2009-10) shows a slight decrease from 2008-09 to 2009-10, whereas the above graph shows an increase. Last year's estimates excluded the revenue forgone estimate by Treasury for the Small Business and General Business Tax Break. This has now been included in the (revised) 2009-10 estimates.

Sources: Commonwealth Budget and Budget related papers (various years); departmental annual reports (various years); Australian Government (2012); Commission estimates.

On the other hand, there were some increases in budgetary assistance totalling around \$1.3 billion in 2010-11. They include:

- around \$800 million under the Small Business and General Business Tax Break (from \$1.5 billion in 2009-10 to \$2.3 billion in 2010-11);
- around \$40 million each under the R&D Tax Offset for Small Companies and the income tax averaging provisions for primary producers;
- increases of about \$300 million in other on-going programs; and
- around \$75 million with the introduction of new programs, including \$33 million under the National Energy Efficiency Initiative – Smart Grid, Smart City program, and \$23 million under the Insulation Industry Assistance Package.

In addition, not all taxation concessions affording assistance to industry are quantified in the annual TES and included in the assistance estimates. In cases where quantification is not practicable, the TES provides indicative ranges within which the value of the concession may fall. The published ranges suggest that gross

budgetary assistance to industry could be substantially higher than the assistance estimates reported in this *Review*.

Activities targeted

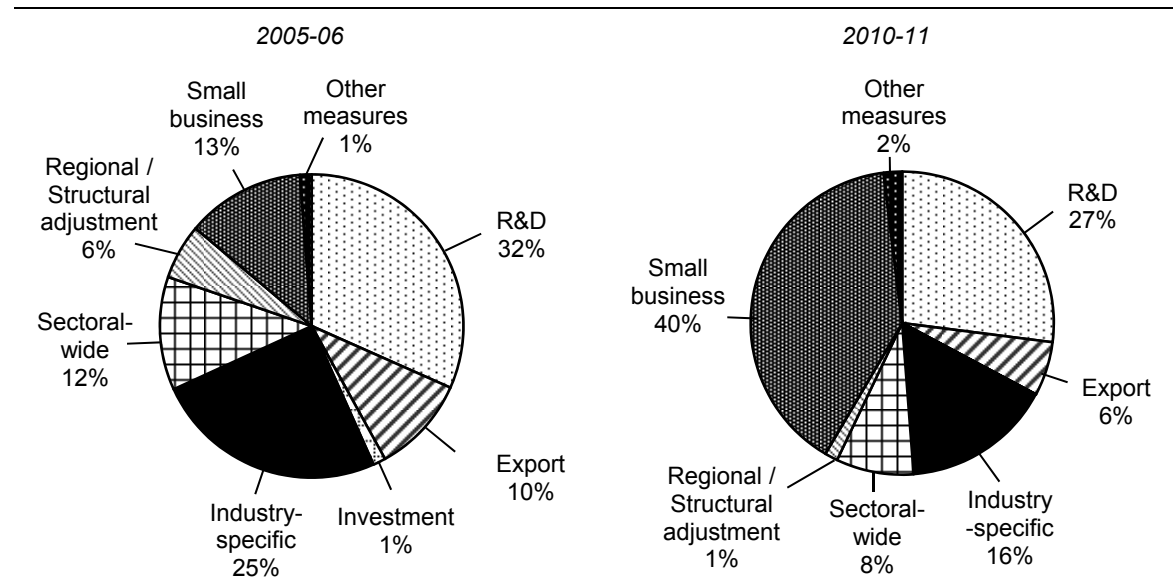
Budgetary assistance is often designed to encourage particular activities (such as R&D or exports) or to support particular firms, industries or sectors. To provide an indication of the distribution of assistance among activities and to facilitate more detailed assessments of changes in the composition and nature of assistance, the Commission categorises its estimates of Australian Government budgetary assistance into:

- R&D, including that undertaken by CSIRO, CRCs and rural R&D corporations, as well as R&D taxation concessions;
- Export measures, including through Export Market Development Grants, import duty drawback, TRADEX and Austrade;
- Investment measures, including development allowances and several former investment attraction packages;
- Industry-specific measures, including the Automotive Competitiveness and Investment Scheme, the Textiles, Clothing and Footwear Strategic Investment Program, film industry measures and the Offshore Banking Unit taxation concession;
- Sector-wide measures, such as ‘exceptional circumstances’ drought relief payments and the tax concessions under the Farm Management Deposits Scheme, in the case of the primary sector;
- Small business programs, such as the Small Business and General Business Tax Break, the small business capital gains tax concessions, the 25 per cent Entrepreneurs’ Tax Offset and the Small Business Advisory Services Program;
- Regional assistance, including the Tasmanian Freight Equalisation Scheme, Regional Partnerships Program and various structural adjustment programs with a regional focus; and
- a residual ‘other’ category.

Budgetary assistance in 2010-11 was largely directed towards small business assistance (40 per cent), with most of the remainder spread between R&D (27 per cent), industry-specific assistance (16 per cent) and sectoral assistance (8 per cent) (figure 2.3, right hand panel). The structure of budgetary assistance to industry has been evolving. In particular, support for small business has increased in recent years as a proportion of total budgetary assistance. It has risen from

13 per cent of budgetary assistance in 2005-06 (figure 2.3, left hand panel) to an estimated 40 per cent of measured assistance in 2010-11 (right hand panel). At the same time, the importance of sectoral and export programs has declined relative to other programs.

Figure 2.3 Budgetary assistance by category, 2005-06 and 2010-11
per cent



Source: Commission estimates.

A number of budgetary measures included in the estimates relate to carbon emissions reduction, renewable energy and energy goals. These measures support a range of activities that span R&D, industry-specific, sector-specific and other measures. The measures amounted to around \$275 million (3 per cent) of estimated budgetary assistance in 2010-11.

Some caution is required when interpreting these estimates. While programs have been allocated to one category only (based on the main activities assessed as receiving program support), some have characteristics that relate to more than one category. For example, the R&D category includes rural R&D, which could also be considered sector specific.

Sectoral and industry distribution

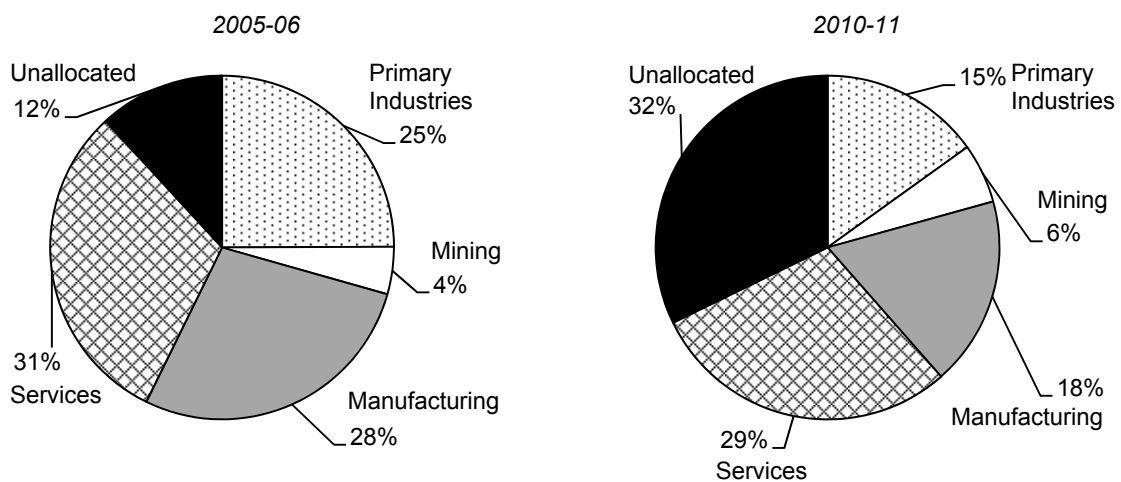
The Commission records the incidence of budgetary assistance by the initial benefiting industry, that is, the industry which receives the assistance first.¹

¹ The concept of initial benefiting industry is outlined in more detail in a methodological annex to the 2008-09 *Review* (PC 2011a). That annex also provides details of the allocation of individual

Estimates are presented for 35 industry groupings, while four ‘unallocated’ categories are used for programs for which it has not been possible to confidently identify the initial benefiting industry or sector.²

In 2010-11, the services sector is estimated to have received around 29 per cent of estimated budgetary assistance; down slightly from around 31 per cent in 2005-06 (figure 2.4).

Figure 2.4 Budgetary assistance by sector, 2005-06 and 2010-11
per cent



Source: Commission estimates.

The manufacturing and primary production sectors, which together contribute about 10 per cent of value added, received around one third of total estimated budgetary assistance in 2010-11, while the mining sector received relatively little measured assistance. For the primary sector, most budgetary assistance was afforded through outlays, while for manufacturing, assistance was relatively evenly divided between budgetary outlays and taxation concessions. The mining sector received most of its assistance in the form of general and specific tax concessions.

Five groups accounted for 28 per cent of estimated budgetary assistance to industry in 2010-11 (table 2.4).

- Budgetary assistance was highest for the *Grain, sheep & beef cattle farming* industry (\$644.4 million), mainly in the form of exceptional circumstances assistance and assistance to the Grains R&D Corporation.

programs included in the assistance estimate to industry. The annex is available at <http://www.pc.gov.au/annual-reports/trade-assistance/tar0809>.

² The 35 industry groupings are based on the 1993 Australia and New Zealand Standard Industrial Classification (ANZSIC) (ABS 1992).

-
- *Finance & insurance* was the next highest recipient (\$614.4 million), mainly in the form of R&D tax concession programs, the Offshore Banking Unit Taxation concession and Small Business Capital Gains Tax concession measures.
 - *Property & business services* accounted for \$504.9 million in assistance, mainly in the form of the R&D and Small Business tax concessions.
 - *Motor vehicles and parts* accounted for \$519.2 million, mainly in the form of the Automotive Competitiveness and Investment Scheme, the Automotive Transformation Scheme and the Green Car Innovation Fund.
 - *Cultural & recreational services* accounted for \$280.9 million, mainly in the form of assistance to Screen Australia and the Film Industry Offsets.

The *Unallocated other* category accounted for 32 per cent of total estimated budgetary assistance in 2010-11. The Small Business and General Business Tax Break (\$2.3 billion) accounts for an overwhelming majority (79 per cent) of the category. Industry allocation data is currently not available through taxation statistics. A similar situation arose with the small business capital gains tax concessions when first introduced, but for which industry allocation data subsequently became available (*Trade & Assistance Review 2008-09*).

Table 2.4 Budgetary assistance by industry grouping, 2010-11
\$ million (nominal)

	<i>Outlays</i>	<i>Tax concessions</i>	<i>Total budgetary assistance</i>
Primary production	1058.5	306.4	1364.9
Dairy cattle farming	67.4	19.5	86.9
Grain, sheep & beef cattle farming	450.8	193.6	644.4
Horticulture & fruit growing	118.0	29.3	147.3
Other crop growing	26.1	14.2	40.3
Other livestock farming	12.9	10.5	23.4
Fisheries	68.5	2.2	70.7
Forestry & logging	33.9	12.2	46.1
Other primary production ^a	13.9	23.7	37.6
Unallocated primary production ^b	267.0	1.2	268.3
Mining	174.0	331.8	505.9
Manufacturing	945.7	656.4	1602.0
Food, beverages & tobacco	69.3	49.6	118.9
Textile, clothing, footwear & leather	123.3	11.5	134.8
Wood & paper products	11.7	9.7	21.4
Printing, publishing & recorded media	5.2	3.0	8.2
Petroleum, coal, chemical & associated products	180.6	53.9	234.5
Non-metallic mineral products	8.5	7.6	16.2
Metal products	60.1	55.5	115.7
Motor vehicles & parts	200.4	318.8	519.2
Other transport equipment	23.5	8.8	32.3
Other machinery & equipment	113.1	57.9	171.0
Other manufacturing	20.0	5.5	25.4
Unallocated manufacturing ^b	129.9	74.5	204.4
Services	1053.9	1580.1	2634.0
Electricity, gas & water supply	61.6	14.2	75.9
Construction	22.9	96.7	119.6
Wholesale trade	60.5	121.7	182.2
Retail trade	65.1	75.7	140.8
Accommodation, cafes & restaurants	7.0	37.6	44.6
Transport & storage	56.0	49.2	105.2
Communication services	104.1	29.7	133.8
Finance & insurance	66.5	547.9	614.4
Property & business services	158.0	347.0	504.9
Government administration & defence	30.7	3.4	34.2
Education	21.5	10.5	32.0
Health & community services	102.4	49.1	151.5
Cultural & recreational services	113.0	167.8	280.9
Personal & other services	15.2	29.6	44.8
Unallocated services ^b	169.3	0.0	169.3
Unallocated other^b	337.8	2568.5	2906.3
TOTAL	3570.0	5443.1	9013.1

^a Other primary production includes Services to agriculture, Hunting & trapping and Poultry farming.

^b Unallocated includes programs where details of the initial benefiting industry cannot be readily identified.

Source: Commission estimates.

2.3 Combined assistance

This section presents the results for combined tariff, budgetary assistance, and agricultural pricing and regulatory assistance. Combined assistance is reported in terms of the net value of assistance and its components, and the effective rate of assistance (box 2.3).

Box 2.3 Summary measures of combined assistance

In reporting its estimates of net combined assistance, the Commission adopts two summary measures.

- First, it reports total net assistance (also referred to in assistance methodologies as the *net subsidy equivalent* (NSE)), which is the dollar value of net assistance to the land, labour and capital resources used in a particular industry or activity. It indicates the level of transfers of income to benefiting producers from consumers, taxpayers and other firms. NSE estimates are reported for the four sectors and 35 industry groupings.
- The second summary measure is the *effective rate of assistance* (ERA). It measures the NSE of combined assistance to a particular industry in proportion to that industry's unassisted net output (value added). It provides an indication of the extent to which assistance to an industry enables it to attract and hold economic resources relative to other sectors. That is, where there is some competition between industries for resources, those industries with relatively high effective rates of assistance are more likely, as a result of their assistance, to be able to attract resources away from those with lower rates of effective assistance. ERA estimates are reported for industries in the primary production, mining and manufacturing sectors. Effective rates of assistance are not published for the services sector.

Aggregate assistance

Total estimated gross combined assistance was \$17.7 billion in 2010-11, a decline of around \$0.6 billion from 2009-10 in nominal terms (table 2.5). This represents a decline of around 3 per cent in nominal terms and 9 per cent in real terms.

Table 2.5 Combined assistance, 2005-06 to 2010-11

\$ million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Tariff output assistance	8946.4	9215.3	9847.0	9591.9	9053.4	8659.3
Budgetary outlays	3344.3	3701.6	4411.1	3674.1	3782.8	3570.0
Tax concessions	2445.9	3103.6	3987.4	4459.6	5404.5	5443.1
Agricultural pricing assistance	141.2	124.3	120.1	0.2	0.0	0.0
Gross combined assistance	14877.7	16144.9	18365.6	17725.8	18240.6	17672.4
Tariff input assistance	-6889.3	-7387.6	-7963.4	-8254.1	-8013.2	-7898.1
Net combined assistance^a	7988.4	8757.2	10402.3	9471.6	10227.4	9774.3

^a Further information on the estimation and interpretation of net combined assistance is provided in the methodological annex to *Trade & Assistance Review 2008-09*. Estimates prior to 2010-11 differ from estimates published in earlier *Reviews*. Differences reflect changes to ABS reference data, source information and methodology.

Source: Commission estimates.

After considering the negative effects of tariff assistance on industry inputs, total estimated net combined assistance amounted to around \$9.8 billion in 2010-11, a decrease of around \$0.5 billion (in nominal terms) from 2009-10. The main reason for the decline is the reductions in tariff and budgetary assistance of around \$0.3 billion and \$0.2 billion respectively.

Although declining in 2010-11, over the six-year period 2005-06 to 2010-11, total estimated net assistance to industry has increased by 22 per cent in nominal terms but decreased by 1 per cent in real terms.

Sectoral and industry estimates

Value of assistance

Table 2.6 summarises, at the industry level, tariff and budgetary assistance information for 2010-11. Reflecting the earlier discussion on individual elements, the manufacturing sector receives the highest level of net combined industry assistance because of the tariff assistance on its outputs. Although the services sector receives the most budgetary assistance (around \$2.6 billion in identifiable support), such assistance is outweighed by the estimated input tariff penalty (\$4.9 billion). A time series of net combined assistance (column 7) for the period 2005-06 to 2010-11 is presented in appendix A.

Table 2.6 Combined assistance by industry grouping, 2010-11^a

\$ million (nominal)

Industry grouping	Tariffs		Net tariff assistance	Budgetary		Net combined assistance
	Output	Input penalty		Outlays	Tax concess	
Primary production	172.7	-76.0	96.7	1058.5	306.4	1461.6
Dairy cattle farming	—	-3.5	-3.5	67.4	19.5	83.4
Grain, sheep & beef cattle	0.0	-25.5	-25.4	450.8	193.6	618.9
Horticulture & fruit growing	116.9	-6.6	110.3	118.0	29.3	257.6
Other crop growing	—	-7.2	-7.2	26.1	14.2	33.1
Other livestock farming	—	-1.9	-1.9	12.9	10.5	21.6
Fisheries	0.0	-13.4	-13.4	68.5	2.2	57.3
Forestry & logging	55.7	-9.2	46.5	33.9	12.2	92.6
Other primary production	—	-8.8	-8.8	13.9	23.7	28.8
Unallocated primary	—	—	—	267.0	1.2	268.3
Mining	2.0	-357.1	-355.1	174.0	331.8	150.7
Manufacturing	8484.7	-2571.1	5913.5	945.7	656.4	7515.6
Food, beverages & tobacco	1638.8	-458.9	1179.9	69.3	49.6	1298.8
Textiles, clothing & footwear	270.0	-65.7	204.4	123.3	11.5	339.2
Wood & paper products	542.0	-139.7	402.2	11.7	9.7	423.7
Printing, publishing & media	294.1	-117.0	177.1	5.2	3.0	185.3
Petroleum, coal & chemicals	1034.4	-298.2	736.2	180.6	53.9	970.7
Non-metallic mineral prod.	267.2	-69.7	197.5	8.5	7.6	213.7
Metal product manufacturing	1944.0	-506.2	1437.8	60.1	55.5	1553.5
Motor vehicles & parts	1013.5	-352.8	660.7	200.4	318.8	1179.9
Other transport equipment	148.1	-99.3	48.8	23.5	8.8	81.1
Other machinery & equip.	872.7	-298.4	574.3	113.1	57.9	745.3
Other manufacturing	459.8	-165.2	294.6	20.0	5.5	320.0
Unallocated manufacturing	—	—	—	129.9	74.5	204.4
Services	0.0	-4893.8	-4893.8	1053.9	1580.1	-2259.9
Electricity, gas & water	—	-75.2	-75.2	61.6	14.2	0.7
Construction	—	-1762.3	-1762.3	22.9	96.7	-1642.7
Wholesale trade	—	-324.4	-324.4	60.5	121.7	-142.1
Retail trade	—	-575.8	-575.8	65.1	75.7	-434.9
Accom., cafes & restaurants	—	-442.4	-442.4	7.0	37.6	-397.8
Transport & storage	—	-267.9	-267.9	56.0	49.2	-162.7
Communication services	—	-142.3	-142.3	104.1	29.7	-8.5
Finance & insurance	—	-27.4	-27.4	66.5	547.9	586.9
Property & business services	—	-518.4	-518.4	158.0	347.0	-13.5
Govt. admin. & defence	—	-321.0	-321.0	30.7	3.4	-286.8
Education	—	-96.8	-96.8	21.5	10.5	-64.8
Health & community services	—	-131.3	-131.3	102.4	49.1	20.2
Cultural & recreational	—	-133.6	-133.6	113.0	167.8	147.3
Personal & other services	—	-75.3	-75.3	15.2	29.6	-30.5
Unallocated services	—	—	—	169.3	0.0	169.3
Unallocated other	—	—	—	337.8	2568.5	2906.3
TOTAL	8659.3	-7898.1	761.2	3570.0	5443.1	9774.3

— Nil. ^a Read in conjunction with notes to tables 2.2 and 2.3.

Source: Commission estimates.

Effective rates of (combined) assistance

Estimated effective rates of combined assistance by sector and industry

For the manufacturing sector, the estimated effective rate of assistance — that is, the value of assistance as a proportion of (unassisted) value added — was 4.2 per cent in 2010-11, down from 4.5 per cent in 2009-10 (table 2.7). The effective rate for the primary sector in 2010-11 was 3.4 per cent. (It had reached 7.6 per cent in 2007-08, reflecting assistance for drought relief). The estimated effective rate of assistance from tariff and budgetary assistance for mining has been negligible.

Table 2.7 Effective rate of combined assistance by industry grouping, 2005-06 to 2010-11
per cent

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Primary production^b	5.0	7.1	7.6	5.5	4.9	3.4
Dairy cattle farming	11.2	15.7	14.8	5.1	4.9	2.9
Grain, sheep & beef cattle	4.2	7.5	8.2	7.2	5.9	3.5
Horticulture & fruit	5.1	5.0	5.3	6.2	5.6	5.0
Other crop growing	7.0	5.8	4.7	1.6	1.6	0.6
Other livestock farming	2.4	2.8	3.7	3.0	2.2	1.7
Fisheries	4.8	18.0	10.0	4.0	3.7	3.0
Forestry & logging	7.5	5.5	5.6	-1.7	4.1	4.6
Other primary production ^c	0.5	0.5	0.8	0.5	0.5	0.5
Mining	0.1	0.1	0.1	0.0	0.2	0.1
Manufacturing^b	4.6	4.6	4.5	4.6	4.5	4.2
Food, beverage & tobacco	3.3	3.3	3.3	3.3	3.3	3.4
Textile, clothing & footwear	15.2	14.6	14.4	14.6	12.9	10.6
Wood & paper products	4.8	4.9	5.1	5.2	4.7	4.7
Printing, publishing & media	1.4	1.4	1.5	1.4	1.5	1.5
Petroleum, coal & chemicals	3.5	3.6	3.6	3.7	3.8	3.7
Non-metallic mineral prod.	2.5	2.5	2.6	2.5	2.5	2.5
Metal products	4.6	4.7	4.4	4.4	4.4	4.3
Motor vehicles & parts	12.1	12.3	11.8	11.7	11.3	8.5
Other transport equipment	2.0	1.8	1.8	1.9	2.0	2.0
Other machinery & equipment	3.7	3.6	3.6	3.6	3.6	3.5
Other manufacturing	5.3	5.2	5.3	4.9	5.0	5.0

^a 'Combined assistance' comprises budgetary, tariff and agricultural pricing and regulatory assistance.

^b Sectoral estimates include assistance to the sector that has not been allocated to specific industry groupings. ^c Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*.

Source: Commission estimates.

Textiles, clothing, footwear & leather and Motor vehicles & parts

The *Textiles, clothing, footwear & leather* and *Motor vehicles & parts* industry groupings continue to have higher effective rates of combined assistance than other manufacturing activities. While remaining relatively high, the estimated effective rates of assistance to both industry groups have declined significantly over recent decades following significant reductions in tariffs and the removal of import quotas.³ Effective rates of assistance for these industries also declined significantly in 2010-11, in-line with legislated tariff cuts in January 2010 and net reductions in budgetary assistance following the closure of ACIS and introduction of the new automotive assistance arrangements.

Dairy cattle farming and Grain, sheep & beef cattle farming

The estimated effective rate of assistance for *Dairy cattle farming* declined markedly from 2007-08 to 2010-11 — from 14.8 per cent to 2.9 per cent. This reflects a decline in Exceptional Circumstances drought support and the cessation of payments under the Dairy Structural Adjustment Program in April 2008. Prior to the dairy industry's deregulation in July 2000, the effective rate of combined assistance was estimated to exceed 30 per cent.

Also reflecting lower claims for Exceptional Circumstances drought support, the effective rate of assistance for the *Grain, sheep & beef cattle* group declined from 8.2 per cent in 2007-08 to 3.5 per cent in 2010-11. Declines were also estimated for some other agricultural industry groupings, also because of reductions in drought support.

Fisheries and Forestry & logging

The estimated effective assistance to *Fisheries* and *Forestry & logging* has changed markedly over recent years. A decline in annual expenditure under the Fisheries Structural Adjustment Program has seen the estimated effective rates for *Fisheries* decrease from a high of 18 per cent in 2006-07 to 3 per cent in 2010-11.

The change in effective assistance to *Forestry & logging* from 5.6 per cent in 2007-08 to a negative 1.7 per cent for 2008-09 and then back to 4.1 per cent in

³ Whereas in 2010 automotive tariffs were 5 per cent, and the highest tariffs on TCF imports were 10 per cent, in the late-1980s, automotive tariffs were 45 per cent, and the highest tariff rate for any one TCF line item (inclusive of the effect of tariff quotas) was 125 per cent. The effective rates of assistance for the automotive industry and TCF were 140 per cent and 157 per cent, respectively, in 1984-85 (PC 2000).

2009-10, as indicated above, reflects the impact of changes in the direction of accelerated write-offs on forestry-managed investments from positive assistance in 2007-08 (the acceleration stage) to increased taxation in 2008-09 (the pay-back stage) and then to neutral in 2009-10 as the Forestry managed investment scheme was terminated on 30 June 2008.

2.4 Effective rates of industry assistance since 1970

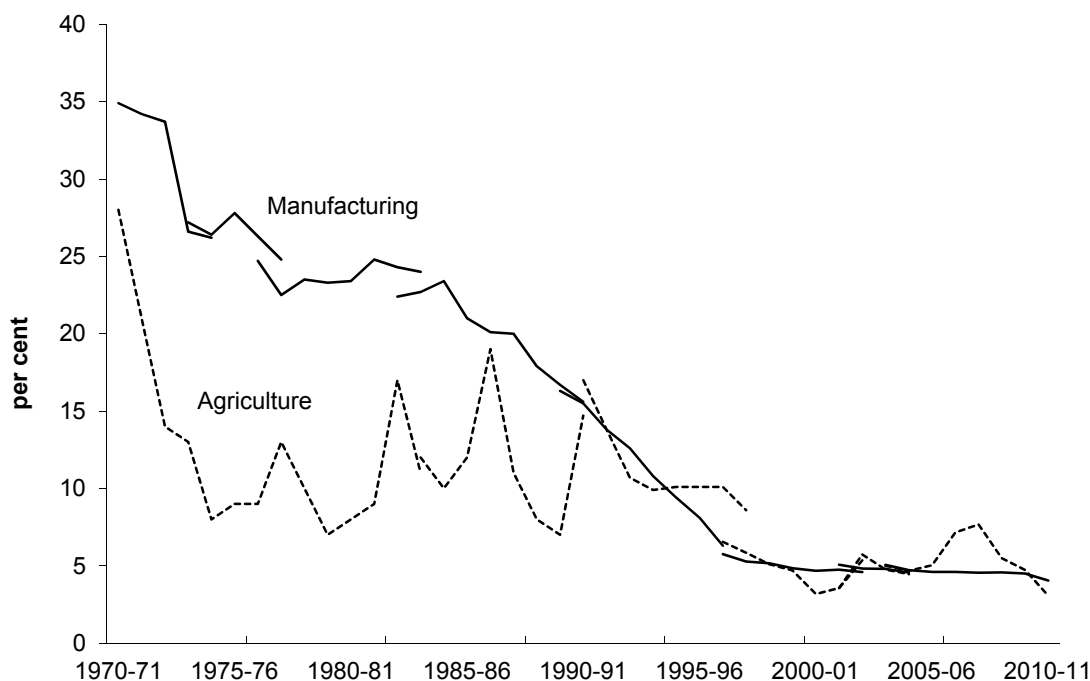
The Commission has estimated assistance to the manufacturing and agricultural sectors since the early 1970s. The estimates have been derived in several ‘series’, each spanning a number of consecutive years, with each series retaining a common methodology, coverage of measures and data sources across those years. While methodologies and data sources have changed between series, taken together, the series provide a broad indication of directions and trends in assistance at the sectoral level.

Figure 2.5 presents effective rate estimates from the different series from 1970-71 to the present. Breaks in the series are represented by gaps in the chart, and overlaps are included to show the effects of the methodological and data changes made in moving between series.

The estimates indicate a marked decline in measured assistance to the manufacturing sector over the last 35 years. The estimated effective rate of assistance for manufacturing as a whole (as calculated in the first series) was around 35 per cent in 1970-71, whereas since 2000, the rate (as calculated in the new 2004-05 series, and the previous 2001-02 series) has been around 5 per cent. Major influences on this decline over the past four decades have been the 25 per cent across-the-board tariff cut of 1973, the abolition of (subsequent) tariff quotas and the broad programs of tariff reductions that commenced in the late 1980s. Recent declines have been associated mainly with reductions in tariff assistance to the TCF and passenger motor vehicle industries. A 5 per cent tariff, levied on over 50 per cent of manufactured items of merchandise trade, continues to provide some assistance to manufacturing activities, and an associated impost on consumers and industry and costs to government administration.

For agriculture, the estimated effective rate of assistance (as calculated in the first series) was over 25 per cent in 1970-71 and, by 1974-75, it had fallen to about 8 per cent. The subsequent volatility in the agricultural estimates, particularly through the 1970s and 1980s, reflects variation in differences between domestic support prices and world prices (used for assistance benchmarks) as well as the impact of drought and other factors on output.

Figure 2.5 Effective rates of assistance to manufacturing and agriculture, 1970-71 to 2010-11



Source: Commission estimates.

The rise in the effective rate of assistance to agriculture in 2006-07 and 2007-08 reflects significant increases in Exceptional Circumstances drought relief payments and interest rate subsidies at the height of the drought through much of Australia. Such assistance has since declined significantly and the estimated assistance to the sector overall has declined to around 3 per cent.

2.5 Summing up

In real terms, estimated net combined assistance to Australian industries declined by around 1 per cent over the period 2005-06 to 2010-11.

The mix of industry assistance has changed considerably over this period. Net tariff assistance continued to decline in both nominal and real terms, and agricultural pricing and marketing assistance has ceased. Estimated budgetary assistance has increased by around 26 per cent in real terms from 2005-06 to 2010-11 (notwithstanding a decline in the last year).

The nature of budgetary assistance to industry has also been changing. Tax concessions, particularly to small business, have increased since 2005-06 and now account for a larger proportion of total budgetary assistance. On the other hand,

support designated as specific to an industry grouping has tended to decline as a proportion of total assistance.

Chapter 3 reports on budgetary measures that have been announced in 2010-11. Many of these measures come into effect in future years and are therefore not reflected in the assistance estimates above.

3 Recent developments in industry assistance

This chapter provides an overview of Australian Government announcements and related developments pertaining to industry assistance since April 2011, the reporting date for *Trade & Assistance Review 2009-10*.

The Australian Government announced a number of new programs and adjustments to existing programs over the past twelve months. Prominent among these was the Clean Energy Future Plan which is to be funded initially by a tax on carbon emissions and will provide assistance for innovation and investment in renewable energy, energy efficiency and other measures to reduce carbon emissions, as well as transitional assistance for businesses, households and communities.

Developments in industry assistance or with assistance implications are reported in this chapter in the following groupings: research, development and innovation; rural sector; manufacturing; carbon emission reduction and energy efficiency; infrastructure, industry participation and regional development; broadcasting and communications; and industry assistance related to recent natural disasters. There were also regulatory changes with assistance implications, particularly in the areas of intellectual property, veterinary chemicals, tariff concessions and Australian shipping.

Some of the policy initiatives reported in the chapter also include announcements with government service provision or social objectives. These are also noted.

3.1 Research, development and innovation

Support for business R&D, including innovation and commercialisation, forms a significant component of the Australian Government's budgetary assistance to industry. As measured by the Commission, it accounted for around 27 per cent of budgetary assistance in 2010-11 (chapter 2).

R&D Tax Incentive

In August 2011, legislation to establish the R&D Tax Incentive was passed by the Commonwealth Parliament. The R&D Tax Incentive replaces the previous R&D Tax Concession and applies from July 2011. The incentive is intended to better target activities that might not have otherwise been undertaken. The incentive also provides increased base rates of support to eligible companies undertaking R&D activities. The main components of the incentive are:

- a 45 per cent refundable R&D tax offset for small and medium sized companies with an aggregated turnover of less than \$20 million per annum; and
- a 40 per cent non-refundable R&D tax offset for all other companies.

CSIRO Quadrennial Funding Agreement

In the May 2011 Budget, the Australian Government announced it would provide \$3 billion in operational funding to CSIRO through an agreement to operate over a four year period starting in 2011. The Government's intention under the new funding agreement is to assist CSIRO in working with industry, government and the research community to build a 'stronger economy, a healthier society and a cleaner environment' (Carr 2011a).

Innovation Investment Fund

Introduced in 1997, the Innovation Investment Fund (IIF) is a venture capital program intended to support fund managers with expertise in early stage venture capital investing and to 'co-invest' in venture capital funds to assist early-stage companies to commercialise Australian R&D (Carr 2011b). Since its commencement, the IIF has licensed 16 venture capital funds and provided \$644 million of government and private capital (\$361 million government contribution) for investment in early-stage Australian businesses (DIISRTE, pers. comm., 27 April 2012).

Since the start of the IIF program there have been three funding rounds (1998, 2001 and 2006) with each round lasting for a period of 10 years plus an additional three years for the orderly divestment of assets where required. Nine fund managers were licensed in each of the first two funding rounds. The third round of the IIF is different from previous rounds in that licences are allocated in tranches rather than all in the same year.

In June 2011, the Minister for Innovation, Industry, Science and Research released an independent review of the program — *An Independent Econometric Analysis of the Innovation Investment Programme (IIF)*. Among other things, the report found that while the IIF was well targeted and provided relevant support to a significant number of early stage businesses, in itself, the IIF is unlikely to produce a viable and successful venture capital industry in Australia. The report concluded that the program's objectives were therefore overly ambitious and did not fully reflect the challenging environment for early stage venture capital investments (box 3.1).

Box 3.1 Independent Analysis of the Innovation Investment Fund

Among other things, the econometric analysis of the IIF found that:

- The program was well targeted and provided material and relevant support to a significant number of early stage enterprises from Australia's science base.
- IIF supported portfolio firms are more likely to be early-stage investments, to be in receipt of follow-on finance, and to achieve a successful exit than comparator firms outside the IIF programme. However, these supported firms are also more likely to fail than comparator firms in part because the programme focuses on genuinely early-stage, and therefore risky, firms.
- The highly skewed distribution of returns to firms funded replicated the pattern of 'very high risk and very little reward' experienced by many similar investors in advanced market economies. Around 70 per cent of firms made negative returns on their IIF investments, of which nearly half lost all of the monies invested in them.
- Of the 30 per cent of firms recording positive returns, only seven firms that received IIF finance made a return on capital of more than 30 per cent with two firms contributing more than 90 per cent of the total value added created by the program.
- IIF investments were more highly concentrated in the biotechnology and internet sectors compared to the investments of commercial (non-IIF) providers.
- The nine IIF financed companies that have completed an initial public offering have performed as well as other small companies quoted on the Australian Securities Exchange.
- The IIF Program is unlikely by itself to engender a viable and flourishing venture capital industry in Australia. The program's objectives are therefore overly ambitious and do not fully reflect the challenging environment for early stage venture capital investments.

Source: Murray, Cowling and Liu (2011).

In late 2011, the Department of Innovation, Industry, Science and Research completed a progress report reviewing the operations of the IIF from its commencement in 1998 to the end of 2011 (DIISR 2011). Among other things, the

Department found that the size of the licensed funds for the IIF (around \$40 million and unchanged since 1998) was such that the financial support required by investee firms is higher now than in the late 1990s. The Department also found that two events impacted negatively on the program's performance, namely the dot com collapse in 2000 and the global financial crisis of 2008-09.

Tasmanian Innovation and Investment Fund

In October 2011, the Australian Government announced that it would provide \$8 million for a Tasmanian Innovation and Investment Fund (TIIF) (Carr, Crean and Giddings 2011). The TIIF forms part of the Australian Government's economic diversification package intended to improve the breadth of Tasmania's economy, with the aim of delivering long-term sustainable employment opportunities and promoting regional economic diversification. Under the arrangements, the TIIF will work with companies to provide support for new investments across a range of industries. Part of the Australian Government's aim for the TIIF is to help traditional industries such as forestry to transition to a sustainable footing, while helping other emerging industries to innovate, grow and create new employment.

Intellectual Property

Intellectual Property Law Amendment Bill

In April 2012, the *Intellectual Property Laws Amendment (Raising the Bar) Act 2011* was passed by the Commonwealth Parliament. The Act includes a number of changes to the patent, trade mark, copyright, design and plant breeder's rights system which have potential implications for industry assistance. The main changes include:

- raising patent standards;
- increasing penalties for trade mark counterfeiters;
- improvements to border security measures for goods that infringe copyright and trade-marks;
- providing free access to patented inventions for researchers; and
- cutting red tape and delays when seeking an Intellectual Property (IP) right (Carr 2011c).

Most of the changes contained in the Act will commence on 15 April 2013 (DIISRTE, pers. comm., 27 April 2012).

Commercialisation Australia

Introduced as part of the Australian Government's 2009 innovation statement, *Powering Ideas: An Innovation Agenda for the 21st Century*, Commercialisation Australia is designed to assist researchers, entrepreneurs and innovative companies to convert intellectual property into successful commercial ventures.

In December 2011, the Minister for Innovation, Industry, Science and Research announced that businesses receiving Early Stage Commercialisation grants for developing a new product, process or service will not be required to repay the funds (Carr 2011d). In addition, grants will be available to more businesses by raising the annual turnover limit for applicants from \$20 million to \$50 million. Changes were also announced to the size of the available grants:

- the Experienced Executives grant has been increased from \$200 000 to \$350 000 for those businesses seeking access to skilled managers; and
- the Early Stage Commercialisation grants are now available from \$50 000 up to \$2 million.

Industry Transformation Research Program

In December 2011, the Australian Government announced the introduction of the \$249 million Industry Transformation Research Program and Cadetship Package. The Package is intended to help Australian industries become more competitive and to create new job opportunities (Gillard and Carr 2011a). The Package includes:

- 1000 engineering cadetships over the next four years to provide students with work experience in manufacturing and other Australian industries;
- new research training centres to provide industrial doctoral and postdoctoral training for up to 600 PhD students each year; and
- new research hubs to bring researchers and industry representatives together to design and engineer commercially and technically viable solutions to industrial problems.

Australian Research Council

In November 2011, the Australian Government announced that it would provide \$310 million in funding under the Australian Research Council's 2012 Major Grants Announcement (Carr 2011e). The funding is intended to secure partnerships between researchers, industry and other organisations outside the higher education sector to find tangible and workable solutions to various issues.

Commencing in 2012, and lasting for a period of up to five years, funding is to be delivered through a number of existing programs including: the Discovery Indigenous Researchers Development; Discovery Projects; Linkage Infrastructure; Equipment and Facilities Projects; and Linkage Projects. The Australian Government intends that the grants will provide funding for around 1000 national research projects.

IBM global R&D laboratory

In October 2011, the Minister for Innovation, Industry, Science and Research and the Premier of Victoria announced the opening of the IBM global R&D laboratory in Melbourne (Carr and Baillieu 2011). The aim of the laboratory is to apply advanced computing to work towards better management of natural resources, diseases, and agricultural yields, and will employ around 150 researchers over the next five years. Through an agreement between IBM and the Australian and Victorian Governments, the Australian Government provided \$22 million for the laboratory.

Tasmanian ICT Centre of Excellence

The Tasmanian ICT Centre of Excellence was created in 2006 as a research alliance between CSIRO, the Australian Government and the Tasmanian Government with the goal of developing an internationally competitive information and communication technology sector in Tasmania.

In April 2011, the Australian Government announced that the Centre would be extended for a further 5 years through a \$50 million package, with \$20 million from the Australian Government, \$20 million from CSIRO, \$5 million from the Tasmanian Government and \$5 million raised from industry (Carr 2011f). The funding is intended to be used to promote the development of new services that demonstrate the impact and value from the connectivity provided by the National Broadband Network.

3.2 Rural sector

In 2010-11, Australian Government support for the rural sector is estimated to be around 15 per cent of budgetary support to industry — a fall of around \$265 million from the previous year, due mainly to the easing of drought conditions and reductions in tax expenditures under the farm management deposits scheme

(chapter 2). A number of developments affecting drought support, forestry, the live cattle trade, export certification and other measures have occurred during the year.

Drought support

Drought assistance audit

In June 2011, the Australian National Audit Office (ANAO) performance audit of the administration of Exceptional Circumstances (EC) measures and the implementation of the pilot of new drought assistance measures was tabled in the Commonwealth Parliament (ANAO 2011) (box 3.2). In its report, the ANAO recommended that the Department of Agriculture, Fisheries and Forestry should:

- analyse the EC Interest Rate Subsidy program assessment criteria and payment variability by state to inform future program development;
- improve performance monitoring and program management frameworks within the DAFF — Centrelink Bilateral Management Arrangement; and
- build upon existing evaluation work through the development of a range of complementary effectiveness key performance indicators.

While agreeing to all three recommendations, the Australian Government qualified the third recommendation by questioning the usefulness of key performance indicators.

... As drought support programs operate as entitlement programs that do not impose mutual obligations on recipients, require changes in behaviour or direct the use of funding, the usefulness of key performance indicators is likely to be low as there is no readily available evidence on what might have occurred under different conditions (Ludwig 2011a).

Drought Support Trial

In July 2010, the Australian Government implemented a 12 month trial of drought support measures in Western Australia (Burke 2010). Among other things, the pilot included:

- Building Farm Businesses — grants of up to \$60 000 to help farm businesses prepare for the impacts of drought, reduced water availability and a changing climate, and on-farm Landcare activities;
- Farm Planning — support for farmers to undertake training to develop or update a strategic plan for their farm business with a focus on preparing for future challenges;

- Farm Exit Support — grants of up to \$170 000 for farmers who sell their farm business; and
- Beyond Farming — puts current farmers in touch with former farmers to work through the opportunities outside of farming.

Box 3.2 ANAO audit of the administration of drought support

Among other things, the ANAO performance audit of the administration of drought support found that:

- DAFF's administration of Exceptional Circumstances (EC) programs has been sound and that EC applications from the states/territories have been assessed and reviewed in a timely and consistent manner.
- DAFF does not employ any formal quality assurance mechanisms to confirm that assessments of EC Interest Rate Subsidy applications meet the guideline's minimum assessment criteria.
- The KPIs used by DAFF for its drought programs are designed to measure the timeliness of EC service delivery and the number of EC grants provided — neither assists stakeholders to assess the effectiveness of the program.
- A number of reviews/evaluations have been undertaken of the EC programs, which have generally been critical. The information found in these reviews and evaluations was not conveyed through DAFF's annual reporting of EC program performance.
- By using a combination of planned evaluations and the ongoing refinement and reporting against a range of improved effectiveness KPIs, DAFF could provide stakeholders with a better indication of the impact of EC assistance.
- DAFF should pursue arrangements to obtain greater assurance regarding Centrelink's delivery performance and EC payment integrity when negotiating the new Bilateral Management Arrangement.
- If the Australian Government decides to roll out the current pilot of new drought measures nationally, DAFF will need to manage the transformation of the small pilot into an up-scaled program operating across Australia, taking into account the concerns raised by stakeholders about the transferability of the pilot from Western Australia.

Source: ANAO (2011).

Other components of the pilot scheme include: Farm Family Support (which provides income support to help farmers meet basic household expenses); Farm Social Support (directed at providing stronger social support networks to meet mental health, counselling and other social needs of farming families and communities); and Stronger Rural Communities (which provides grants to local government for activities that make rural communities more resilient during

agricultural downturns). Payments to farm families may influence farm business decisions and have industry assistance implications.

Initial funding of \$20 million was allocated by the Australian Government and \$5 million by the Western Australian Government. The pilot region included around 40 per cent of Western Australian farmers.

In May 2011, the Government announced the pilot would be extended for 12 months (Ludwig 2011b). The Government also expanded the program to include the southwest of the state to cover around 96 per cent of Western Australian farmers or more than 13 000 farm businesses. The extension and expansion of the pilot will cost around \$45 million .

Review of the pilot of drought reform measures in Western Australia

In February 2011, an independent Drought Pilot Review Panel was appointed to assess the efficiency, effectiveness, appropriateness and preliminary outcomes of the drought support pilot in Western Australia (DAFF 2012a).

In its report, the review panel found a number of programs in the pilot worked well, but other elements, such as the Building Farm Businesses program, were unlikely to improve the capacity of farm businesses to manage future challenges such as drought, climate variability and reduced water availability (Keogh, Granger and Middleton 2011) (box 3.3).

The panel suggested the following measures be included in future policy platforms:

- an income support safety net for farm families in hardship that is available based on demonstrated individual need;
- the permanent presence of social support services delivered to people in rural communities;
- continuing opportunities to engage in and implement strategic farm business planning; and
- ongoing access to the Farm Management Deposits scheme and existing tax incentives for primary producers.

Box 3.3 Review of the pilot of drought reform measures in WA

Among other things, the review of the pilot of drought reform measures in WA found that:

- Temporary income support for farmers experiencing hardship, to be available based on demonstrated individual need rather than a climatic trigger, should be the foundation of any reform of national drought policy. The emphasis on mutual responsibility to help farmers realistically assess their financial position and take steps to become more self-reliant should be a critical element of this support.
- The temporary income support safety net should be complemented by adequately funded social and mental health support programs that are available at all times, not just during drought or other crises.
- Farmers should continue to be encouraged to utilise the Farm Management Deposits (FMD) scheme, which provides tax incentives for farmers to put money aside in good times to draw on during the tough times.
- While the grants available under the Building Farm Businesses program were a strong incentive for farmers to participate in the pilot scheme, there is little merit in continuing the program.
 - The panel found that most of the activities funded with Business Adaptation Grants are unlikely to help farm businesses better prepare for future challenges. More than half of the grant funds were spent on normal business expenses such as precision-farming equipment (such as GPS), seeders, boom-sprays and soil conditioners.
 - Some activities funded by Landcare Adaptation Grants will have lasting public benefits, however, many of the activities funded by these grants appear to have predominantly private benefits. Better alignment with existing natural resource management priorities and programs is needed to ensure that funded activities deliver clear and lasting benefits for the community.
- The sorts of activities funded through the Stronger Rural Communities program would more appropriately be pursued under a regional development platform rather than through drought programs.
- The panel found that exit packages alone are not an inducement to leave farming for most farmers because they do not address the non-pecuniary reasons why farmers prefer to remain on their farms.

Source: Keogh, Granger and Middleton (2011).

Rural Financial Counselling Services

In May 2011, the Australian Government announced it would extend Rural Financial Counselling Services (RFCS) across Australia for a further four years to 30 June 2015 (Ludwig 2011c). The RFCS provides assistance to farmers, fishers

and small rural businesses in financial difficulty due to various factors such as droughts, floods, pest and disease threats, and resource constraints. Under the announced extension of the scheme, the Australian Government will provide around \$55 million over four years in grants to the 14 various state and regional organisations that currently deliver Rural Financial Counselling Services on behalf of the Government. This funding includes \$13.3 million in 2011-12 and a further \$41.6 million over the three years to 2014-15.

Forestry and forestry products

Tasmanian Forests Intergovernmental Agreement

In August 2011, the Prime Minister and the Premier of Tasmania signed the Tasmanian Forests Intergovernmental Agreement (Gillard and Giddings 2011). The agreement aims to protect 430 000 hectares of native forest in Tasmania, while providing a support package for the Tasmanian forest industry. The package totals \$276 million with \$15 million from the Tasmanian Government. The package includes:

- \$85 million to support contractors affected by the downturn in the industry, particularly those affected by Gunns Limited's decision to exit native forest harvesting (including a \$45 million voluntary exit package to assist Tasmanian forestry contractors wishing to leave the industry); and
- \$120 million over 15 years, including an initial payment of \$20 million, to identify and fund appropriate regional development projects; and

The package also includes \$43 million to facilitate protection of new areas of high conservation value forests and a \$7 million on-going annual payment to manage new reserves. To the extent that these additional elements incidentally provide support to firms or activities, or influence business behaviour, they may also have implications for industry assistance.

FarmReady program

The FarmReady Reimbursement Grants component of the four year \$34.4 million FarmReady program commenced in 2008-09 and provides primary producers with up to \$1500 per financial year to cover the cost of FarmReady approved training courses, with additional funding available for associated travel, accommodation and childcare expenses. Most registered courses focus on areas designed to equip

primary producers with the tools to manage and adapt to the impacts of climate change (DAFF 2012b).

From 1 July 2011, the program was extended to include agri-tourism and food tourism (Ludwig 2011d). The program guidelines have also been amended to include a co-contribution requirement for primary producers to invest 35 per cent towards their training costs with FarmReady reimbursing the remaining 65 per cent. Indigenous land managers are exempt from the co-contribution requirement.

National Food Plan

In June 2011, the Minister for Agriculture, Fisheries and Forestry released an issues paper to elicit stakeholder and community input to a National Food Plan (Ludwig 2011e). The Plan is intended to cover issues such as food security, productivity and efficiency, sustainability, health and nutrition and general economic policy relating to the food sector. Once finalised, the National Food Plan will outline the Australian Government's policy for the food industry, from production through to consumption. To the extent that the final plan changes producer incentives there may be either direct or incidental industry assistance.

Productivity Commission report into Rural Research and Development Corporations

In June 2011, the Australian Government released the final report of the Productivity Commission inquiry on *Rural Research and Development Corporations* (RDCs) (PC 2011b) together with its preliminary response (Ludwig 2011f). RDCs outlay around \$490 million a year in R&D with contributions from government and rural industries.

In its report, the Commission found that although the model has important strengths as it is currently configured, a significant part of the Australian Government's funding contribution appears to have supported R&D that producers and industries would have sound financial reasons to fund themselves.

The Commission recommended that the broad model be retained, but that significant changes to the way in which the Australian Government contributes its funding were required:

- the current cap on dollar for dollar matching of industry contributions by the Government should be halved over a ten year period;

-
- a new, uncapped, subsidy at the rate of 20 cents in the dollar should be immediately introduced for industry contributions above the level that attracts dollar for dollar matching; and
 - a new, government-funded RDC — Rural Research Australia (RRA) — should be created to sponsor broader rural research. With RRA in place, the other RDCs (except for the Fisheries RDC) should be left to focus predominantly on funding research of direct benefit to their industry constituents.

In the Government's preliminary response to the final report, it committed to retaining matching contributions to RDCs. The Government indicated it would consult with the community before issuing a final response to the report.

Assistance to the live cattle export industry

In June 2011, the Minister for Agriculture, Fisheries and Forestry suspended the export of live cattle to Indonesia (Ludwig 2011g). Following the suspension, the Australian Government announced a number of support measures for the live cattle export industry (Gillard and Ludwig 2011a):

- a Live Exports Assistance package to provide short term help to primary producers and related businesses affected by the suspension, which comprises an upfront \$5 000 Business Assistance Payment and a further \$20 000 Business Hardship Payment to reimburse firms for expenses incurred (Gillard and Ludwig 2011b);
- a Subsidised Interest Rate on new commercial loans of up to \$300 000 for a range of businesses directly affected by the suspension, as well as grants for financial advice of up to \$5 500 for pastoralists (Ludwig 2011h); and
- an assistance package for workers, including Income Recovery Subsidy payments and immediate access to employment services (Ludwig 2011i).

In addition, the Cattle Council of Australia set up a \$5 million fund to address cattle welfare requirements resulting from the suspension. The funding is financed from the Cattle Disease Contingency Fund established in 2002 from producer levies by the Cattle Council of Australia, the Australian Lot Feeders Association and Animal Health Australia.

In early July 2011, the Minister for Agriculture, Fisheries and Forestry lifted the suspension on live cattle exports, after issuing revised export control orders that allow for trade in live feeder cattle with Indonesia (Ludwig 2011j). The new export orders for trade in live cattle require animals to be managed through supply chains that meet international standards. Exporters will be required to trace cattle from

properties, onto vessels, into feedlots and into abattoirs that meet agreed international standards. The Minister stated that the appropriate standards to apply to the trade were those contained in the World Animal Health guidelines.

In late October 2011, the Australian Government announced that it would extend the new regulatory framework to all Australian livestock exported for slaughter by the end of 2012 (Ludwig 2011k).

Revised export inspection and certification system

From late-2009 to mid-2011, the Australian Government provided funding of around \$125 million to overhaul Australia's export certification system. To further assist in the transition to the new arrangements, the government has provided additional funding to a number of agricultural industries.

Export certification for Australian export meat establishments

In September 2011, the Australian Government announced it would introduce a new system of export certification for Australian export meat establishments, to be implemented from 1 October 2011 (Ludwig 2011l). The new system aims to cut red tape, reduce the cost of the certification process and improve the efficiency and competitiveness of Australia's export meat industry. Further, the system aims to give businesses greater flexibility in how staff are deployed when not undertaking export inspection work, reward good performance, and focus regulatory resources on risk areas.

The Australian Government announced it will provide \$25.8 million over three years to support the transition to the new arrangements for red meat exporters and a further \$1.9 million for poultry processors and the non-slaughter meat sector.

Export certification for grains, seeds, nuts, fodder and other plant products

In September 2011, the Australian Government announced it would introduce improvements to the inspection and certification for exports of grains, seeds, nuts, fodder and other plant products. The new arrangements took effect from 1 January 2012 (Ludwig 2011m). The Government's intentions for the reforms are to provide exporters with greater flexibility regarding the timing of export inspections and the point in the export pathway when these inspections are performed. Under the new arrangements, exporters will:

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- have greater access to appropriately qualified people to perform export inspection work;
 - be able to use sophisticated web-based IT systems to help track performance and streamline certification processes; and
 - have access to up-to-date phytosanitary market information.

The Australian Government announced funding of \$2.5 million in transitional support to Australian grain exporters. New fees and charges have also been developed with industry to align with the new certification system.

Wheat marketing

In October 2010, the Australian Government released the Commission's final inquiry report on *Australia's Wheat Export Marketing Arrangements* (PC 2010a).

For many years various wheat marketing arrangements have conferred industry assistance. These arrangements have gradually been dismantled. In its 2010 report, the Commission found that the transition to competition for the export of bulk wheat has progressed relatively smoothly, and that the regulatory arrangements for marketing bulk wheat exports have been beneficial during the transitional phase. However, the Commission concluded that the benefits of the regulatory arrangements would diminish post-transitional phase, leaving only the costs. Among other things, the Commission recommended that the Wheat Export Accreditation Scheme, Wheat Exports Australia (WEA) and the Wheat Export Charge (WEC) be abolished on 30 September 2011, and that the access test requirements for grain port terminal operators be removed on 30 September 2014.

The Australian Government announced its response to the Commission's recommendations on 23 September 2011 (Ludwig 2011n). The Government accepted the recommended changes, but decided to stage the transition to full deregulation.

- The first stage included the introduction of a 'lighter-touch' accreditation scheme. The scheme will operate within the bounds of the existing legislation until 30 September 2012.
- During the second stage, the accreditation scheme and the WEC will be abolished on 30 September 2012. The access test will remain in place until 30 September 2014.
- The final stage will commence on 1 October 2014, when the market will be fully deregulated and access issues will be governed by general competition law. A voluntary code of conduct will also be in effect.

In March 2012, the Australian Government introduced the *Wheat Export Marketing Amendment Bill 2012* to Parliament. The Bill implements the final stages of deregulation of wheat marketing. The legislation is expected to be debated during the 2012 winter sitting period (DAFF, pers. comm., 1 May 2012).

Pilot programs to manage Asian honeybees and Myrtle rust

In May 2011, the Australian Government announced \$3.5 million for national pilot programs aimed at the management of Asian honeybees and the plant disease Myrtle rust (Ludwig 2011o). Two separate National Management Groups, with representatives from industry and federal and state governments, concluded that eradication of Asian honeybees and Myrtle rust is no longer technically feasible. The funds will support a pilot of the national transitional containment principles developed by the National Biosecurity Committee in 2010.

Beef Australia 2012

In May 2011, the Australian Government announced it would provide \$2.4 million to the beef industry for Beef Australia 2012 — an expo intended to promote research and best practice in the beef industry, as well as promoting the Australian beef industry domestically and internationally (Ludwig and Livermore 2011). Beef Australia 2012 will be held in Rockhampton and is expected to attract more than 70 000 domestic and international visitors, including industry representatives from 30 countries.

Reef rescue

Reef Rescue was introduced in 2008 as part of the Australian Government's \$2.3 billion Caring for Our Country initiative. Reef Rescue is a \$200 million program over five years with the aim of improving the quality of water entering the Great Barrier Reef lagoon by making available to land managers water quality grants and partnerships funding to reduce nutrient, chemical and sediment run-off (BMRG 2012).

In July 2011, the Australian Government announced that for the final two years of the program, it would provide an additional \$38 million for water quality grants and partnership funding (Ludwig, Burke and Kelly 2011). The Government estimates that from 2011 to 2013, this funding will be extended to an additional 1100 farmers and pastoralists (DAFF, pers. comm., 1 May 2012).

3.3 Manufacturing sector

Australian Government support for the manufacturing sector comprised around 18 per cent of total budgetary assistance in 2010-11 (chapter 2). This section covers announced changes to arrangements in the areas of the automotive industry and rail manufacturing.

Automotive industry

Ford assistance

In January 2012, the Australian and Victorian Governments announced new funding for Ford Australia (Gillard, Carr, Ryan and Dalla-Riva 2012). The Australian Government is to contribute \$34 million of a total outlay of \$103 million intended to help improve the fuel efficiency and emissions performance of the Ford Falcon and Ford Territory motor vehicles. According to the governments, the funding should also see the Ford Falcon continue to be produced in Australia to at least the end of 2016.

General Motors Holden assistance

In January 2012, the Australian and South Australian Governments confirmed meetings had been held with General Motors in the US to discuss the company's future investment plans in Australia (Gillard, Carr and Weatherill 2012). In the meetings, the Australian Government apparently made clear its support for on-going automotive, design, engineering and manufacturing in Australia and said that progress had been made on the terms of an agreement to secure the future of Holden in Australia. As part of the discussions, General Motors agreed to establish a working group to look at increasing opportunities for local component suppliers in global markets.

In March 2012, the Australian, Victorian and South Australian Governments announced a \$275 million assistance package for General Motors Holden's car making operations in Australia (Gillard and Combet 2012). The Australian Government's contribution to the package is \$215 million and is to be funded under the existing \$5.4 billion New Car Plan for a Greener Future. As part of the package, General Motors Holden has agreed to invest over \$1 billion in car manufacturing in Australia. It is expected that the company will continue making cars in Australia until at least 2022. General Motors Holden will also create a new Suppliers' Working Group to help Australian suppliers sell into its world-wide supply chains.

In addition to the assistance package, the Australian and Victorian Governments will provide an extra \$35 million (\$25 million from the Australian Government) for the Automotive New Markets Initiative (Combet 2012a). This is intended to help firms in the automotive supply chain develop new business opportunities both domestically and internationally. The initiative is to run for four years until 2015-16 and will include:

- a \$30 million merit-based grants program to provide direct financial assistance for firms to expand their customer base and/or product range. This will provide assistance for R&D for new products, pre-production development, early stage commercialisation and re-tooling.
- support services to help firms develop new business capabilities, improve productivity and use existing skills and capabilities in new ways.
- an Automotive Envoy to help strengthen links with the global automotive market and an Automotive Supplier Advocate to help identify new products and customers in automotive and non-automotive industries.

The Australian Government is also contributing \$15.6 million to extend the labour market element of the Automotive Industry Structural Adjustment Program (Combet and Shorten 2012). The program provides training and employment services for workers leaving the auto sector. Support for automotive workers may influence automotive producers decisions and thereby has implications for industry assistance.

Rail manufacturing

In June 2011, the Australian Government announced the development of a Rail Manufacturing Technology Roadmap — On Track 2040 (Carr 2011g). The Government's intention for the initiative is to map the Australian rail industry's technology and manufacturing capabilities and development opportunities. This project is intended to assist in gaining a consensus on a rail sector vision, providing an understanding and direction of future opportunities and pathways to move forward. The Roadmap is jointly funded by the Australian Government (through the Supplier Advocates Program), industry (through the Australasian Railways Association) and the Victorian, Queensland and New South Wales Governments.

The Roadmap will be developed by ANU Edge and is expected to provide its report by mid-2012.

3.4 Carbon emissions reduction and energy efficiency

For several years, governments have been introducing a range of measures that aim to reduce carbon emissions. *Trade & Assistance Review 2007-08* compiled a list of existing or prospective measures of this kind by the Australian, State and Territory Governments. The stocktake identified \$342 million in Australian Government budgetary assistance alone in 2007-08 with total Australian Government budgetary assistance for the period 2007-08 to 2011-12 estimated at around \$22 billion (PC 2009a). The principal component of these estimates was the Australian Government's Carbon Pollution Reduction Scheme. The Scheme was originally intended to take effect from July 2010 but was subsequently deferred. Recent announcements by the Australian Government, including the Clean Energy Future Plan, have increased and broadened the scope of possible assistance for trade exposed and other industries. This section reports on the more recent announcements of programs relating to carbon emission reduction and energy efficiency. The measures, as they are implemented, will substantially alter the pattern of industry assistance in Australia.

A Clean Energy Future for Australia

In July 2011, the Australian Government announced the introduction of the Clean Energy Future Plan (Gillard, Swan and Combet 2011a). The Government intends that the Plan will reduce carbon emissions from energy production and industry, and encourage investment in energy with lower or no direct carbon emissions. The main components of the Plan involve:

- putting a price on carbon emissions in order to create economic incentives for industries to reduce their carbon emissions;
- promoting innovation and investment in renewable energy;
- improving energy efficiency; and
- creating opportunities in the land sector to cut emissions.

The main components of the Plan are discussed in more detail below.

Putting a price on carbon emissions

In July 2011, as part of the Clean Energy Future Plan, the Australian Government announced it would impose a fixed price on carbon emissions (Gillard, Swan and Combet 2011b). Commencing on 1 July 2012, the carbon price, effectively a tax, will initially be set at \$23 per tonne of (carbon) emissions. It will then rise to \$24.15

in 2013-14 and then to \$25.40 in 2014-15. From 1 July 2015, the carbon price mechanism will operate through an emissions trading scheme, with the price determined by the market. The Government's intention is that the price on carbon emissions will create incentives to reduce emissions.

The price on carbon emissions is expected to be levied on Australia's largest emitters. More than half the revenue collected is to be used to assist households through tax cuts, increased family payments and higher pensions, benefits and allowances. Other revenues raised will be used to support jobs and to invest in clean energy and climate change programs. This is discussed in more detail in the industry support section below.

Support for innovation and renewable energy

In July 2011, as part of the Clean Energy Future Plan, the Australian Government announced a number of new measures (in addition to the expanded 20 per cent-by-2020 Renewable Energy Target) designed to encourage businesses to invest in low and zero emissions innovation (Gillard, Swan, Combet, Ferguson and Carr 2011):

- a \$10 billion Clean Energy Finance Corporation to fund businesses to implement innovative clean energy proposals and technologies as well as to support the transformation of existing manufacturing businesses to meet the demand for inputs to these sectors (for example, manufacturing wind turbine blades and solar photo voltaic panels);
- a \$3.2 billion Australian Renewable Energy Agency (ARENA) for research and development into renewable energy; and
- a \$200 million Clean Technology Innovation Program to provide grants over five years to support business investment in renewable energy, low emissions technology and energy efficiency.

The ARENA will consolidate administration of \$3.2 billion in Government support for renewable energy technology and innovation currently administered by the Australian Centre for Renewable Energy (ACRE), the Australian Solar Institute and the Department of Resources, Energy and Tourism (Ferguson and Combet 2011). Measures which ARENA will have responsibility for managing include:

- ACRE Solar Projects;
- Australian Solar Institute;
- Emerging Renewables Program;
- Geothermal Drilling Program;

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- Low Emissions Technology Demonstration Fund – solar project;
 - Second Generation Biofuels Research and Development Program;
 - Solar Flagships Program;
 - Support for advanced biofuels; and
 - Uncommitted funding from the Connecting Renewables Initiative.

Energy efficiency

In July 2011, as part of the Clean Energy Future Plan, the Australian Government announced a suite of new energy efficiency measures (Gillard and Combet 2011). The measures are intended to help businesses, households and communities better understand their energy consumption and how to make savings in energy use. The announced measures include:

- Energy efficiency information grants — \$40 million in grants over four years to industry associations and non-profit organisations to promote energy efficiency measures among small businesses and community groups;
- Low Carbon Communities Program — to be expanded by \$250 million to \$330 million to improve the energy efficiency of council and community buildings and low-income households; and
- Clean Technology Investment Program — grants to manufacturers totalling \$800 million over seven years to enable firms to invest in energy-efficient capital equipment and low-carbon emission technologies, processes and products.

The Australian Government also announced that it would develop a further suite of energy efficiency measures in response to the report of the Prime Minister’s Task Group on Energy Efficiency. They involve:

- undertaking further policy work on a potential national energy saving initiative — a ‘white certificate’ scheme which would place obligations on energy retailers to find and implement energy savings in households and businesses;
- expanding the Energy Efficiency Opportunities program, which requires large energy users to find and publicly report on opportunities to save energy in their operations;
- improving the governance arrangements for energy efficiency so that opportunities to improve energy efficiency become nationally consistent and it is clear to business and the community who they should speak to about energy efficiency; and

-
- implementing mandatory CO₂ standards for light vehicles.

Support for local communities and regions to move to a clean energy future

In July 2011, as part of the Clean Energy Future Plan, the Australian Government announced support to assist Australian communities and regions move to a clean energy future (Gillard and Crean 2011). The new funding measures for local communities and regions include:

- \$200 million over seven years in assistance for strongly affected regions and communities, including support for displaced workers and their families and affected small businesses, community development and economic diversification activities;
- an expansion of the Government's Low Carbon Communities program to \$330 million to improve the energy efficiency of council and community buildings and low income households; and
- \$40 million over five years for the Remote Indigenous Energy Program to assist Indigenous communities access clean, affordable and reliable 24 hour power supply.

These measures may provide assistance to firms or activities, either directly or incidentally.

Business and household transitional assistance

The Clean Energy Future plan also provides transitional assistance for businesses and communities, and ongoing assistance to households to help compensate for the impacts of the price on carbon emissions. Businesses and communities will receive support through programs such as the \$8.6 billion Jobs and Competitiveness Program, the \$1.3 billion Coal Sector Jobs Package, the \$1.2 billion Clean Technology Program and the \$300 million Steel Transformation Plan. In parallel with these measures, households will receive assistance through tax cuts, higher family payments and increases in pensions and benefits.

The Jobs and Competitiveness Program

Introduced as part of the Clean Energy Future Plan, the Jobs and Competitiveness Program (JCP) is intended to support Australian jobs and production under a carbon tax, and encourage industry to invest in cleaner technologies (Swan and Combet 2011). The JCP is an on-going program that is estimated to provide around

\$8.6 billion in assistance over the first three years of the carbon pricing mechanism. The program is targeted at emissions-intensive trade-exposed industries, such as steel, aluminium, ammonia and Liquefied Natural Gas (LNG). Businesses producing over 80 per cent of the manufacturing sector's emissions are expected to be eligible for assistance under the program. The assistance will be in the form of free carbon permits.

The most emissions-intensive activities will receive assistance to cover 94.5 per cent of industry average carbon costs in the first year of the carbon tax, with moderately emissions-intensive activities to receive assistance to cover 66 per cent of industry average carbon costs. LNG projects will receive a supplementary allocation to ensure a minimum effective assistance rate of 50 per cent. Assistance will be reduced by 1.3 per cent each year.

Coal industry support

In July 2011, the Australian Government announced two packages to support the Australian coal industry (Gillard, Combet and Ferguson 2011a):

- The Coal Sector Jobs Package will provide \$1.3 billion in targeted assistance to the most emission-intensive coal mines over the first five years of the carbon price.
- The Coal Mining Abatement Technology Support Package will provide \$70 million over five years to support industry efforts to develop and demonstrate technologies that will provide future solutions to safely reduce fugitive methane emissions from coal mining technology to reduce fugitive emissions from coal mines.

Clean Technology Program

The Clean Technology Program will provide \$1.2 billion in assistance for businesses, largely in the manufacturing sector, through three main components (AusIndustry 2012):

- the \$800 million Clean Technology Investment Program to provide grants to manufacturers to support investments in energy efficient capital equipment and low carbon emission technologies, processes and products;
- the \$200 million Clean Technology Food and Foundries Investment Program to provide businesses in the food processing, metal forging and foundry industries with grants for energy efficiency improvements — \$150 million for food processors and \$50 million for metal forging and foundries; and

-
- the \$200 million Clean Technology Innovation Program to support business investment in research and development in the areas of renewable energy, low carbon emission technology and energy efficiency.

The Clean Technology Program will require co-contributions from industry in addition to the \$1.2 billion provided by the Australian Government.

Clean Technology Focus for Supply Chains

The Clean Technology Focus for Supply Chains will provide \$5 million over four years with the intention of enhancing the clean technology aspects of existing business development and facilitation programs (AusIndustry 2012). The program is intended to:

- enhance the role of Supplier Advocates for the clean technologies, water, and built environment sectors appointed under the Supplier Advocate program;
- develop strategies for industry development that enhances Australian industry involvement in the supply of goods and services for energy efficiency solutions; and
- enhance Enterprise Connect services to these sectors.

Steel industry support

In July 2011, the Australian Government announced a six year, \$300 million Steel Transformation Plan (STP) to support the Australian steel manufacturing industry (Gillard, Combet and Carr 2011). The STP is intended to encourage investment, innovation and competitiveness in the Australian steel manufacturing industry in order to help the industry transform into an efficient and economically sustainable industry in a lower carbon economy.

The STP will also be complemented by a small increase in the free permit allocation for the steel industry from 2016-17 onwards. The steel industry will be eligible for free carbon permits covering 94.5 per cent of its carbon costs under the carbon pricing mechanism.

It is intended that the Productivity Commission will review the treatment of the steel industry as part of the Emissions-Intensive Trade-Exposed (EITE) industries assistance review in 2014-15.

Early drawdown of STP assistance

In August 2011, following BlueScope Steel's decision to reduce its Australian operations, the Australian Government announced it would introduce a new advance facility into the STP to help improve the efficiency and sustainability of Australia's steel industry (Gillard, Swan, Combet and Carr 2011). The new facility will allow eligible participants to draw down an advance of their future entitlements under the STP to address short-term cash flow issues. For BlueScope Steel, it will allow the company to bring forward to 2011-12 up to \$100 million of payments nominally allocated to it under the STP. Provision of the new facility was announced after BlueScope made a number of commitments to the Australian Government in relation to its restructuring process, including commitments to potentially reactivate operations, pay full worker entitlements and continue steel production in Australia.

Applications for competitiveness assistance advance payments under the STP opened in December 2011. A \$100 million payment was made to BlueScope Steel January 2012, and a \$64 million payment was made to OneSteel in February 2012 (Combet 2012b).

Assistance for electricity generators

In July 2011, as part of the Clean Energy Future Plan, the Australian Government announced it would establish an Energy Security Fund and an Energy Security Council to maintain energy security, ensure market reliability and support the transformation of the energy sector (Gillard, Combet and Ferguson 2011b).

The Energy Security Fund comprises two initiatives to support the electricity generation sector:

- funding to negotiate for the closure or partial closure of around 2000 megawatts of highly emissions-intensive, coal-fired electricity generation capacity before 2020; and
- \$5.5 billion in transitional assistance for the most emissions-intensive coal fired power stations — through a mixture of payments and permits.

In addition to the Energy Security Fund, the Government will also make available loans for generators to help finance their purchase of carbon permits and the refinancing of existing debt if commercial loans are unavailable.

The new Energy Security Council, to comprise energy and financial market experts and energy market bodies, will assess applications for financial assistance from

generators and advise the Government on support measures to address energy security risks (Swan, Combet and Ferguson 2011).

Agriculture

Under the carbon pricing mechanism, the agricultural sector will not be liable for its direct carbon emissions. In addition, the Clean Energy Future Plan provides \$1.7 billion over six years for land sector measures to reduce carbon emissions from rural activities (Ludwig 2011p). These measures include:

- \$946 million to support projects that establish, restore, protect or manage bio-diverse carbon stores;
- \$429 million to support research into practices that can be undertaken by farmers and landholders for emission reduction, storing carbon in the landscape and expanding demonstration, extension and outreach activities;
- \$250 million to purchase carbon credits from farmers under the Carbon Farming Initiative;
- \$44 million to make natural resource management plans climate ready and guide where abatement projects are undertaken;
- \$22 million to help Indigenous Australians to benefit from carbon farming; and
- \$4 million for training and accreditation in the carbon market.

Clean 21 strategy

Clean 21 — The future of manufacturing, is the Australian Government's manufacturing industry strategy intended to reduce carbon emissions from manufacturing activities (Carr 2011h). The strategy comprises five main elements:

- a technology innovation network to provide specialised advice to help businesses find ways to cut energy, water and material consumption, plan for change and adopt new technologies;
- \$23.4 million over six years for industrial scholarships, to be administered by the Australian Research Council, to place 200 researchers in industry settings;
- clean manufacturing projects to be a priority for round 14 of the Cooperative Research Centres program;
- Enterprise Connect to deliver the \$4 million Making Better Managers Program intended to improve management skills in business; and

-
- a Built Environment Supplier Advocate to work with local companies to enhance their competitiveness and capability, and promote their interests in major projects with a specific focus on sustainability.

3.5 Regional assistance and infrastructure

This section reports on assistance announcements directed at regional activities, including assistance to regional business, infrastructure development and natural disaster recovery support. Federal support in regions is typically associated with co-contributions by relevant state jurisdictions.

Water for the Future initiative

In the May 2011 Budget, the Australian Government announced it would outlay \$845 million on projects relating to improving rural water infrastructure, management and use (Burke 2011). This funding, provided under the Sustainable Rural Water Use and Infrastructure Program, is part of the Government's Water for the Future initiative. The objective of the projects will be to:

- support sustainable water use;
- create water savings for the environment and improve farming and irrigation efficiency;
- help farmers, irrigators and regional communities adjust to reduced water availability in the Murray Darling Basin; and
- support the introduction of a new Murray Darling Basin plan.

Northern Victoria Irrigation Agreement

In October 2011, the Australian and Victorian Governments reached an agreement to deliver a national irrigation infrastructure renewal project — The Northern Victoria Irrigation Renewal Project Stage 2 (NVIRP 2) (Burke and Walsh 2011). The agreement includes a re-scoped NVIRP 2 infrastructure project together with a change in water sharing arrangements. The new package includes Australian Government funding of over \$1.2 billion and comprises:

- \$953 million for the NVIRP 2 infrastructure project which is intended to produce 102 GL in water savings;
- \$219 million for the purchase of water shares from the Victorian Government intended to produce an additional 102 GL in water savings; and

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- a new \$48.6 million on-farm water infrastructure project.

The Australian Government will contribute \$43.7 million towards the water infrastructure project with the Victorian Government providing \$4.9 million. The project is intended to help irrigators derive the maximum benefit possible from an upgraded water system and is expected to return a further 10 GL in water savings.

The Australian and Victorian Government's intention for the agreement is to restore the Murray River to health, improve water infrastructure efficiency, as well as reduce costs and increase productivity for irrigators through the application of improved technology.

Illawarra Region Investment and Innovation Fund

In August 2011, the Australian Government announced a package of support to help affected workers find new jobs and strengthen local economies following BlueScope Steel's decision to reduce the scale of its Australian operations (Gillard, Swan, Evans, Carr and Plibersek 2011). The package provides a \$30 million Illawarra Region Investment and Innovation Fund intended to support new business ventures and create innovative, high-skilled jobs, predominantly in manufacturing and manufacturing services in the region. This fund will be made up of \$20 million from the Australian Government and further contributions of \$5 million each from the New South Wales Government and from BlueScope Steel.

Another component of the package is support for affected workers and individuals. This involves: up to \$10 million for access to intensive services by Job Services Australia providers, and training assistance to help affected workers find alternative work; relocation assistance of up to \$9000 for BlueScope workers made redundant but who find employment in another location; and free financial advice and other personal support provided through Centrelink's network of Financial Information Service Officers and Social Workers.

Small business support services in disaster areas

In April 2011, the Australian Government announced that it would provide \$3.3 million to small business support groups for additional services to assist small businesses affected by natural disasters since October 2010 (Carr and Sherry 2011). Funded services include business mentoring, assistance with business and marketing plans, preparation for and access to business finance, accounting and legal services and programs to build the business skills and networks of small business. The initiative concludes on 30 June 2012.

The funding is provided through the Small Business Advisory Services Program, under which 36 Business Enterprise Centres (BEC) are funded \$42 million over 4 years for the delivery of low cost small business advisory services throughout Australia. In April 2011, an additional BEC was funded \$0.5 million to provide business advisory services until March 2013 (DIISRTE, pers. comm., 27 April 2012).

3.6 Broadcasting and communications

The main changes during 2010-11 potentially affecting assistance to broadcasting and communications and related activities related to the digital switch over, national digital economy strategy and communication industry reviews.

Household Assistance Scheme

In the May 2011 Budget, the Australian Government announced a further \$309 million for the Household Assistance Scheme (Conroy 2011a). The Government's intention for the scheme is to assist eligible people make the switch to digital television. Under the scheme, Australians who receive the full rate for the age pension, disability support pension, carer payment or the Department of Veterans' Affairs service pension or income support supplement are entitled to receive free of charge: a high definition set-top box; installation of the set-top box by a contracted technician (including possible antenna replacement or satellite dish); a demonstration and instructions on how to use it; and 12 months warranty, service and technical support. To the extent that program incidentally provides support to service providers, or influences business behaviour, it may also have implications for industry assistance.

National Digital Economy Strategy

In May 2011, the Minister for Broadband, Communications and the Digital Economy released the National Digital Economy Strategy (Conroy 2011b). The Government's strategy sets out a vision for Australia to become a leading digital economy by 2020. The Minister announced a number of initiatives to support the strategy in the 40 communities that have first access to the National Broadband Network (NBN), including:

- the Digital Communities initiative which will provide \$23.8 million over three years to establish a 'Digital Hub' in each of the 40 communities;

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- the Digital Local Government initiative which will provide \$17.1 million over three years to assist local organisations in the 40 communities with grants of up to \$375 000 to eligible local governments (Conroy 2011c); and
 - the Digital Enterprise initiative which will provide \$12.4 million over three years to provide advice and support services to small and medium enterprises and not-for-profit organisations in the 40 communities to first access the NBN (Sherry and Conroy 2011).

Communication industry reviews

The final report of the Regional Telecommunications Review was provided to the Australian Government in March 2012 (Conroy 2011d). The Review was to examine telecommunications services in regional, rural and remote parts of Australia and have particular regard to initiatives that will enable regional communities to participate in, and realise the opportunities of, the digital economy. To the extent that any initiatives change producer incentives there may be either direct or incidental industry assistance.

The Government's response to three other reviews may also change the media and telecommunications business environment.

- The Convergence Review, to examine the regulatory settings that govern Australia's media and communications sectors (Conroy 2010). The Committee's report was publicly released in April 2012.
- An inquiry into the media and media regulation including the effectiveness of the Australian Press Council. The report was delivered to the Government on 28 February 2012 and forwarded by the Government to the Convergence Review Committee for its consideration (Conroy 2011e).
- A review of the operation and adequacy of the *Interactive Gambling Act 2001*, to be conducted by the Department of Broadband, Communications and the Digital Economy with a report to the Minister in mid-2012 (Conroy 2011f).

3.7 Other industry assistance developments

Simplified Tariff Concessions System

Concessions available on the importation of goods into Australia are detailed in schedule 4 of the *Customs Tariff Act 1995*. These concessions lower the costs for

businesses importing goods by reducing or removing the normal rate of customs duty that would otherwise apply.

In 2010, the Australian Government began public discussions on the rationalisation of the tariff concession system as part of a broader agenda to reduce the level of unnecessary or poorly designed regulation (Carr, Sherry and O'Connor 2011). The consultation process found that stakeholders, especially business, supported a more user-friendly tariff concession system, including the removal of redundant items.

In July 2011, the Australian Government announced that it would revise schedule 4 of the *Customs Tariff Act 1995*. The revisions are intended to reduce the size and complexity of the existing tariff concession schedule by decreasing the total number of concessional items by around half and improving its clarity and usability for business. The announced changes to Australia's tariff concession arrangements involve:

- removing concessional items which are either redundant or rarely used;
- consolidating, where possible, those items that have similar coverage and explaining them more clearly, without reducing available concessions;
- reviewing and removing obsolete by-laws that list goods under certain concessional items in schedule 4; and
- placing similar concessional items together in the structure of a revised schedule.

It is intended the changes will reduce the compliance burden on business while maintaining the benefits of the current system. The changes form part of the Australian Government's Better Regulation Ministerial Partnership.

Printing and publishing

Book industry report

In September 2011, the Book Industry Strategy Group (BISG) released its report into the impacts of digitisation on the Australian book industry (BISG 2011). The BISG, comprising representatives from all areas of the book industry supply chain, was established in February 2010 to provide advice to the Australian Government on the future development of the book industry. Key recommendations from its report include:

- the Australian book industry formalise an industry-wide code of practice to reduce the timeframe for retention of territorial copyright from 30/90 days to 14/14 days;

-
- the Government either abolish GST on books purchased in Australia or impose GST on imported books;
 - the Government provide \$5 million to help domestic booksellers set up online infrastructure and another \$10 million over two years to subsidise publications by universities;
 - the Government establish a structural adjustment program, including financial support for industry, employees and regional communities affected by structural change;
 - the Government exempt all government literary prizes, awards and grants from taxation and implement an income deposits tax measure, following the precedent of the rural (farm management) deposits scheme, to assist with management of fluctuations in authors' incomes over time; and
 - the Government encourage a review of the Australia Council's Literature Board grants allocation processes and criteria, aiming to provide substantial additional funding directly to authors.

The Government is yet to issue a response to the report.

Support for the Printing and Publishing Industries through Enterprise Connect

In November 2011, the Australian Government announced Enterprise Connect's Printing and Publishing Industries Support Network (DIISRTE, pers. comm., 27 April 2012). The Network intends to:

- create and strengthen linkages between printing and publishing firms, researchers and government;
- facilitate Workshop, Industry Intelligence and Networks (WIIN) events relevant to the printing and publishing industries;
- monitor specific issues of particular relevance to the printing and publishing industries;
- act as a focus for market intelligence; and
- provide feedback on unique issues impacting printing and publishing firms.

Shipping industry

In February 2012, the Australian Government released for public consultation exposure draft legislation on tax incentives for the Australian shipping industry (Arbib and Albanese 2012). The government's intentions for the tax incentives are

to stimulate investment in Australian shipping and encourage Australian ownership of ships and ship operations. The tax incentives comprise:

- an income tax exemption whereby Australian shipping operators will not pay any income tax on core shipping activities;
- an accelerated rate of depreciation so that ships can be written off in ten years rather than the current average of twenty years, including roll-over relief from income tax if a replacement ship is purchased; and
- a refundable tax-offset for companies employing Australian seafarers on international voyages.

The tax incentives are intended to address the decline in the Australian shipping industry, with the number of Australian operated ships having declined from 55 ships in 1995 to 22 currently under more competitive conditions.

Submissions on the exposure draft legislation were sought by March 2012 in order to facilitate the commencement of the tax incentives on 1 July 2012.

The tax incentives form part of a broader shipping industry package comprising:

- a simplified three-tier licensing framework governing participation in the Australian coastal shipping trade;
- the establishment of an Australian International Shipping Register intended to enable Australian companies to compete with international competitors; and
- a Maritime Workforce Development Forum to progress key maritime skills and training priorities.

The broader shipping industry changes were discussed in more detail in last year's *Review*.

Tourism

Inclusion within the Enterprise Connect program

In October 2011, the Australian Government announced that the Enterprise Connect program will be expanded to include the tourism industry (Carr, Ferguson and Sherry 2011). Enterprise Connect will provide tourism businesses with access to: tailored, independent business advice; advisory service funding; workshops; and market intelligence. Prior to the extension of the program to the tourism industry, over 8000 Australian businesses had accessed Enterprise Connect services across a range of industries including manufacturing, defence and clean technologies.

Enterprise Connect has established a dedicated tourism network, the National Tourism Industry Network (NTIN), to support sector capability and competitiveness. The NTIN is made up of a Business Adviser with expertise and knowledge of the tourism industry.

Indigenous Tourism Champions Program

In July 2011, the Australian Government announced it would reallocate \$355 000 in funding from its Indigenous Employment program to the Indigenous Tourism Champions Program (Ferguson and Arbib 2011). The program is intended to provide help to successful Indigenous Australian Tourism enterprises and aims to provide them with the opportunity to learn and improve their business practices and access the international tourism market.

The reallocated funding will be used to engage Diverse Travel, an international tourism operator, to develop and implement a tailored business skills and mentoring program for 10 growing Indigenous tourism businesses across Australia, with the intention of them becoming full members of the Champions Program and being accredited to operate in the international market.

Small business dispute resolution services

In July 2011, the Australian Government appointed a new small business mediation advisor to help small businesses resolve disputes across several industry codes (Sherry, Ludwig and Ferguson 2011). It is intended that the advisor will work to provide Australian small businesses with a range of early intervention services to allow them to discuss, and possibly resolve, disputes with a convenor before going to more costly and time consuming formal mediation. The advisor will work under the Franchising Code of Conduct, the Horticultural Code of Conduct, the Oilcode and the Produce and Grocery Industry Code of Conduct. Around 100 000 small business operating under these codes will have access the dispute resolution services.

In addition to these services, parties to a franchising dispute that meet certain small scale dispute criteria may be eligible for mediation services at a reduced fee.

Australian industry participation

In October 2011, the Australian Government announced that it would act to create more opportunities for Australian businesses to compete for work supported by

major Commonwealth grants and participate in major projects in receipt of tariff exemptions under the Enhanced Project By-law Scheme (EPBS) (Gillard and Carr 2011b). Under the policy:

- companies receiving \$20 million or more of government grants will now be required to complete Australian Industry Participation Plans, which will be made public. Previously this requirement only applied to major government procurements, not grants.
- project developers will be required to publish more detailed information on opportunities available to Australian businesses in order to receive the five per cent tariff exemption on imports under the EPBS. This requirement is limited to projects exceeding \$2 billion. The Government also intends to increase monitoring of the scheme, requiring more evidence of opportunities being made available to Australian industry for all projects under the EPBS.

The Government also announced that it would appoint a working group of stakeholders to advise on the implementation of the above measures. Membership of the working group will comprise industry representatives, unions and Commonwealth agencies as well as State and Territory government representatives (Gillard and Carr 2011c).

Buy Australian at Home and Abroad

In the May 2011 Budget, the Australian Government announced the Buy Australian at Home and Abroad initiative (Carr 2011i). With funding of around \$34 million, the Government's aim for the initiative is to link local suppliers and manufacturers to opportunities in the resources sector and to enhance their competitiveness and capabilities. The program:

- establishes a Resources Sector Supplier Envoy and a Resources Sector Supplier Advisory Forum to provide leadership in linking Australian suppliers to business opportunities and advice on effective ways to strengthen Australian industry participation in the resources sector;
- expands the Supplier Advocates Program to engage four additional supplier advocates to help manufacturers identify opportunities to develop a competitive advantage against foreign competitors;
- expands the Enterprise Connect Program, which offers support and advice to small and medium businesses; and
- expands the Industry Capability Network through the Supplier Access to Major Projects program, to embed procurement specialists in major resource projects and the health sector (Carr and Ferguson 2011).

In February 2012, a number of other existing initiatives were brought under the banner of Buy Australian at Home and Abroad. These include measures announced in the 2009 Australian Government Procurement Statement and the Clean Technology Focus for Supply Chains initiative (DIISRTE, pers. comm., 27 April 2012).

4 Adjustment assistance

Adjustment assistance has long been a feature of the industry policy landscape. The Commission has previously addressed the topic in its 2001 research report, *Structural Adjustment — Key Policy Issues* (PC 2001).

In its report, the Commission examined the circumstances in which it might be appropriate to use additional assistance measures rather than relying on the social safety net and generally available measures to handle the distributional and adjustment challenges associated with policy changes. It found that there were potential cases for adjustment assistance on *efficiency* as well as *equity and fairness* grounds. The efficiency case is strongest where specific adjustment assistance can reduce transactions costs attributable to market-based impediments (such as information gaps) and the expected benefits exceed the costs of intervention. This is generally more applicable to the circumstances of workers than owners of firms. The Commission also concluded that the case for adjustment assistance on equity or fairness grounds is likely to be strongest where the source of change is a policy change which:

- imposes a clear and sizeable burden on a specific group in the community (particularly if the affected group is relatively disadvantaged); and/or
- involves a largely unanticipated and material change to a well-defined and defensible ‘property right’.

The Commission discussed the relative merits of adjustment policy options including: pre-announcing, phasing or modifying policy changes; direct compensation to ‘losers’ from a policy change; and specific adjustment assistance to firms and regions such as for industry re-structuring and exit and socio-economic knock-on effects. The Commission also identified a need to address potential impediments to efficient adjustment (such as information gaps, inadequate skills, relocation frictions and industrial relations arrangements).

Since its 2001 report, the Commission has also reported on adjustment assistance issues in several inquiries (box 4.1). The Commission found that it was appropriate to target assistance at workers and communities in some circumstances. However, in a number of studies of industries facing commercial pressure the Commission’s assessment was that they had no stronger case for assistance than other industries.

This chapter complements the Commission's earlier work by identifying the compensation and specific adjustment assistance that have been provided to firms and industries by the Australian Government since 1996-97. Section 4.1 discusses the role and nature of adjustment assistance. Estimates of adjustment assistance are presented in section 4.2 while some features of regional adjustment funds (established in response to closures of major local employers) and exit assistance programs are outlined in section 4.3. Final comments are made in section 4.4.

Detailed assessment of the appropriateness, effectiveness and efficiency of individual adjustment assistance packages is beyond the scope of this chapter, although some issues are raised.

Box 4.1 Commission reporting on adjustment issues

Since its 2001 research report, *Structural Adjustment — Key Policy Issues* the Commission has addressed adjustment issues in a number of studies including those relating to automotive (PC 2002a), citrus (PC 2002b), textiles, clothing and footwear (PC 2003a), pigmeat (PC 2005a, PC 2007c, PC 2008b), drought support (PC 2009b) and market mechanisms for recovering water in the Murray Darling Basin (PC 2010c).

- The automotive and textiles, clothing and footwear inquiries considered adjustment assistance in the context of a change in policy (tariff reductions) and found there may be a need for adjustment assistance targeted at *workers*.
- The reports into the citrus and pigmeat industries, when each industry was under commercial pressure, found that industry-specific assistance to the *businesses* was not justified in the circumstances at the time. A common point made by those reports was that industry assistance would not target genuine low-income problems of individuals efficiently or equitably. Also, firm performance within the industries varied markedly — some were doing well and investing or transforming — and private adjustment strategies were available. The Commission's assessment was that these industries had no strong case for assistance over other industries.
- The Drought Support and Murray Darling Basin reports, among other matters, addressed concerns about sustaining regional communities in the face of underlying and ongoing change. Both reports held the view that such distributional concerns are better addressed through more direct measures rather than by modifying drought and water buy-back policy.

4.1 The role and nature of adjustment assistance

Economic change and calls for adjustment assistance

Adjustment by firms and individuals in response to changes in market conditions and government policies occurs continuously. Such adjustments are essential to economic growth and higher living standards.

General changes in market conditions — such as variation in costs and prices, the behaviour of competitors, the introduction of new technologies, and shifts in consumers' tastes and lifestyles — are for the most part relatively small or gradual and may be anticipated by businesses and individuals. Some market changes are larger or more sudden, such as changes in world commodity prices or exchange rate movements.

Economic conditions can also change as a result of government policies. Industry adjustment considerations have arisen in the context of such policies as reductions in tariffs, deregulation of commodity marketing arrangements, removal of restrictions on competition, and the pricing of carbon. Changes in access to, and the management of, resources such as of water, fisheries and forests also alter industry prospects. Similarly, regulatory decisions can also require industry adjustment; for instance, the live cattle export ban and the introduction or termination of various programs (such as the home ceiling insulation program).

Changes in the natural environment, such as drought, floods, cyclones and bushfires, also affect economic conditions. Similarly, outbreaks of diseases such as equine flu, bird flu and foot and mouth disease directly affect businesses and households and impose additional costs on the local community. By the same token events overseas can present export opportunities for Australian producers.

Some changes or adjustments may be considered 'beyond normal' and give rise to calls for governments to intervene to ameliorate adverse effects on individuals, business and communities. But, there is no set metric by which to define 'beyond normal' or an unexpected 'shock'.

A number of approaches are available to governments. In the first instance, there are generally available social safety net and related support programs designed to assist individuals in difficulty due to any cause (box 4.2). These arrangements recognise that there are hundreds of thousands of involuntary job losses each year.¹ It would

¹ As an illustration, between 2006 and 2011, there were around 1.7 million retrenchments economy-wide and nearly 1.8 million involuntary job losses due to the cessation of temporary

not be feasible nor cost effective to have a multitude of special arrangements when structural adjustment and labour market changes are so frequent and widespread. Tailor-made programs may also result in treating individuals in similar circumstance differently and could therefore be regarded as inequitable and lead to inefficiencies. This is why the generally available measures are usually the most appropriate vehicles for supporting individuals through the process of adjustment and for moderating any adverse distributional impacts.

Box 4.2 Relying on the general social safety net

The social safety net includes transfer payments and concessions available through the income support and tax systems and a range of services providing assistance to job seekers. It affords income support to qualifying people during their lifetime including during periods of unemployment and economic hardship. It also assists in the development of capability to adjust to change, for example through job search and training.

Such arrangements have several distinct advantages in performing these functions (PC 2001). They:

- treat individuals in similar circumstances equally;
- target assistance to those in genuine need whatever the cause;
- address the net effects of the varying influences on the circumstances of individuals and families; and
- support individuals and families rather than a particular industry or activity.

Notwithstanding their advantages, such arrangements can have design and implementation limitations. For instance, the Commission's Drought Inquiry (PC 2009) found that farmers face difficulty accessing the social security system due to their level of farm assets and the requirements of working on the farm.

If the social safety net and other generally available measures are insufficient or inappropriate for addressing adjustment pressure, other policy options include:

- modifying a policy proposal, such as phasing or diluting, or changing a policy after implementation;
- addressing impediments to efficient adjustment, for instance information gaps on alternative employment opportunities, training and skills gaps, relocation

jobs. An indicator of the highly dynamic nature of the labour market is that around 20 per cent of full-time employees had more than one employer in the year ending February 2011 (ABS 2011, cat. 6206.0, table 6). Thousands of businesses cease trading each year — during 2010-11 around 290 000 did so (ABS 2012, cat. 8165.0).

frictions (such as stamp duty, housing availability, schooling), and adverse taxation implications (such as with farm exits); and

- providing specific adjustment assistance, the subject of this chapter.

Nature and design of adjustment assistance

Classifying a budgetary measure as industry adjustment assistance is not straight forward. Some measures are relatively explicit in their adjustment intent and the type of adjustment anticipated. There are other measures, however, where the objectives and the outcomes to be achieved are less clear. The approach taken in this chapter is to identify budgetary measures included in the Commission's assistance estimates that have the potential to influence how targeted firms, activities or regions respond to changes in their operating environment, whether such changes are government induced or due to other factors.

Traditionally, adjustment assistance has referred to measures aimed at smoothing and dampening the adverse impacts of industry assistance reform, such as tariff reduction, deregulation of agricultural support schemes, removal of restrictions on competition and reduced natural resource access (forests, fisheries, water).

As part of various industry policy changes, adjustment has at times been facilitated by phasing or pre-announcing the new policy settings and in some cases modifying the proposal, to provide for more gradual adaptation than otherwise.

Where financial assistance has been provided as part of industry reform packages, its nature and design has varied. Some assistance has been compensatory, as was the case of deregulation of dairy marketing arrangements where adjustment assistance to dairy farmers was set in relation to the expected loss in income over the next three post-deregulation years. Buy-outs of fishery and forestry access, water entitlements and tobacco growers were also of a compensatory nature, as was support to home insulation businesses for excess to demand stockholdings.

Other financial assistance associated with industry reforms has been facilitative or transformational. Such assistance has been conditional on businesses undertaking action considered to be consistent with a more viable future industry such as new investment, research, new products and practices, amalgamation and exit. For example, adjustment assistance for the automotive industry in response to tariff cuts has been conditional on investment and R&D expenditure. Grants to Tasmanian forestry businesses to re-tool for non-native forest timber is an example of conditional investment intended to transform the industry onto a more commercially viable footing. The requirement to undertake business planning and seek financial

advice has sometimes been included as an eligibility condition for adjustment assistance.

Adjustment assistance has also been provided in response to general market pressures. The citrus, pork, sugar and lamb industries have been the recipients of assistance during difficult trading conditions. Sometimes the source of the market pressure facing Australian producers has been the result of government policy decisions overseas. For example, the sugar industry package announced in 2004 was against a background of no expansion in access to the US market for the sugar industry in the Australia-United States Free Trade Agreement (PC 2004a, p. 3.6). The package included restructuring grants, exit (re-establishment) grants, business planning, inter-generational transfer support, retraining assistance, crisis counselling and regional and community project support. In the case of the lamb industry package announced in 1999, a market event motivating the package was the imposition by the United States of tariff-quotas on imports of lamb.

Another category of adjustment assistance is ‘forward looking’ measures intended to build capacity and enhance preparedness and resilience of recipients to future shocks and general market changes. Numerous rural programs have had this objective. Most recently, the Australia’s Farming Future (AFF) package was primarily focussed on assisting the agricultural sector to adjust to possible climate changes (PC 2009b, p. 100).

Since 1992, rural adjustment policy has included Exceptional Circumstances drought assistance; prior to this, drought assistance was separate from adjustment policy. This has provided temporary support to assist farm households and farm businesses which are considered viable in the long-term but face financial difficulties until weather conditions return to ‘normal’. Other examples of such temporary support to business (and individuals) pending return to ‘normality’ are the equine influenza package and responses to cyclones.

Budgetary assistance programs have also been directed at the establishment of regional diversification programs in response to the closure of major employers; for instance, the Newcastle Structural Adjustment Fund following the closure of BHP in 1999. Since then, a further 14 such funds have been established. Regional flow-on effects have also been addressed by extending adjustment assistance beyond the immediately affected industry (businesses) and its employees to ‘related’ or ‘dependant’ businesses, for example, the cases of the Great Barrier Reef Marine Park Structural Adjustment Package (a fishing rights buy-out scheme which also extended assistance to onshore affected businesses) and assistance to farm-dependent rural small business during drought.

The Commission has identified 70 measures that have been included in the annual estimates of Australian Government budgetary assistance to industry since 1996-97 that may be considered as assisting firms and industries to cope with or adjust to changing circumstances (appendix table B.1). Many of these programs operated for only a few years, but some such as ‘transitional’ assistance for the automotive and TCF industries and drought support have become long term. (The coverage in this *Review* of measures affording adjustment assistance does not include numerous State Government programs.)

4.2 Estimates of budgetary adjustment assistance to industry

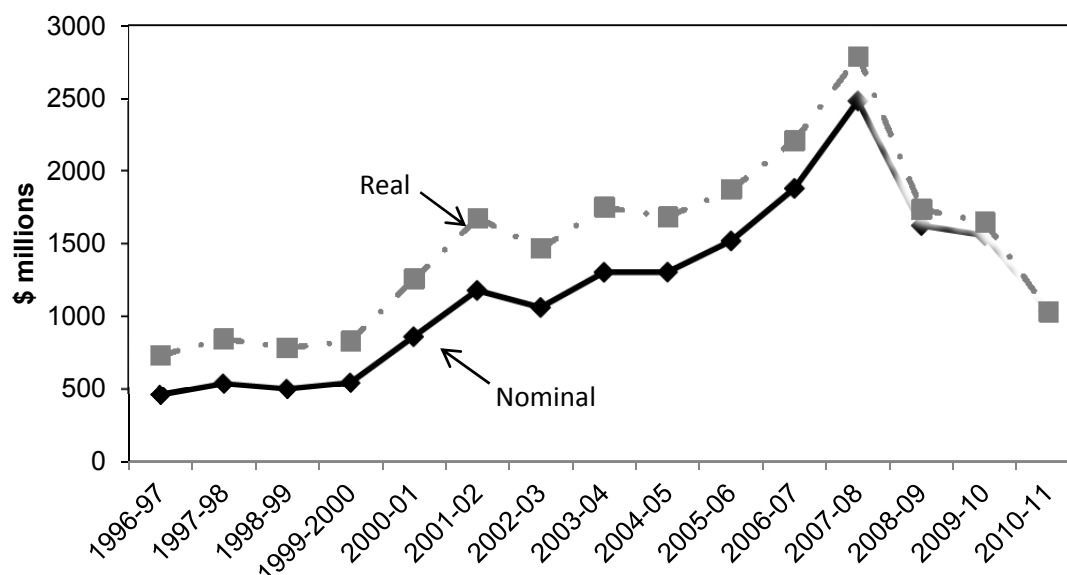
Since 1996-97, the 70 identified adjustment assistance measures to firms and industries have totalled about \$18 billion in nominal terms, equivalent to about \$22 billion in present day values (2010-11 dollars).² This represents about 20 per cent of estimated total budgetary assistance to industry over the 16-year period.³ This assistance was additional to any direct assistance to displaced workers through the social safety net (income support and training) and negotiated company redundancy packages.

Changes in outlays over time reflect the timing and scale of changes in industry policy, drought and other adjustment circumstances (figure 4.1). Total estimated adjustment assistance was relatively steady from 1996-97 to 1999-2000. The rise in 2000-01 and 2001-02 relates to the commencement of the dairy structural adjustment programs, and of new schemes for automotive and TCF (both of which coincided with further reductions in tariffs and which replaced previous, lower aggregate cost, adjustment assistance schemes). The significant increases in 2006-07 and 2007-08 relate to the increasing severity of the drought, the incidence of equine influenza support and substantial buy-backs of fishing rights and water entitlements. The last three years have seen an easing of drought conditions and the winding down or cessation of other programs. In real terms, estimated total adjustment assistance has declined to around the level of a decade before.

² Each year’s nominal value was re-valued to 2010-11 dollars using the Gross Domestic Product implicit price deflator.

³ The other 80 per cent of estimated budgetary assistance includes support for research and development, innovation, small business, export, and industry specific development (such as renewable energy, tourism, film and finance).

Figure 4.1 **Estimated adjustment assistance to industry, 1996-97 to 2010-11**



Source: Commission estimates.

An industry perspective

Automotive industry adjustment assistance accounted for around 40 per cent in real terms of the estimated aggregate adjustment assistance paid over the period 1996-97 to 2010-11 (table 4.1). Most of this comprises the four schemes — the PMV Export Facilitation Scheme, Automotive Competitiveness and Investment Scheme (ACIS) Stage 1, ACIS Stage 2, and the most recent Automotive Transformation Scheme (ATC). Each scheme was associated with a new round of tariff reductions. The first three provided assistance in the form of import duty credits (tax revenue forgone) while the recent ATC provides grants.

Table 4.1 Estimated adjustment assistance to industry, 1996-97 to 2010-11

<i>Category</i>	<i>Total assistance nominal dollars</i>		<i>Total assistance 2010-11 dollars</i>	
	\$ million	per cent	\$ million	per cent
Industry specific — accompanying reform or general market pressure				
Automotive	6 994.3	39.1	9 059.5	40.4
TCF	2 306.0	12.9	2 964.1	13.2
Dairy	1 287.0	7.2	1 710.3	7.6
Sugar	482.9	2.7	619.7	2.8
Fisheries	462.5	2.6	542.5	2.4
Forestry	215.3	1.2	269.7	1.2
Printing	63.6	0.4	90.5	0.4
Pharmacy	46.1	0.3	71.2	0.3
Tobacco	54.1	0.3	62.9	0.3
Lamb	29.5	0.2	43.3	0.2
Pork	22.1	0.1	33.7	0.2
Citrus	4.3	..	6.6	..
Regional adjustment funds to develop the local economy following downsizing of major regional employer				
Regional Innovation and Investment Funds	124.0	0.7	140.1	0.6
Other regional development and diversification	2.8	0.1	4.0	0.1
Natural disasters and disease response				
Drought – Exceptional Circumstance	4 556.9	25.5	5 252.3	23.5
Drought – Rural Adjustment Scheme	288.0	1.6	452.0	2.0
Drought – other	244.0	1.4	293.4	1.3
Drought – Murray Darling Basin Grants to irrigators	205.5	1.1	227.9	1.0
Equine influenza	256.8	1.4	289.0	1.3
Other	192.3	1.1	230.9	1.0
Other adjustment assistance to industry				
Climate Change Adaption Program (Australia's Farming Future)	24.6	0.1	25.6	0.1
Total	17 862.9	100	22 389.1	100

.. less than 0.1 per cent

Source: Commission estimates.

Exceptional Circumstances drought support accounted for around 24 per cent of outlays on adjustment assistance. The third largest component (about 13 per cent) relates to the measures focussed on the TCF industry as part of adjustment to lower tariffs. Income support to dairy farmers following the cessation of dairy industry marketing arrangements represents over 7 per cent of total adjustment support.

The size of the adjustment or transitional assistance relative to the protective assistance that was being withdrawn also varies. For instance, the dairy payments were set equivalent to the estimated expected fall in income for the three years following deregulation. The ACIS post-2000 transitional assistance for the automotive industry was broadly equivalent to the assistance afforded by the 15 per cent tariff (PC 2002a, p. 125). The 1998 Sugar Industry (Research) Assistance Package of \$14 million was to help offset the estimated loss of assistance of \$53 million from the removal of the sugar import tariff in 1997 and the partial deregulation of the Queensland Government price support (PC 2004a, p. 3.6).

Funding of adjustment assistance

Most adjustment assistance has been funded from Australian Government consolidated revenues. Other funding arrangements include: the sugar packages (2002 and 2004) funded by a three cents per kilogram levy on domestic sugar sales for five years; the dairy package funded by an 11 cent a litre consumer levy for eight years; and ACIS car assistance which was in the form of import duty credit (forgone tax revenue). Moreover, the recent regional adjustment funds involve some State government and company contributions in addition to Australian Government funding.

4.3 Features of certain adjustment assistance

In order to illustrate the varying nature of adjustment assistance and how such assistance has changed over time, this section examines two broad groups of adjustment assistance:

- regional adjustment funds to help develop a local economy following downsizing of a major employer; and
- exit and buy-back assistance programs.

Regional adjustment funds

Successive Australian Governments have established regional structural adjustment funds, intended to diversify local economies, following closure or downsizing of iconic local employers and major employing industries.

Since 1997, fifteen such ‘regional adjustment funds’ have been established (table 4.2).⁴ The earlier funds were variously labelled, for instance, structural adjustment fund or community development fund, while the more recent programs have been commonly titled ‘Innovation and Investment Funds’ (IIFs). The twelve funds since 2004 have been the responsibility of the ‘industry’ department. The three funds prior to 2004 were the responsibility of ‘regional’ and/or ‘forestry’ departments.

These funds have generally been designed to attract new or expanding businesses to the region with grants for investing in plant or equipment. The Beaconsfield and Scottsdale⁵ funds are exceptions in that about half of the fund proceeds were awarded to major employers at risk.

Grants under the funds were competitively based and covered up to 50 per cent of project costs, typically providing a minimum of \$50 000 to a maximum of \$5 million. The Australian Government has financed the majority of the funds to date, with co-contributions by the relevant State government and, in two cases, the major company that is closing or downsizing (Ford and BlueScope Steel). There is no set sharing formula and shares differ on a case-by-case basis.

The expected job displacement from the major employers at the time of the announcements of the adjustment funds totalled about 8000, though variations were subsequently reported in particular cases as plans firmed. For example, Ford had originally announced in July 2007 it would lose about 600 jobs in Geelong but subsequently continued operations.⁶ (The Geelong IIF continued despite Ford continuing to operate). Actual retrenchments at closure were also much lower than employment at the time of the foreshadowed downsize because of job turnover in the interim. For instance, employment at the time BHP announced in 1997 that it would close in Newcastle in 1999 was around 2800, but with retirements and those

⁴ A similar program involving grants to local businesses — the Wide Bay Burnett Structural Adjustment Fund — was established in 2001-02. This was in response to persistent long-term unemployment and significant social disadvantage, rather than the loss of a major employer.

⁵ The payment to Auspine from the Scottsdale Fund was conditional on Auspine committing to job retention and no redundancies. However, Auspine was taken over about six months later by Gunns Limited which closed the sawmill a few months later. The Government agreement with Auspine was terminated and further payments halted.

⁶ Ford had originally announced in July 2007 it would close the engine plant in 2010, losing ‘about’ 600 jobs — Ford’s total Geelong workforce was 1500. In response, the Geelong IIF was established. However, in November 2008, Ford announced it would retool the plant, saving the 400 current jobs. Later, in April 2010, Ford announced significant investment (supported by an undisclosed contribution from the Victorian Government) in the casting plant, adding 50 new jobs and securing the 100 jobs already there.

leaving over the subsequent two years, there were around 900 needing assistance to find a job when the facility closed (Hobson 2002).

Total announced funding for the 15 funds was almost \$250 million, a notional ex-ante subsidy of around \$31 000 per direct job initially flagged as at risk. The amount per expected job loss varies across funds. It is not clear how the size of each Fund is determined.

The notional (ex-post) subsidy per actual job lost is unclear as there is no consolidated public record of final retrenchments (voluntary and mandatory) upon closure or after downsizing. The notional subsidy per job lost will be higher to the extent that actual retrenchments are lower than initial estimates of employment at risk. On the other hand, total expenditure from the funds to 2010-11 is estimated at \$134 million, somewhat lower than the announcements totalling \$250 million. Some recent funds are still active and some funds did not expend the full announced amount as some projects did not proceed or meet all milestones.

The expected direct job losses as a share of regional employment vary across the funds. For example, direct displacement of 800 workers from BlueScope Steel foreshadowed in 2011 represents about 0.7 per cent of the 118 000 workers in the target local government areas of Wollongong, Shellharbour and Kiama. The 143 jobs lost from the local canning plant in Eden in 1999 represented about 8 per cent of the Eden region employment. This was in addition to an estimated 196 forestry jobs lost in the preceding few years.⁷

⁷ In addition to the adjustment fund, there were six other programs established to assist the Eden region, targeted at community support, training and development, and to increase social and economic confidence.

Table 4.2 Regional adjustment funds since 1997

<i>Program</i>	<i>Date</i>	<i>Expected closure or downsize</i>	<i>Expected job displacement</i>	<i>Funding^a</i>
Newcastle Structural Adjustment Fund	1997	BHP	2800 ^h	\$10 million ^b
Eden Regional Adjustment Package	November 1999	Forestry access; fish canning plant	143	\$3.6 million
South-West Forests Structural Adjustment Package	1999	Reduced forestry access	unknown	\$5 million
Structural Adjustment Fund for South Australia (SAFSA)	May 2004	Mitsubishi (Lonsdale)	1100	\$45 million (\$40m Aust. + \$5m SA)
Beaconsfield Community Fund	May 2006	Gold mine collapse	235	\$8.3 million
Port Kembla Industry Facilitation Fund (PKIFF)	June 2006	BlueScope Steel	250	\$5 million
Innovation Investment Fund for South Australia (IIFSA)	September 2006	Electrolux	500	\$30 million (\$25m Aust. + \$5m SA)
Scottsdale Industry and Community Development Fund (SICDF) ^d	March 2007	Auspine	280	\$6 million ^c
Geelong Investment and Innovation Fund (GIIF)	August 2007	Ford	600	\$24 million (\$15m Aust. + \$6m Vic. + \$3m Ford)
South Australian Innovation and Investment Fund (SAIIF)	February 2008	Mitsubishi (Tonsley Park)	930	\$30 million (\$25m Aust. + \$5m SA)
North East Tasmania Innovation and Investment Fund (NETIIF) ^f	August 2008	Gunns	135 ⁱ	\$3.7 million ^e

(continued next page)

Table 4.2 (continued)

<i>Program</i>	<i>Date</i>	<i>Expected closure or downsize</i>	<i>Expected job displacement</i>	<i>Funding^a</i>
North West and Northern Tasmania Innovation and Investment Fund (NWNTIIF)	December 2009	Paperlinx (two sites)	252 & 222	\$20 million (\$12.5 Aust. + \$7.5 Tas.)
South East South Australia Innovation and Investment Fund (SESAIIF)	January 2011	Kimberly Clarke	200	\$17 million (\$10m Aust. + \$7m Tas.)
Illawarra Region Innovation and Investment Fund (IRIIF)	August 2011	BlueScope Steel	800 ^g	\$30 million (\$20m Aust. + \$5m NSW + \$5m BlueScope)
Tasmania Innovation and Investment Fund (TIIF)	October 2011	Forestry access	unknown	\$8 million

^a Excludes additional worker assistance included in some announcements. ^b The NSW Government concurrently established a \$10 million Hunter Advantage Fund. ^c Auspine was awarded \$4 million from the Fund, plus a further \$450 000 from the Tasmanian Softwood Industry Development Program. The full amount was not paid as the agreement was terminated in August 2008 following closure of the sawmill. ^d This Fund subsequently developed into the North East Tasmania Innovation and Investment Fund. ^e In addition to the \$3.6m NETIF, there was \$0.6m for the North East Tasmania (NET) micro program, funded equally by the Australian and Tasmanian Governments. ^f This Fund built upon the unfinished Scottsdale package. ^g A further 200 job losses were concurrently announced for the Western Port hot strip mill in Victoria. ^h Employment at the time of the BHP announcement was around 2800. Closure was two and half years later. Nearly 650 left in the interim and between 400 and 500 retired. At closure, about 900 were reported as needing assistance to find a job (Hobson 2002). ⁱ Possibly around 235 — approximately 150 jobs (103 full time, 32 contractors and 16 casual) were expected to be lost when it was announced in December 2011 that the mine would close in June 2012 (The Australian 2011). A year earlier 85 jobs had been lost.

Source: Commission research.

Differences in eligibility criteria and targeting

While each fund has a similar general focus — sustainable, new regional investment — there are differences across the various IIF's in terms of eligibility criteria. For example, the Illawarra IIF and Tasmanian IIF guidelines were released in the same month. Yet, the Illawarra IIF has six assessment criteria and the Tasmanian IIF has three. The Tasmanian IIF also has 13 questions pertaining to the criteria which it is suggested that applicants 'should answer'. No such guidance is provided for the Illawarra IIF. The North East Tasmania IIF has four criteria and Geelong IIF seven evaluation criteria. The North West Tasmania IIF states that its three criteria are equally weighted. No weighting rules are mentioned for the other funds.

Targeting appears to differ in some respects across the funds (box 4.3). Some target the specifically affected local area, some the broader region. Some seek to maintain the focus on the traditional activity (for example, timber related or manufacturing). Others seek to diversify away from the dominant local activity. The five Tasmanian funds include some overlap in the eligible regions.

The emphasis on innovation also varies between the funds. The only reference to innovation in the customer guide and eligibility criteria for the North East Tasmanian IIF is in the name of the program. On the other hand, the IIF for South Australia referred to innovation as a desirable (through not essential) criterion to secure a grant. By contrast, the Illawarra IIF seems to have a stronger innovation focus — ‘projects which demonstrate the introduction of new innovations and/or technology will be favoured’. While innovation is variously incorporated in the title and objectives of individual funds, these funds are not included in the annual Australian Innovation System Report (or listed as an innovation program on the Department of Innovation, Industry, Science and Research website).

Possible windfall gains on activity that would have occurred anyway

Some of the IIF Guidelines seek to avoid dissipating funding on activity that would have occurred anyway or which crowds out or transfers activity from elsewhere. For instance, in the case of the Geelong IIF:

... projects which involve no sustained increase in economic activity in Australia or involve a relocation of activity to the Geelong region from within Victoria or from other States and Territories will not be funded. (DIISR 2007, p. 5)

One of the seven evaluation criteria for the Geelong IIF is:

... the extent to which it would be unlikely to proceed without the subsidy. (DIISR 2007, p. 5)

Box 4.3 Some differences in targeting of the regional Innovation and Investment Funds

Targeting preferences have been variously indicated in the Ministerial announcements of the funds, the fund guidelines and the eligibility criteria. Preferences include particular activities and locations. The extent to which the pattern of grants awarded conforms to the indicated preferences has not been analysed.

- The announcement of the Illawarra IIF said the Fund will focus on creating innovative, high-skilled jobs 'mainly in manufacturing' (Carr and O'Farrell 2011).
- The Tasmania IIF is intended to support innovative job creation projects 'particularly in areas affected by the restructuring of the forestry sector' (Ausindustry 2011).
- While the North East Tasmania IIF was targeted at the North East (Dorset and Launceston Local Government boundaries) 'preference will be given to those projects that demonstrate the benefits that would flow to the Scottsdale area'. (Ausindustry 2008). The Fund is also intended to 'particularly encourage applications for projects that add value to the region's timber resources'. About a third of the successful applicants were related to forestry, timber, furniture. The largest of the grants was to a yacht manufacturer.
- The announcement of the South Australian IIF said the fund would 'encourage projects supporting the introduction of new innovations or technology including investment in emerging growth sectors such as defence and ICT'. The focus would be on the southern suburbs of Adelaide and the possible use of the Tonsley Park site and facilities (Carr and Rann 2008).
- Eligibility criteria for the Geelong IIF included 'contribution towards the diversification of the Geelong regional economy beyond the automotive industry' (DIISR 2007).
- The Structural Adjustment Fund for SA was intended to support job opportunities around Adelaide following closure of Mitsubishi. Eligibility for grants from the fund was not restricted to the southern region of Adelaide where Mitsubishi's Lonsdale plant existed. The largest funding recipient was a chicken processing plant located 50km from the car plant. Another recipient was 74km away. In part, the approach was justified on the basis that workers from the south would commute to the new opportunities (in north Adelaide), but research subsequently showed that many retrenched workers were reluctant to undertake the journey (Beer 2006).
- In contrast to all other funds, where all payments were directed to new activities, the Beaconsfield and Scottsdale fund/packages each awarded about half the support to the employer where jobs were at risk (Macfarlane 2007a; Macfarlane 2007b).
- The five Tasmanian funds involve some regional overlaps. For instance, Dorset and Launceston Local Government Areas are covered by both the North West and North IIF and North East IIF, while the Tasmania IIF covers the whole of Tasmania.

Outright grant schemes nevertheless risk subsidising activity that would have occurred anyway.⁸ The break-even subsidy required to induce each project is likely to vary, so with many grant recipients having received close to the funding limit of 50 per cent there is likely to have been a windfall gain for some. In an attempt to maximise the additionality from the available funding, and minimise windfall gains to recipients, some adjustment assistance programs ask the recipient what they are willing to accept to exit the industry or for relinquishing natural resource access rights.

How do the IIFs fit into the general framework of regional programs?

During the period since 1997, Australian Governments have also operated several general regional development programs. These broader programs provided support for both regional businesses and community projects. The current Government's approach to regional development is 'to work in partnership with communities, government and the private sector to foster the development of self-reliant communities and regions' (DRALGAS 2012). A key advisory body supporting this approach is Regional Development Australia (RDA), a national network of 55 committees made up of local leaders who work with all levels of government, business and community groups to support the development of their regions.

The regional adjustment funds operate in parallel to the general regional development programs. They appear to have different regional representation to the general programs. Regional input into the more recent IIFs has been via a local representative on the grant assessment panel. For example, the Geelong IIF provided for 'an independent Chairperson of eminent reputation able to reflect the views of the Geelong Community'.

A threshold matter with regional assistance is the definition of a vulnerable region (box 4.4). There are three fundamental criteria: a sufficient adverse shock, a weak capacity to absorb that shock, and a meaningfully defined geographic area for providing assistance. All can involve difficult judgments. At the time of the announcement of the IIFs, there appears to have been little accompanying analysis demonstrating the (relative) vulnerability of the local area. It is unclear how the IIF approach fits with the vulnerability and needs assessment framework underlying general regional development programs.

⁸ The Commission found evidence of windfall gains in grant programs in its evaluation of the Pharmaceutical Industry Investment Program (PC 2003b) and Public Support for Science and Innovation (PC 2007a). Alternative subsidy design instruments may reduce such a risk (PC 2007b, box 6.4).

Box 4.4 **Assessing regional vulnerability**

In April 2004, it was announced that the Lonsdale plant of Mitsubishi Motors would be closed with a loss of 700 jobs and a further 400 voluntary redundancies from Mitsubishi's Tonsley Park assembly plant. The southern region of Adelaide — defined as the jurisdictions of the City of Onkaparinga and the City of Marion — was perceived to be at risk economically as a consequence of the Mitsubishi job losses. Its potential vulnerability was deemed to reflect a number of factors.

- The region had a relatively unskilled and under-qualified workforce; regional incomes were lower than the national average; and a significant proportion of the workforce was employed outside the region.
- The workforce being made redundant was mature and tended to be concentrated in neighborhoods close to the Mitsubishi factories. There was, therefore, a real prospect that those who left Mitsubishi would not find paid employment and that the consequences of employment loss would be concentrated in a relatively small area.
- The region had lagged behind the expansion of manufacturing — and especially advanced manufacturing — in other parts of the metropolitan area, as the majority of new manufacturing enterprises had established in northern Adelaide.
- Businesses within the region tended to be small-scale and relatively mature. The Mobil (Exxon) oil refinery at Lonsdale had closed two years previously with significant loss of employment and the local wine industry faltered in 2004 and 2005 as the national supply of grapes for wine production exceeded demand.
- The southern region of Adelaide was relatively poorly served in terms of transport, power and telecommunications.

Source: Beer (2006).

The establishment of the IIFs is accompanied by little, if any, vulnerability analysis other than the headline number of jobs expected to be lost. It is not clear how the vulnerability of these regions compares with other regions where IIFs are not operating. Nor is it clear how IIFs compare with other options for addressing regional needs.

Limited ex-post evaluation

In the case of most funds, the employment experience and characteristics of the displaced workers is not well known.⁹ Labour market studies indicate that, on the whole, a substantial proportion of displaced workers are re-employed relatively quickly, but it is also common for a minority to remain unemployed many months

⁹ One exception is the case of workers from Mitsubishi in 2004 (Beer et al 2006).

after being made redundant, while others withdraw from the workforce altogether (PC 2001).¹⁰

There is also limited evaluation of the employment outcomes and firm survival of grant recipients. While governments generally announce successful applicants and highlight the numbers of new jobs and investment dollars expected to be attracted to the region, there appear to be limited systematic monitoring and public reporting of the actual outcomes.

The limited evaluations that have been conducted suggest the funds may not be as effective as intended. For instance, the commissioned evaluation of the Eden Regional Adjustment Package found that actual job creation peaked at 69 per cent of expected employment two years into the program, and had fallen to 50 per cent after five years (Hassell & Associates 2006). This equated to \$34 500 per job created. A non-government study of outcomes, based on aggregate regional employment, concluded that the IIFs do not appear to have had any positive effect on regional employment (box 4.5).

These studies suggest that the IIFs have limited impact in addressing short-term regional vulnerability to closure of a major firm or providing for the early uptake of displaced workers. The studies identified lags in bringing on subsidised new investment. Grants awarded under the IIFs have to be expended within three years. Inghams Enterprises (the largest recipient under Structural Adjustment Fund for SA) announced more than a year after its grant was confirmed that it was just beginning to recruit and would take up to another two years to reach full staffing at the new facility (Emmerson 2007).

Exit and buy-back assistance

Significant adjustment assistance has been provided in the form of exit and buy-back payments. The objectives of these payments have variously been to voluntarily reduce effort in the harvesting of resources (such as fisheries and native forests), compensate businesses for the cancellation of resource-use or production entitlements (as in the case of tobacco), or facilitate the exit of struggling agricultural operators.

¹⁰ Of the 1850 workers who lost their jobs with Pacific Brands (in 2009 and 2010) the employment status of 1193 was assessed one year later. Almost half (44 per cent) were employed. Of those employed, 22 per cent were in permanent jobs (Kirk 2011).

Box 4.5 Evaluation of regional employment outcomes

The GRATTAN Institute studied six of the regionally focussed adjustment funds — those centred on Scottsdale, Tonsley Park, North West and Northern Tasmania, Lonsdale, North West Adelaide and Geelong. The study reached a number of conclusions.

- The Funds do not appear to have significantly affected overall long-term employment trends in the region.
- The Funds did not result in the regions performing any better than other regions that lose a major employer but did not receive any government assistance (for example, Fletcher Jones in Warrambool and Kodak in Coburg).
- The once-off cost per expected job from the structural adjustment packages ranges from \$20 000 to nearly \$60 000 — if all of the planned jobs did not materialise, the costs per actual job is higher still. This notional subsidy is high relative to an employer who takes on an apprentice in a regional area (a \$5000 subsidy).
- While the areas that received assistance started with relatively more depressed labour markets, the regions without assistance appeared to adjust slightly better over the next two years. While in all regions unemployment rose in the short term immediately following plant closure, the recovery was not any quicker in regions that received structural adjustment assistance.
- Funding under the packages generally had a six to 12 month lag, so any discernible immediate effect on local employment of the packages are more likely due to the intensive retraining and job search assistance.

Source: Grattan Institute (2011).

Two general models of exit and buy-back assistance can be identified:

- pre-set amounts up to prescribed limits, with the precise payment amount linked to criteria such as asset levels or previous revenue; and
- bids by business, with payment variously subject to price ceilings or reserves and non-price merit ranking conditions such as how much entitlement is being offered for buy-back (box 4.6).

In addition to the exit assistance afforded to eligible businesses, complementary assistance has sometimes been made available for training, advice, relocation, re-establishment, and/or the removal of productive assets.

Box 4.6 Examples of exit assistance and buy-backs

Pre-set amounts

- Pork Producer Exit Program (1999), involving payment up to \$45 000 to producers with net assets of \$90 000 or less. The grant reduces by \$2 for every \$5 of net assets in excess of \$90 000.
- Dairy Exit Program (2000), involving payments of up to \$45 000.
- Sugar Industry Assistance Package (2002), involving payments of up to \$45 000.
- Sugar Industry Reform Program (2004), involving payments of up to \$50 000, \$75 000 or \$100 000 depending on year of exit with larger amounts for earlier years.
- Tobacco (2006), involving payments of up to \$150 000.
- Drought — EC Exit Package (2007), involving payments of up to \$150 000. The maximum applies if net assets are less than \$350 000. The payment is reduced by \$2 for every \$3 of net assets in excess of \$350 000 and extinguished at \$575 000.
- Torres Strait Prawn Fishery buy-back (2007), was a mandatory 100 per cent buy-out with each license holder paid compensation based on the volume of seafood they caught in past years as a proportion of the total catch.
- Climate Change Re-establishment Grant (2008), involving payment up to \$150 000.
- Small Block Irrigators Exit Grant Package (2008), involving payment up to \$150 000. Same asset test and phase out as EC Exit Package (above).

Competitive tender

- Great Barrier Reef Marine Park Fishery buy-back (2004) took the form of a single-stage voluntary tender. The average paid to 122 fisheries businesses was about \$270 000 (\$33 million in total). The average paid to 16 onshore fisheries-related businesses was about \$444 000 (\$7 million in total).
- Securing Our Fishing Future buy-back (2005) took the form of two voluntary sealed bid tenders. The first Round provided an average of about \$225 000 to 400 operators (about \$90 million) while the second provided an average of about \$400 000 to 150 operators (about \$60 million). The total buy-back removed approximately 30 per cent of fishing effort.
- Restoring the Balance water buy-back (2009), involved multiple rounds and non-binding expression of interest, as well as bids under a reserve price being automatically accepted. At 31 January 2010, 797 gigalitres (GL) of entitlements of varying reliability (equal to about 532 GL long term reliability) had been purchased for \$1.3 billion.
- Tasmanian Forest Contractors Exit Assistance (2010) took the form of a competitive application process which ranked applicants against four criteria: bids up to a maximum of \$750 000 with lower bids more highly ranked; the percentage of operations in the native forest sector; the size of contracted/agreed volumes; and their level of debt (higher debts and entitlements owed ranked higher). The bid criterion attracted a 40 per cent weighting in the ranking process and the other three criterion each a 20 per cent weighting.

The granting of exit assistance has generally been accompanied by restrictions on re-entry. For example, dairy farmers and tobacco growers were precluded from agriculture for five years, while forest exit eligibility has included rules about the on-sale of machinery. The Murray Darling Small Block Irrigators Exit program required the removal of crops and above ground irrigation infrastructure.

While there has been no overarching review of exit and buyback programs, a number of issues have been raised about the effectiveness, efficiency and equity of individual programs. Some of these issues are identified below.

Low take up rates

Impediments to the take-up of exit assistance can limit the intended impact of the schemes. For instance the take-up of exit assistance under the dairy and drought schemes was reportedly below expectations (Harris 2004, PC 2009b). A factor in the dairy scheme was the restriction on withdrawing from all agriculture for five years. This limited its attractiveness to some dairy farmers who intended switching to other agricultural pursuits. The concurrent availability of ‘continuation’ assistance is also likely to have limited the attractiveness of the dairy and drought exit programs. The take-up rate of the drought exit scheme was also limited by its failure to address the non-monetary reasons for remaining on the farm (PC 2009b). To some extent, the small block irrigators exit scheme addressed this by allowing irrigators to remain living on the block — in this scheme it was the water entitlement that was being ‘exited’. This was seen as a way to facilitate structural adjustment (water recovery) without social disruption.

Lower than expected take-up rates of exit may simply reflect improvement in conditions rather than design limitations. For example, the world indicator price of raw sugar increased by about 30 per cent in 2004-05 and a forecast of a further rise of 16 per cent in 2005-06 may partly explain the limited take-up of re-establishment grants under the 2004 Sugar Industry Reform Program (PC 2005b, p. 3.13). The Government responded by easing the asset limit test and extending the application deadline.

Design and cost effectiveness

Designing a cost effective and efficient tender process is complex. The design of tender processes for buy-backs have differed in terms of whether multiple rounds were used, reserve prices, maximum prices, binding or non-binding bids, the time length of the tender and other facets (box 4.6, above).

Tender processes have been changed in light of experience. For example, the Securing Our Fishing Future (2005) design sought to respond to concerns with the approach adopted for the Great Barrier Reef Marine Park Fishery (2004) which involved a single stage tender with relatively short timeframes. It was also complicated by operators having to concurrently choose between exit and ongoing business restructuring assistance, but with uncertainty attached to the amount of assistance under either (Gunn et al 2010, p. 80). The conduct of the Restoring the Balance water buy-back has changed from a nine month rolling system with repeat bidding allowed, to a series of short, sharp tenders. In the longer format, price discovery became known informally very quickly, which was considered to seemingly negate the reason for choosing tenders over other market mechanisms.

Besides the specifics of the tender itself, the cost effectiveness of a buy-back can be influenced by the broader context in which it is taking place. As the Commission observed in its 2010 report on *Market Mechanisms for recovering water in the Murray-Darling Basin* (PC 2010c), purchasing water from willing sellers (at appropriate prices) is a cost-effective way of meeting the Government's liability for policy-induced changes in water availability. However, it noted that the buyback was occurring before sustainable diversion limits (SDLs) were set under the Basin Plan, and before the liability for policy-induced changes to water availability had been resolved. This Commission concluded that this created uncertainty in the minds of irrigators and affected the efficiency of the buyback.

Formulating pre-set amounts of exit assistance involves setting a balance between providing sufficient incentive for a business to take-up the exit option and a risk of providing assistance in excess of what a business would be willing to accept to exit as revealed under a tender process. In this context, the independent consultant that reviewed an exit assistance proposal by the Tasmanian Forestry Contractors Association (TCFA) estimated that a realistic base cost of exiting was \$311 000 per business, compared with the TCFA request of \$1 million per business. (Poyry 2007).

Whilst exit assistance and buy-backs may prove effective in reducing the scale of operations in line with program objectives, it does not follow that there are net benefits from a community-wide perspective. In the case of the Securing Our Fishing Future buy-back (2005), although it was designed to facilitate the government purchasing the greatest number of fishing concessions for the least cost, the improvements in net economic returns realised by the remaining operators were assessed to be relatively small compared with the \$149 million that was paid to scale back the fishing effort (ABARE 2010).

Equity concerns

Some concerns have also been raised about the equity of some exit schemes. For example, in examining the drought exit scheme the Commission found no clear rationale for why exit grants should be available to the farming sector well beyond that provided to other small businesses that wish to cease trading (PC 2009b).

Buy-backs also raise equity concerns depending on whether the program aims to remove actual or potential capacity, or resource users, from the system. Some licenses and entitlements are underutilised but could be enacted if other users vacated. Buying out 'latent effort' can result in concerns over the equity of payouts to people who were not actually operating their rights to earn a livelihood (Loxton et al 2011).

Assessment criteria for forestry exit packages have included, in addition to the amount of funding the business applies for and the size of quotas held, the business' level of debt and its demonstrated lack of viability. Directing funding to the least successful businesses raises equity concerns (Loxton et al 2011).

Another equity aspect relates to whether a business should be eligible for exit assistance if it has previously received adjustment assistance. For example, a comparison of grant recipients under the Tasmanian Community Forestry Agreement (SRRATLC 2009) and the Tasmanian Forest Contractors Exit Assistance Program (DAFF 2011) suggests eight Tasmanian forestry businesses received a total of \$3.8 million for transformation investment in 2007 and were later to be awarded \$6.4 million in exit grants in 2011.

4.4 Concluding comments

Adjustment assistance of various kinds has long been a feature of government support to firms, workers and regions experiencing difficulty in response to market developments, including those related to policy changes. It can play a potentially valuable role in facilitating change, reducing transitional costs and easing burdens. However, in order for it to yield net benefits to the community as a whole, it needs to be properly justified, well targeted and administered, and have the outcomes monitored. Experience has been variable in these respects, as has the likely efficacy of the various programs.

Given the opportunity costs in funding such programs, it is important that taxpayers' money is well directed. To this end, on the basis of this review, there would be merit in conducting a more detailed assessment of programs of different kinds, in order for any lessons to be incorporated into future program design and delivery.

5 Recent developments in trade policy

This chapter reports on selected developments in Australia's trade policy since mid-2011, including:

- continued efforts to conclude the Doha Round of multilateral trade negotiations;
- ongoing negotiation of preferential bilateral and regional trade agreements, and the intention to initiate further agreements;
- international trade disputes at the WTO that involve Australia; and
- recent reviews of programs.

5.1 Trade negotiations and agreements

The Doha Round of multilateral trade negotiations

The latest round of WTO multilateral trade negotiations (the Doha Round) was launched in 2001. The Round set an ambitious negotiating agenda. The original deadline for the Round's completion was 1 January 2005, but a conclusion is still to be achieved.

The Round was said to have nearly concluded in 2008 when agreement was reached on a number of topics, but the meeting collapsed due to a disagreement over agriculture (WTO 2008). The formal draft proposals have not changed since late 2008, although negotiators have tried many approaches to finalise the Round.

At a meeting in Paris in May 2011 of the Trade Negotiations Committee, the WTO ambassadors accepted that agreement on agriculture, non-agricultural market access, services, trade remedies and intellectual property was unlikely to be achievable by the December 2011 Ministerial Conference (WTO 2011e).

New approaches suggested

Subsequent to the Paris meeting, the Australian Trade Minister identified four options for the Doha Round — 'declaring it dead'; 'pressing on with the current approach'; 'putting it in a deep freeze for possible revival later'; and 'taking a fresh

approach to negotiations' (Emerson 2011d). The Minister suggested a new approach to global trade reform involving separate negotiations on individual elements of the Agenda, either by all members or by a critical mass of members, as well as initial pledges by major economies on what they individually were prepared to do to assist the world's least developed countries. (Emerson 2011e)

During the G20 and APEC Leaders' meetings in November 2011, the prospects for further trade reform through the Doha Round were considered. In the course of discussions, the Australian Prime Minister reiterated that the Doha Round had reached gridlock and was in need of a fresh approach (Gillard 2011). The APEC Leaders' Declaration stated:

We have deep concerns regarding the impasse confronting the Doha Development Agenda (DDA), and the reality that a conclusion of all elements of the Doha agenda is unlikely in the near future. We will not complete the DDA if we continue to conduct negotiations as we have in the past. (APEC 2011b)

Concurrent with the G20 and APEC meetings, the World Bank and Centre for Economic Policy Research advanced the suggestion of adopting the Doha drafts as they stand (World Bank 2011). It was recognised that the current drafts are short of the ambitious end point envisaged when the Round commenced, but do include various liberalisations. It was also argued that at a time of low growth in Europe and United States of America, the benefits offered by the Doha drafts would be particularly valuable.

The Eighth Ministerial Conference

The Eighth Ministerial Conference of the Doha Round was held in Geneva in December 2011 against this backdrop. While a number of WTO members emphasised openness to different negotiating approaches, some had strong reservations about plurilateral approaches (box 5.1). Ministers, however, committed to advancing negotiations, where progress can be achieved, including on elements that allow for provisional or definitive agreements based on consensus earlier than the full conclusion of the complete package. (WTO 2011e).

Box 5.1 Views from the Eighth Ministerial Conference of the Doha Round on different negotiating approaches

A range of views on possible negotiating approaches to conclude the Doha Round were canvassed at the December conference and summarised in the conference communiqué.

- Many Ministers stressed the need for Members to start identifying areas where provisional or definitive agreements could be reached in the shorter term. Others indicated the need to move step by step, bottom-up, to avoid repeating past failed attempts.
- Many Members stressed that any different approaches in the work ahead should conform to the Doha mandate, respect the single undertaking, and be truly multilateral, transparent and inclusive.
- In looking at future work, a large number of Ministers stressed the centrality of development. Many underlined the need to give priority to issues of interest to LDCs, including cotton. Many mentioned the importance of all three pillars in the agriculture negotiations. Many also mentioned trade facilitation, special and differential treatment (and the associated monitoring mechanism), and non-tariff measures.
- There was a shared sense that a key issue for unlocking the current impasse is the balance in contributions and responsibilities between emerging and advanced economies, although there were different views as to what the appropriate shares in this balance should be.
- Several Ministers emphasized the importance of a transparent, inclusive and bottom-up approach in the work ahead while others stressed the need to take account of all Members' views and avoid attributing the views of a few to the whole membership.

Source: WTO (2011e).

Asia-Pacific Economic Cooperation

Created in 1989, the objectives of the Asia-Pacific Economic Cooperation (APEC) are to promote free and open trade and investment, accelerate regional economic integration, encourage economic and technical cooperation, enhance human security, and facilitate a favourable and sustainable business environment (APEC 2011a).

APEC is not a negotiating forum; it seeks to reach agreement by consensus and has adopted the guiding concept of ‘open regionalism’. The Declaration from the Sixth Leaders’ meeting in Honolulu in November 2011 addressed three areas:

- strengthening regional economic integration and expanding trade;

-
- promoting green growth; and
 - achieving regulatory convergence and cooperation.

In this context, APEC Member Economies agreed to develop in 2012, an APEC list of environmental goods on which tariffs will be reduced to five per cent or less by 2015. The Leaders also agreed to a regional database on regulations so that small and medium enterprises can improve their market knowledge and their ability to trade, and to promote regulatory convergence.

Preferential trade agreements

Australia's preferential trade agreements include some long standing arrangements with New Zealand, the South Pacific Forum Island countries, Papua New Guinea and Canada. Australia's most recent preferential trade agreement was with ASEAN and New Zealand, which entered into force on 1 January 2010. Australia's other agreements are with: Singapore, (entered into force on 28 July 2003); Thailand (1 January 2005); the United States (1 January 2005); Chile (6 March 2009); and ASEAN and New Zealand (1 January 2010). Further bilateral agreements are currently being pursued with China, Japan, Korea, Indonesia, India and the Gulf Cooperation Council (GCC).

Australia is also involved in negotiations for two regional agreements:

- a proposed Pacific Agreement on Closer Economic Relations (PACER) Plus agreement with Pacific Islands Forum members; and
- a proposed Trans-Pacific Partnership (TPP) Agreement that would expand on the current Trans-Pacific Strategic Economic Partnership Agreement between Brunei Darussalam, Chile, New Zealand and Singapore (which entered into force in 2006), to include Australia, Peru, the United States and Vietnam.

In November 2011, the TPP group announced that agreement on the broad outlines of the TPP had been reached. Officials were instructed by governments to conclude the Agreement as rapidly as possible (TPP Leaders 2011). The twelfth round is scheduled to be held in Dallas in May 2012 while the thirteenth round is scheduled to be held in San Diego in July 2012. Canada, Japan and Mexico have formally expressed interest in joining the TPP negotiations.

Australia-New Zealand closer economic relations

In July 2011, the Australian and New Zealand Governments agreed to an implementation plan to deliver a single patent application process for both countries

by early 2013, and a single patent examination process by June 2014 (Carr 2011j). The measures aim to remove duplication, improve efficiencies and reduce costs in the patent application and examination process. They are intended to make it easier for businesses to protect their intellectual property in both countries, encourage innovation and help create a seamless trans-Tasman business environment.

In January 2012, the Australian and New Zealand Governments also agreed that the Productivity Commissions of the two countries would conduct a joint study on the options for further reforms to enhance integration and improve economic outcomes across the countries. An issues paper inviting submissions was released in April 2012. The final report is to be submitted to both governments in December 2012, with a draft scheduled for release in early September. Prime Ministers will be meeting in early 2013, on the thirtieth anniversary of CER.

Developments in international agreements regarding intellectual property

Australia has recently been involved in a number of international developments that could affect the conferring of intellectual property (IP) rights, including:

- signing of the Anti-Counterfeiting Trade Agreement (ACTA); and
- participation in the ongoing negotiations for the Trans-Pacific Partnership (TPP) agreement.

While both are plurilateral in nature, different countries are involved in the respective developments.¹ Australia is also involved in other developments that could affect international intellectual property rights including negotiations towards a possible treaty to protect audiovisual performances under the auspices of the World Intellectual Property Organization (WIPO).

Such arrangements, on entering into force, could create obligations requiring Australia and other member countries to increase the level of protection to IP holders, or enforcement of IP rights, over that conferred by current laws. The net impact on the Australian community of any additional obligations arising from actions in Australia or partner countries, will depend on the innovation benefits

¹ ACTA was negotiated by Australia, Canada, the European Union (represented by the European Commission, and the European Union Presidency), Japan, the Republic of Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland and the United States. The TPP is currently being negotiated by Australia, Brunei Darussalam, Chile, New Zealand, Peru, Vietnam, Malaysia and the United States.

accruing from strengthened IP rights versus the additional costs imposed on business, researchers and consumers. (box 5.2).

Box 5.2 IP obligations arising from international trade agreements

IP provisions in trade agreements typically result in two types of obligation for member states.

- *Rule-expanding* provisions require a member state to increase its domestic protection of intellectual property, such as by protecting new forms of IP, granting additional exclusive rights to IP rights holders, or by extending the duration of protection.
- *Rule-enforcing* provisions require a member state to increase the enforcement mechanisms available to IP rights holders, and can include increasing penalties for IP infringements, reversing the onus or standard of proof in infringement cases, or increasing the resources of the member state dedicated to investigating and prosecuting IP infringement.

Both obligations have the potential to increase the returns to rights holders, while increasing costs to producers, researchers and consumers. The Commission (PC 2010b) noted that a retrospective increase in rights is unlikely to have net benefits for Australia. Moreover, as Australia is a net importer of IP protected products, increases in rights are likely to benefit overseas rights holders disproportionately compared with domestic rights holders, with the potential to impose net costs on the Australian community.

Source: PC (2010b).

The Commission recently examined the impact of changes in domestic IP laws required by new or changed obligations in the context of its report *Bilateral and Regional Trade Agreements* (PC 2010b).² The Commission recommended that the Australian Government should not include matters in such agreements that would serve to increase barriers to trade, raise costs or affect established social policies (including changes to Australia's current IP regime) without a comprehensive review.

² The Commission has also considered issues relating to IP on a number of other occasions, including *Extending Patent Life: Is it in Australia's Economic Interests?* (IC 1996), *Trade-Related Aspects of Intellectual Property Rights* (PC 1999), *Public Support for Science and Innovation* (PC 2007a), and *Copyright Restrictions on the Parallel Importation of Books* (PC 2009).

The Anti-Counterfeiting Trade Agreement (ACTA)

The ACTA aims to reduce the international trade in goods infringing IP, particularly in counterfeit trade mark and pirated copyright products (Australian Government 2011, JSCT 2011).

The ACTA text was finalised in 2010, with Australia signing in October 2011. On entering into force, the agreement would impose a number of obligations on member states ratifying the agreement, including:

- The requirement to provide enforcement procedures for IP rights holders, including expeditious remedies to prevent infringements and remedies that constitute a deterrent to future infringements.
- Civil judicial procedures, including the availability of injunctions, and the provision of damages. A judicial authority shall have the ability to consider any legitimate measure of value in calculating damages.
- Establishment of a system of pre-established damages, presumptions for determining damages to compensate rights holders, or in the case of copyright infringement, additional damages.
- Maintaining procedures for customs authorities to act upon their own initiative to suspend the release of suspect goods.
- The provision of criminal enforcement provisions for copyright and trademark infringement on a commercial scale.

A range of views informed the Government's negotiating position, for example:

- the communications and services industries expressed concern that ACTA might change or make more onerous the liability of internet service providers (ISPs) for the activities of their clients;
- a number of stakeholders noted that Australia's participation in ACTA seemed unnecessary given Australia's existing strong IP enforcement regime;
- doubts were expressed about ACTA's impact on the use of peer-to-peer software and the importation of tangible signal theft devices, and about whether ACTA would restrict the right to privacy in Australia or affect sales of generic pharmaceuticals; and
- the entertainment industry expressed the strongest support for an ambitious agreement that would improve enforcement against copyright infringement on the internet and in the digital environment. (JSCT 2011, p.5)

According to the National Interest Analysis (NIA) Australia meets all obligations set out in ACTA through legislation already in force and existing common law (JSCT 2011).

In November 2011, the text of the agreement was presented to the Australian Parliament. A final decision to ratify the agreement has yet to be made.

IP provisions in a Trans-Pacific Partnership Agreement

The TPP negotiations have also included discussions regarding IP, with some of the provisions being likely to overlap with Australia's existing multilateral and bilateral agreements. At this stage, the Commission is not aware of a comprehensive statement of Australia's negotiating position.

Until negotiations conclude and Australia signs and ratifies the agreement, there are no new obligations regarding intellectual property rules or enforcement.

Investor-state dispute settlement provisions in trade agreements

Another element being considered in bilateral and regional trade agreement negotiations (including the TPP) is investor-state dispute settlement (ISDS) provisions. These relate to mechanisms agreed between partner countries to enable investors of one country to resolve investment-related disputes with the partner government. Like IP provisions, the Commission recommended against inclusion of ISDS provisions in trade agreements if they serve to increase barriers to trade or increase costs, without a comprehensive review.

The Government's position on ISDS in trade agreements is that it 'does not support provisions that would confer greater legal rights on foreign businesses than those available to domestic businesses' (Australian Government 2011).

Concerns about the public policy implications of ISDS provisions had earlier arisen during the negotiation of the Australia-United States Free Trade Agreement (AUSFTA). The final text of the investment chapter of that agreement does not contain a standard investor-state dispute settlement clause.

5.2 Dispute settlement in the global trading system

Dispute settlement is central to the multilateral trading system under the WTO to help make the global trading system more secure and predictable. The arrangements are the responsibility of the Dispute Settlement Body (DSB) and are based on

clearly-defined rules, with specified timetables for completing a case. Since the WTO's inception in 1995, 435 disputes have been initiated under the dispute settlement system (WTO 2012).

Australia has been a complainant in seven cases since the commencement of the WTO in 1995 and has appeared as a third party in 63 other disputes between WTO Members.

Twelve complaints have been lodged against Australia since 1995 — the last two in 2012. Both the Ukraine and Honduras separately requested consultations with Australia concerning certain Australian laws and regulations relating to trademarks and other plain packaging requirements on tobacco products. After 60 days, if consultations have failed to resolve the complaint, the complainants may request adjudication by a panel. A total of twelve other countries have requested to join the consultations as third parties — Brazil, Canada, the European Union, El Salvador, Guatemala, Indonesia, New Zealand, Nicaragua, Norway, The Phillipines, Uruguay and Zimbabwe. These requests were accepted by Australia.

Another development during the year relating to complaints against Australia was the commencement of imports of apples from New Zealand. Although a final ruling in favour of New Zealand had been made by in November 2010 by the WTO Dispute Settlement Body (PC 2011c), the import restrictions were not lifted immediately. In August 2011, the Australian Government released a statement outlining conditions on the importation of apples from New Zealand consistent with the Dispute Settlement Body recommendations (Ludwig 2011q).³ At the time, the Tasmanian and South Australian governments both announced they would attempt to maintain import restrictions on New Zealand apples. The Queensland government said it would likely comply. In the first month after the restrictions were lifted, a total of 13 consignments of New Zealand apples had been inspected,⁴ containing a total of 87 438 apples (RATLC 2011). Of this, three consignments containing a total of 21 840 apples were rejected due to the presence of pieces of leaf and apple leaf curling midge.

³ The conditions include: New Zealand orchards and packing houses wishing to export to Australia must be registered; orchards are required to have a fire blight monitoring regime; only commercially mature fruit can be exported; certain control measures in packing houses; and physical inspections in both New Zealand and Australia.

⁴ Inspections involve a minimum 600 fruit sample from each lot, one variety per production site per harvest period. In addition, Australian quarantine officers will take a 600 fruit random sample from each consignment.

5.3 Other trade policy developments

Review of Australia's export credit arrangements

In September 2011, the Australian Government announced that the Productivity Commission would conduct an inquiry into the arrangements for the provision of export credit through the Export Finance and Insurance Corporation (EFIC) (Emerson 2011c). The review follows a previous review by the Department of Foreign Affairs and Trade in 2006 that recommended that a more detailed and independent inquiry be carried out.

In February 2012, the Commission released its draft report. The Commission's preliminary assessment was that information-related market failures in financial markets are only likely to affect newly exporting small and medium-sized enterprises (SMEs) accessing export finance. However, EFIC's activity on the commercial account is largely focussed on large corporate clients and often repeat customers. The Commission found no convincing evidence to indicate that there are failures in financial markets that impede access to finance for large firms, or for domestic resource projects. It made the draft suggestion that therefore EFIC should not continue to provide finance to large corporate clients or for domestic resource projects on the commercial account. The final report is due to be presented to Government by 31 May 2012.

Inquiry into the Foreign Investment Review Board National Interest Test

In July 2011, the Senate referred an examination of the Foreign Investment Review Board (FIRB) National Interest Test to the Senate Standing Committees on Rural Affairs and Transport for inquiry and report (Parliament of Australia 2011). The inquiry arose from community concerns about foreign acquisition of Australian agricultural land. It is examining a number of issues, including:

- whether food security concerns should have a place in the test;
- the transparency of the FIRB's decisions on whether to approve or deny a foreign investment and, in particular, whether there is a sufficient level of detail disclosed regarding whether an investment is in the national interest; and
- any overlap between the roles of the federal and state governments in approving a foreign investor's proposed land use in the mining context.

The Committee is due to release its report on the inquiry in June 2012.

Restructure of Austrade overseas offices

In May 2011, the Australian Government announced plans for changes in Austrade (Emerson 2011a). The changes are intended to better target Austrade's resources around sound economic and commercial principles, and for the resources to be deployed where Austrade adds the greatest value. In addition, the changes aim to lower the costs for businesses to learn about how to do business in an emerging market and the potential commercial opportunities.

Austrade will close small offices in Europe and North America, and will rationalise its staffing in some locations. Austrade's resources from North American and European markets would in future be heavily focused on attracting foreign direct investment. Austrade will seek to carry out more of its work in the world's frontier and emerging markets, by establishing offices in Mongolia and Central Asia, and strengthen its presence in Latin America, China and Africa.⁵ In August 2011, the Australian Government also announced that Austrade would open a new office and manage an Australian Consulate-General in Bogota, Columbia, next year (Emerson 2011b)

Review of Australia's anti-dumping and countervailing system

On 22 June 2011, the Australian Government announced its response to the Productivity Commission's inquiry report into Australia's anti-dumping and countervailing system (O'Connor and Emerson 2011). The Government accepted 15 of the 20 recommendations, including a 30-day time limit for Ministerial decisions. The Government rejected the key recommendation for a 'bounded' public interest test, instead deciding to retain Ministerial discretion over whether a proposed measure should be implemented.

⁵ The 2008 (Mortimer) Review of Export Policies and programs was of the view that Austrade and departmental trade resources should be expressly allocated to align with an *explicit ranking* of opportunities and potential gains in export and investment. (p. 32). The Review developed a table indicating the relative importance of different markets (p. 59). The Review considered that Australia's export and investment efforts 'must be oriented to the East Asian and South Asian regions, with a focus on China, India, Japan, the countries of ASEAN and the Republic of Korea' (p. 58). It also supported a dedicated investment focus in North America and Europe.

A Detailed estimates of Australian Government assistance to industry

Chapter 2 provides an overview of the Commission's estimates of Australian Government assistance to industry. This appendix provides supporting details of those estimates for the period 2005-06 to 2010-11.

Tables A.1 to A.3 provide estimates of net tariff assistance, budgetary assistance and net combined assistance by industry grouping. Following this, tables A.4 to A.7 provide estimates of output tariff assistance, input tariff penalties, budgetary outlays and tax concessions by industry grouping. Tables A.8 and A.9 provide estimates of the nominal rate of assistance on outputs and the nominal rate of assistance on materials, respectively.

Tables A.10 to A.13 detail budgetary assistance to primary, mining, manufacturing and services industry groupings, respectively, by budgetary measure. For each industry, budgetary assistance measures are also identified according to the activity assisted, such as exports and R&D. Table A.14 covers budgetary measures for which information about the industry benefiting is not available.

The budgetary assistance estimates are derived primarily from actual expenditures shown in departmental and agency annual reports, and the Australian Treasury Tax Expenditures Statement. Industry and sectoral disaggregations are based primarily on supplementary information provided by relevant departments or agencies.

Further information on the assistance estimation methodology, program coverage, industry allocation and implementation of the new input-output series is provided in the Methodological Annex to the *Trade & Assistance Review 2008-09*. The treatment of new programs and other methodological revisions from the previous review are provided in the methodological annex to this Review.

Tables in this appendix are also available on the Commission's website (<http://www.pc.gov.au/annualreports/trade-assistance>).

Table A.1 Net tariff assistance by industry grouping, 2005-06 to 2010-11^a
\$ million (nominal)

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	81.5	90.3	82.1	78.5	87.1	96.7
Dairy cattle farming	-3.4	-2.9	-4.0	-3.9	-3.1	-3.5
Grain, sheep & beef cattle farming	-22.8	-16.8	-20.9	-23.2	-20.3	-25.4
Horticulture & fruit growing	98.4	99.5	96.2	96.8	100.5	110.3
Other crop growing	-4.6	-4.6	-5.1	-5.4	-6.0	-7.2
Other livestock farming	-1.9	-1.8	-1.7	-1.9	-1.9	-1.9
Fisheries	-12.2	-12.5	-13.4	-13.0	-12.0	-13.4
Forestry & logging	34.4	35.3	37.9	36.7	37.3	46.5
Other primary production ^b	-6.5	-5.9	-6.9	-7.7	-7.4	-8.8
Mining	-209.6	-244.1	-264.7	-360.6	-290.3	-355.1
Manufacturing	6118.6	6308.0	6750.9	6576.1	6189.3	5913.5
Food, beverages & tobacco	1069.7	1096.8	1130.3	1137.3	1191.5	1179.9
Textiles, clothing & footwear	498.2	498.6	534.5	492.9	308.9	204.4
Wood & paper products	432.9	425.4	420.1	402.4	409.3	402.2
Printing, publishing & media	202.4	206.6	217.2	185.0	174.9	177.1
Petroleum, coal & chemicals	781.0	776.4	819.3	764.1	753.2	736.2
Non-metallic mineral products	183.9	191.0	206.0	212.0	203.6	197.5
Metal product manufacturing	1096.6	1230.6	1416.4	1419.1	1339.5	1437.8
Motor vehicles & parts	977.1	989.9	1055.3	1033.4	870.6	660.7
Other transport equipment	41.8	42.4	45.2	44.2	47.7	48.8
Other machinery & equipment	558.5	565.8	603.2	590.7	597.6	574.3
Other manufacturing	276.4	284.4	303.5	294.9	292.5	294.6
Services	-3933.5	-4326.5	-4684.7	-4956.2	-4945.9	-4893.8
Electricity, gas & water	-67.9	-70.4	-74.3	-76.6	-75.3	-75.2
Construction	-1242.1	-1410.7	-1537.0	-1663.1	-1736.7	-1762.3
Wholesale trade	-297.6	-315.4	-346.7	-344.3	-337.0	-324.4
Retail trade	-569.2	-623.8	-671.0	-695.5	-630.7	-575.8
Accomm., cafes & restaurants	-351.5	-374.2	-402.4	-421.8	-427.5	-442.4
Transport & storage	-241.5	-280.0	-297.5	-306.6	-278.8	-267.9
Communication services	-134.6	-142.8	-152.8	-161.1	-158.4	-142.3
Finance & insurance	-18.2	-20.9	-23.0	-25.0	-25.5	-27.4
Property & business	-360.3	-400.4	-454.4	-488.6	-508.5	-518.4
Government admin. & defence	-280.4	-299.2	-309.2	-333.2	-327.5	-321.0
Education	-76.0	-80.8	-85.0	-92.6	-95.6	-96.8
Health & community	-103.1	-113.1	-124.0	-131.0	-129.5	-131.3
Cultural & recreational	-119.2	-119.9	-129.4	-133.4	-134.4	-133.6
Personal & other services	-71.6	-74.9	-77.8	-83.3	-80.4	-75.3

– Nil. Figures may not add to totals due to rounding. ^a Tariff assistance estimates are derived using ABS Industry Gross Value Added at current prices data. This information is subject to periodic revision by the ABS.

^b Other primary production includes Services to agriculture (including Hunting & trapping) and Poultry farming.

Source: Commission estimates.

Table A.2 Budgetary assistance by industry grouping, 2005-06 to 2010-11
\$ million (nominal)

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	1443.5	1830.6	2318.4	1832.4	1611.7	1364.9
Dairy cattle farming	135.9	202.4	308.4	143.9	120.9	86.9
Grain, sheep & beef cattle	606.6	793.9	1087.9	1052.1	807.1	644.4
Horticulture & fruit growing	134.8	130.6	140.0	184.0	160.5	147.3
Other crop growing	229.9	192.0	175.6	65.6	76.2	40.3
Other livestock farming	30.8	34.1	40.8	36.7	29.7	23.4
Fisheries	81.6	281.7	174.1	75.5	69.8	70.7
Forestry & logging	78.4	49.9	55.2	-63.6	28.4	46.1
Other primary production ^a	27.2	28.1	43.3	34.3	32.6	37.6
Unallocated primary ^b	118.2	117.9	293.1	304.0	286.7	268.3
Mining	258.2	316.7	398.8	417.2	510.5	505.9
Manufacturing	1614.1	1660.8	1652.0	1632.6	1859.4	1602.0
Food, beverages & tobacco	113.4	100.8	90.6	111.7	122.0	118.9
Textiles, clothing & footwear	157.1	132.5	130.8	127.4	135.5	134.8
Wood & paper products	40.0	43.3	69.2	71.3	24.9	21.4
Printing, publishing & media	9.0	11.7	19.9	10.0	8.8	8.2
Petroleum, coal & chemicals	129.6	150.3	178.0	188.8	216.0	234.5
Non-metallic mineral products	17.1	18.7	27.2	13.8	16.1	16.2
Metal product manufacturing	159.7	200.4	138.1	116.7	122.1	115.7
Motor vehicles & parts	580.2	619.7	584.6	557.0	723.9	519.2
Other transport equipment	34.7	26.3	27.5	31.8	35.5	32.3
Other machinery & equipment	167.7	168.4	175.5	170.4	181.4	171.0
Other manufacturing	43.9	39.8	50.4	24.1	26.8	25.4
Unallocated manufacturing ^b	161.7	148.8	160.2	209.8	246.5	204.4
Services	1789.2	2336.5	3168.1	3398.9	3081.5	2634.0
Electricity, gas & water supply	95.3	73.9	98.8	95.1	119.5	75.9
Construction	51.2	104.1	123.0	147.9	129.8	119.6
Wholesale trade	82.7	97.1	121.0	186.2	192.0	182.2
Retail trade	67.1	212.3	272.3	333.3	174.0	140.8
Accomm., cafes & restaurants	43.1	48.7	66.6	77.3	51.6	44.6
Transport & storage	91.3	99.2	107.9	122.1	111.4	105.2
Communication services	132.3	151.3	178.1	132.9	139.8	133.8
Finance & insurance	327.4	492.8	744.8	912.7	760.6	614.4
Property & business	333.0	421.8	528.2	654.8	551.3	504.9
Government admin. & defence	14.2	20.8	18.0	33.9	34.4	34.2
Education	20.2	22.3	25.6	35.2	35.1	32.0
Health & community services	131.4	181.2	195.9	178.1	152.9	151.5
Cultural & recreational services	202.2	209.2	492.7	273.5	387.3	280.9
Personal & other	26.8	39.2	49.1	55.7	46.9	44.8
Unallocated services ^b	171.0	162.7	146.0	160.2	194.7	169.3
Unallocated other^b	685.2	660.6	861.1	852.5	2124.1	2906.3
TOTAL	5790.2	6805.2	8398.5	8133.6	9187.3	9013.1

– Nil. ^a Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*. ^b Unallocated includes general programs where details of beneficiaries are unknown.

Source: Commission estimates.

Table A.3 Net combined assistance by industry grouping, 2005-06 to 2010-11
\$ million (nominal)

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	1666.1	2045.2	2520.6	1911.1	1698.8	1461.6
Dairy cattle farming	269.2	323.8	424.5	140.3	117.7	83.4
Grain, sheep & beef cattle	588.3	777.1	1067.0	1028.9	786.7	618.9
Horticulture & fruit growing	233.2	230.1	236.2	280.7	261.0	257.6
Other crop growing	225.4	187.5	170.5	60.2	70.2	33.1
Other livestock farming	28.9	32.3	39.2	34.9	27.8	21.6
Fisheries	69.4	269.2	160.7	62.5	57.9	57.3
Forestry & logging	112.8	85.2	93.1	-26.9	65.7	92.6
Other primary production ^a	20.7	22.2	36.4	26.6	25.2	28.8
Unallocated primary ^b	118.2	117.9	293.1	304.0	286.7	268.3
Mining	48.6	72.6	134.1	56.6	220.2	150.7
Manufacturing	7732.8	7968.8	8402.9	8208.7	8048.7	7515.6
Food, beverages & tobacco	1183.1	1197.6	1220.9	1249.0	1313.5	1298.8
Textiles, clothing & footwear	655.3	631.1	665.3	620.3	444.4	339.2
Wood & paper products	472.9	468.7	489.3	473.7	434.2	423.7
Printing, publishing & media	211.4	218.4	237.1	194.9	183.7	185.3
Petroleum, coal & chemicals	910.6	926.7	997.2	952.9	969.2	970.7
Non-metallic mineral products	201.0	209.8	233.2	225.8	219.6	213.7
Metal product manufacturing	1256.3	1431.1	1554.5	1535.8	1461.7	1553.5
Motor vehicles & parts	1557.2	1609.6	1639.9	1590.4	1594.5	1179.9
Other transport equipment	76.5	68.7	72.6	76.0	83.2	81.1
Other machinery & equipment	726.2	734.2	778.7	761.1	779.0	745.3
Other manufacturing	320.4	324.2	353.9	319.1	319.3	320.0
Unallocated manufacturing ^b	161.7	148.8	160.2	209.8	246.5	204.4
Services	-2144.3	-1990.0	-1516.5	-1557.3	-1864.4	-2259.9
Electricity, gas & water supply	27.4	3.4	24.5	18.5	44.2	0.7
Construction	-1190.9	-1306.6	-1414.0	-1515.2	-1606.8	-1642.7
Wholesale trade	-214.9	-218.3	-225.6	-158.1	-144.9	-142.1
Retail trade	-502.1	-411.4	-398.7	-362.2	-456.6	-434.9
Accomm., cafes & restaurants	-308.4	-325.5	-335.8	-344.5	-375.9	-397.8
Transport & storage	-150.2	-180.8	-189.6	-184.5	-167.4	-162.7
Communication services	-2.3	8.5	25.3	-28.3	-18.6	-8.5
Finance & insurance	309.1	471.9	721.8	887.6	735.2	586.9
Property & business services	-27.2	21.4	73.8	166.2	42.9	-13.5
Government admin. & defence	-266.2	-278.4	-291.2	-299.3	-293.2	-286.8
Education	-55.8	-58.5	-59.4	-57.4	-60.5	-64.8
Health & community services	28.2	68.1	71.9	47.1	23.3	20.2
Cultural & recreational services	83.0	89.3	363.3	140.1	252.9	147.3
Personal & other services	-44.8	-35.7	-28.7	-27.6	-33.6	-30.5
Unallocated services ^b	171.0	162.7	146.0	160.2	194.7	169.3
Unallocated other^b	685.2	660.6	861.1	852.5	2124.1	2906.3
TOTAL	7988.4	8757.2	10402.3	9471.6	10227.4	9774.3

– Nil. ^a Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*. ^b Unallocated includes general programs where industry details of beneficiaries are unknown.

Source: Commission estimates.

Table A.4 Output tariff assistance by industry grouping, 2005-06 to 2010-11^a
\$ million (nominal)

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	147.0	149.2	148.9	148.0	151.9	172.7
Dairy cattle farming	–	–	–	–	–	–
Grain, sheep & beef cattle	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Horticulture & fruit growing	105.0	106.2	102.7	103.3	106.9	116.9
Other crop growing	–	–	–	–	–	–
Other livestock farming	–	–	–	–	–	–
Fisheries	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Forestry & logging	41.9	43.0	46.2	44.7	45.0	55.7
Other primary production ^b	–	–	–	–	–	–
Mining	1.1	1.2	1.3	1.8	1.5	2.0
Manufacturing	8798.3	9064.9	9696.8	9442.1	8899.9	8484.7
Food, beverages & tobacco	1497.0	1534.8	1581.7	1591.6	1661.1	1638.8
Textiles, clothing & footwear	622.4	622.9	667.7	615.7	393.8	270.0
Wood & paper products	588.3	578.0	570.9	546.8	553.8	542.0
Printing, publishing & media	342.1	349.3	367.0	312.6	293.0	294.1
Petroleum, coal & chemicals	1089.7	1083.2	1143.1	1066.1	1054.5	1034.4
Non-metallic mineral prod.	252.8	262.6	283.1	291.4	277.6	267.2
Metal product manufacturing	1495.4	1678.2	1931.6	1935.2	1819.0	1944.0
Motor vehicles & parts	1461.6	1480.7	1578.6	1545.9	1315.1	1013.5
Other transport equipment	137.7	139.5	148.7	145.6	150.7	148.1
Other machinery & equip.	862.2	873.5	931.3	912.0	915.6	872.7
Other manufacturing	449.2	462.2	493.1	479.2	465.8	459.8
Services	0.0	0.0	0.0	0.0	0.0	0.0
Electricity, gas & water	–	–	–	–	–	–
Construction	–	–	–	–	–	–
Wholesale trade	–	–	–	–	–	–
Retail trade	–	–	–	–	–	–
Accom., cafes & restaurants	–	–	–	–	–	–
Transport & storage	–	–	–	–	–	–
Communication services	–	–	–	–	–	–
Finance & insurance	–	–	–	–	–	–
Property & business services	–	–	–	–	–	–
Govt. admin. & defence	–	–	–	–	–	–
Education	–	–	–	–	–	–
Health & community services	–	–	–	–	–	–
Cultural & recreational	–	–	–	–	–	–
Personal & other services	–	–	–	–	–	–

– Nil. ^a Tariff assistance estimates are derived using ABS Industry Gross Value Added at current prices data. This information is subject to periodic revision by the ABS. Totals may not add due to rounding. ^b Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*.

Source: Commission estimates.

Table A.5 Input tariff penalty by industry grouping, 2005-06 to 2010-11^a

\$ million (nominal)

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	-65.5	-58.9	-66.8	-69.6	-64.8	-76.0
Dairy cattle farming	-3.4	-2.9	-4.0	-3.9	-3.1	-3.5
Grain, sheep & beef cattle	-22.9	-16.8	-20.9	-23.2	-20.3	-25.5
Horticulture & fruit growing	-6.6	-6.7	-6.5	-6.5	-6.4	-6.6
Other crop growing	-4.6	-4.6	-5.1	-5.4	-6.0	-7.2
Other livestock farming	-1.9	-1.8	-1.7	-1.9	-1.9	-1.9
Fisheries	-12.2	-12.5	-13.4	-13.0	-12.0	-13.4
Forestry & logging	-7.5	-7.7	-8.3	-8.0	-7.7	-9.2
Other primary production ^b	-6.5	-5.9	-6.9	-7.7	-7.4	-8.8
Mining	-210.6	-245.3	-266.0	-362.4	-291.8	-357.1
Manufacturing	-2679.7	-2756.9	-2945.9	-2866.0	-2710.6	-2571.1
Food, beverages & tobacco	-427.2	-438.0	-451.4	-454.2	-469.6	-458.9
Textiles, clothing & footwear	-124.2	-124.3	-133.2	-122.8	-84.9	-65.7
Wood & paper products	-155.4	-152.7	-150.8	-144.4	-144.5	-139.7
Printing, publishing & media	-139.7	-142.6	-149.9	-127.6	-118.1	-117.0
Petroleum, coal & chemicals	-308.7	-306.8	-323.8	-302.0	-301.3	-298.2
Non-metallic mineral prod.	-68.9	-71.5	-77.1	-79.4	-74.0	-69.7
Metal product manufacturing	-398.8	-447.6	-515.1	-516.1	-479.4	-506.2
Motor vehicles & parts	-484.5	-490.9	-523.3	-512.5	-444.5	-352.8
Other transport equipment	-95.8	-97.1	-103.5	-101.4	-102.9	-99.3
Other machinery & equip.	-303.7	-307.7	-328.0	-321.2	-317.9	-298.4
Other manufacturing	-172.7	-177.7	-189.6	-184.3	-173.3	-165.2
Services	-3933.5	-4326.5	-4684.7	-4956.2	-4945.9	-4893.8
Electricity, gas & water	-67.9	-70.4	-74.3	-76.6	-75.3	-75.2
Construction	-1242.1	-1410.7	-1537.0	-1663.1	-1736.7	-1762.3
Wholesale trade	-297.6	-315.4	-346.7	-344.3	-337.0	-324.4
Retail trade	-569.2	-623.8	-671.0	-695.5	-630.7	-575.8
Accom., cafes & restaurants	-351.5	-374.2	-402.4	-421.8	-427.5	-442.4
Transport & storage	-241.5	-280.0	-297.5	-306.6	-278.8	-267.9
Communication services	-134.6	-142.8	-152.8	-161.1	-158.4	-142.3
Finance & insurance	-18.2	-20.9	-23.0	-25.0	-25.5	-27.4
Property & business services	-360.3	-400.4	-454.4	-488.6	-508.5	-518.4
Govt. admin. & defence	-280.4	-299.2	-309.2	-333.2	-327.5	-321.0
Education	-76.0	-80.8	-85.0	-92.6	-95.6	-96.8
Health & community services	-103.1	-113.1	-124.0	-131.0	-129.5	-131.3
Cultural & recreational	-119.2	-119.9	-129.4	-133.4	-134.4	-133.6
Personal & other services	-71.6	-74.9	-77.8	-83.3	-80.4	-75.3

– Nil. ^a Tariff assistance estimates are derived using ABS Industry Gross Value Added at current prices data. This information is subject to periodic revision by the ABS. Totals may not add due to rounding. ^b Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*.

Source: Commission estimates.

Table A.6 Budgetary outlays by industry grouping, 2005-06 to 2010-11
\$ million (nominal)

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	1097.5	1554.2	1880.3	1434.4	1274.5	1058.5
Dairy cattle farming	114.0	186.0	270.8	104.4	99.1	67.4
Grain, sheep & beef cattle	427.8	638.4	841.6	741.6	593.7	450.8
Horticulture & fruit growing	88.0	87.6	83.3	132.7	125.5	118.0
Other crop growing	208.0	169.7	152.3	41.2	58.7	26.1
Other livestock farming	20.3	23.9	28.4	19.6	17.4	12.9
Fisheries	72.8	267.8	166.4	68.8	67.9	68.5
Forestry & logging	31.1	44.2	27.2	15.1	17.2	33.9
Other primary production ^a	17.5	18.7	21.7	14.5	13.5	13.9
Unallocated primary ^b	118.2	117.9	288.8	296.4	281.6	267.0
Mining	78.9	87.2	96.5	116.1	151.6	174.0
Manufacturing	800.5	725.5	755.8	723.3	911.6	945.7
Food, beverages & tobacco	89.7	74.7	65.2	63.0	68.7	69.3
Textiles, clothing & footwear	149.5	117.6	116.1	113.1	122.1	123.3
Wood & paper products	33.7	34.2	61.1	60.2	14.6	11.7
Printing, publishing & media	6.5	8.9	15.8	5.4	5.4	5.2
Petroleum, coal & chemicals	108.7	117.2	143.1	140.4	159.2	180.6
Non-metallic mineral prod.	10.2	10.7	11.9	6.7	8.0	8.5
Metal product manufacturing	116.0	128.1	96.6	61.6	62.3	60.1
Motor vehicles & parts	47.9	16.8	18.9	26.8	154.1	200.4
Other transport equipment	24.1	15.2	16.6	23.4	26.3	23.5
Other machinery & equip.	130.1	122.7	116.4	114.7	118.6	113.1
Other manufacturing	39.4	34.4	41.2	16.7	20.3	20.0
Unallocated manufacturing ^b	44.7	44.9	53.0	91.4	151.9	129.9
Services	955.4	1093.8	1414.4	1197.8	1168.0	1053.9
Electricity, gas & water	75.8	59.3	80.4	79.5	104.4	61.6
Construction	17.6	18.9	16.9	20.1	23.9	22.9
Wholesale trade	36.8	35.5	44.5	54.2	60.4	60.5
Retail trade	9.0	133.7	182.1	200.3	88.5	65.1
Accom., cafes & restaurants	4.9	5.6	5.8	7.0	9.3	7.0
Transport & storage	50.6	47.5	50.4	52.5	57.4	56.0
Communication services	85.8	99.8	116.2	106.2	109.3	104.1
Finance & insurance	42.8	45.6	30.2	49.8	61.3	66.5
Property & business services	145.0	143.5	167.5	183.3	172.2	158.0
Govt. admin. & defence	13.1	18.2	15.8	28.5	30.5	30.7
Education	16.9	15.5	14.0	19.7	23.5	21.5
Health & community services	106.0	130.5	115.2	96.2	97.9	102.4
Cultural & recreational	168.7	170.6	420.1	128.8	120.4	113.0
Personal & other services	11.6	10.8	13.4	11.5	14.2	15.2
Unallocated services ^b	171.0	158.7	142.0	160.2	194.7	169.3
Unallocated other^b	412.0	241.0	264.0	202.6	277.0	337.8
TOTAL	3344.3	3701.6	4411.1	3674.1	3782.8	3570.0

– Nil. ^a Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*. ^b Unallocated includes general programs where details of beneficiaries are unknown.

Source: Commission estimates.

Table A.7 Budgetary tax concessions by industry grouping, 2005-06 to 2010-11
\$ million (nominal)

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	346.0	276.4	438.1	398.1	337.2	306.4
Dairy cattle farming	21.9	16.4	37.7	39.5	21.8	19.5
Grain, sheep & beef cattle	178.8	155.5	246.3	310.5	213.4	193.6
Horticulture & fruit growing	46.8	43.0	56.7	51.2	35.0	29.3
Other crop growing	22.0	22.3	23.3	24.5	17.5	14.2
Other livestock farming	10.6	10.2	12.5	17.1	12.2	10.5
Fisheries	8.8	13.9	7.7	6.7	2.0	2.2
Forestry & logging	47.3	5.7	28.0	-78.8	11.2	12.2
Other primary production ^a	9.7	9.4	21.6	19.8	19.1	23.7
Unallocated primary ^b	-	-	4.4	7.6	5.1	1.2
Mining	179.4	229.5	302.3	301.1	358.8	331.8
Manufacturing	813.6	935.3	896.2	909.3	947.8	656.4
Food, beverages & tobacco	23.7	26.1	25.4	48.7	53.3	49.6
Textiles, clothing & footwear	7.6	14.9	14.7	14.3	13.4	11.5
Wood & paper products	6.2	9.1	8.1	11.0	10.3	9.7
Printing, publishing & media	2.5	2.8	4.1	4.5	3.3	3.0
Petroleum, coal & chemicals	20.9	33.1	34.8	48.4	56.8	53.9
Non-metallic mineral prod.	6.8	8.0	15.3	7.1	8.1	7.6
Metal product manufacturing	43.8	72.3	41.5	55.1	59.8	55.5
Motor vehicles & parts	532.3	602.9	565.7	530.1	569.8	318.8
Other transport equipment	10.6	11.1	10.9	8.4	9.2	8.8
Other machinery & equip.	37.6	45.6	59.1	55.7	62.8	57.9
Other manufacturing	4.6	5.3	9.2	7.4	6.4	5.5
Unallocated manufacturing ^b	117.0	103.9	107.2	118.4	94.6	74.5
Services	833.8	1242.8	1753.8	2201.1	1913.5	1580.1
Electricity, gas & water	19.5	14.5	18.4	15.6	15.2	14.2
Construction	33.7	85.2	106.0	127.8	105.9	96.7
Wholesale trade	46.0	61.6	76.6	132.0	131.6	121.7
Retail trade	58.1	78.6	90.2	133.1	85.6	75.7
Accom., cafes & restaurants	38.2	43.1	60.8	70.3	42.4	37.6
Transport & storage	40.7	51.7	57.5	69.6	54.1	49.2
Communication services	46.4	51.5	62.0	26.7	30.5	29.7
Finance & insurance	284.5	447.2	714.6	862.8	699.4	547.9
Property & business services	188.1	278.3	360.7	471.5	379.1	347.0
Govt. admin. & defence	1.2	2.6	2.2	5.4	3.8	3.4
Education	3.4	6.8	11.6	15.5	11.5	10.5
Health & community services	25.3	50.6	80.7	81.9	54.9	49.1
Cultural & recreational	33.6	38.6	72.6	144.7	266.9	167.8
Personal & other services	15.2	28.4	35.8	44.2	32.6	29.6
Unallocated services ^b	-	4.0	4.0	-	-	-
Unallocated other^b	273.2	419.6	597.1	649.9	1847.1	2568.5
TOTAL	2445.9	3103.6	3987.4	4459.6	5404.5	5443.1

– Nil. ^a Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*. ^b Unallocated includes general programs where details of beneficiaries are unknown.

Source: Commission estimates.

Table A.8 Nominal rate of assistance on outputs by industry grouping, 2005-06 to 2010-11

per cent

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	0.3	0.4	0.3	0.3	0.4	0.3
Dairy cattle farming	0.0	0.0	0.0	0.0	0.0	-
Grain, sheep & beef cattle & cattle farming	0.0	0.0	0.0	0.0	0.0	0.0
Horticulture & fruit growing	1.7	1.7	1.7	1.7	1.7	1.7
Other crop growing	0.0	0.0	0.0	0.0	0.0	0.0
Other livestock farming	0.0	0.0	0.0	0.0	0.0	0.0
Fisheries	0.0	0.0	0.0	0.1	0.2	0.1
Forestry & logging	1.9	1.9	1.9	1.9	2.1	2.0
Other primary production ^a	0.0	0.0	0.0	0.0	0.0	0.0
Mining	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	2.9	2.9	2.9	2.9	2.8	2.5
Food, beverages & tobacco	2.2	2.2	2.2	2.2	2.1	2.1
Textiles, clothing & footwear	8.1	8.1	8.1	8.2	6.5	4.9
Wood & paper products	3.9	3.9	3.9	3.8	3.7	3.7
Printing, publishing & media	1.6	1.6	1.6	1.6	1.6	1.6
Petroleum, coal & chemicals	1.9	2.0	2.0	2.0	2.0	2.0
Non-metallic mineral products	1.8	1.8	1.8	1.8	1.8	1.8
Metal product manufacturing	2.4	2.4	2.4	2.4	2.3	2.3
Motor vehicles & parts	8.7	8.9	8.6	8.5	7.5	5.4
Other transport equipment	1.8	1.8	1.8	1.8	1.8	1.8
Other machinery & equipment	2.6	2.6	2.6	2.6	2.6	2.5
Other manufacturing	4.0	4.0	4.0	4.0	3.9	3.9

– Nil. ^a Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*. ^b Unallocated includes general programs where details of beneficiaries are unknown.

Source: Commission estimates.

Table A.9 Nominal rate of assistance on materials by industry grouping, 2005-06 to 2010-11

Per cent

<i>Industry grouping</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Primary production	-0.3	-0.4	-0.3	-0.4	-0.3	-0.3
Dairy cattle farming	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Grain, sheep & beef cattle & cattle farming	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Horticulture & fruit growing	0.2	-0.3	-0.3	-0.4	-0.4	-0.3
Other crop growing	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3
Other livestock farming	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Fisheries	-1.5	-1.5	-0.9	-1.5	-1.4	-1.2
Forestry & logging	-1.1	-1.1	-1.1	-1.1	-1.0	-1.0
Other primary production ^a	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Mining	-0.8	-0.8	-0.8	-0.8	-0.7	-0.7
Manufacturing	-1.6	-1.6	-1.6	-1.6	-1.5	-1.4
Food, beverages & tobacco	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Textiles, clothing & footwear	-3.4	-3.4	-3.4	-3.4	-2.9	-2.4
Wood & paper products	-2.6	-2.6	-2.6	-2.6	-2.6	-2.6
Printing, publishing & media	-2.2	-2.2	-2.2	-2.2	-2.1	-2.1
Petroleum, coal & chemicals	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9
Non-metallic mineral products	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
Metal product manufacturing	-1.1	-1.1	-1.1	-1.1	-1.1	-1.0
Motor vehicles & parts	-4.7	-4.6	-4.6	-4.7	-3.9	-3.2
Other transport equipment	-2.5	-2.5	-2.5	-2.5	-2.5	-2.4
Other machinery & equipment	-2.2	-2.2	-2.2	-2.2	-2.1	-2.0
Other manufacturing	-3.2	-3.2	-3.2	-3.2	-3.0	-2.9

– Nil. ^a Other primary production includes *Services to agriculture* (including *Hunting & trapping*) and *Poultry farming*. ^b Unallocated includes general programs where details of beneficiaries are unknown.

Source: Commission estimates.

Table A.10 Australian Government budgetary assistance to primary industry, 2005-06 to 2010-11^a

\$ million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Horticulture & fruit growing						
<i>Industry-specific measures</i>						
Assistance to the vegetable industry	0.3	1.0	1.1	<0.1	–	–
Biotechnology Innovation Fund	0.1	<0.1	–	–	–	–
Citrus Canker Eradication	9.8	0.6	0.6	–	–	–
Tax deduction for grape vines	7.0	3.0	-1.0	-4.0	-6.0	-6.0
Tax deduction for horticultural plantations	4.0	4.0	5.0	5.0	5.0	6.0
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	4.9	8.7	13.5	34.0	27.6	26.0
Exceptional Circumstances – relief payments	–	–	–	26.6	23.2	17.6
Farm Bis Program	1.1	0.9	1.4	–	–	–
Farm Help	2.5	2.4	0.4	0.3	<0.1	–
Interim Income Support	–	–	–	–	<0.1	<0.1
Industry partnerships program	2.7	3.0	2.8	0.9	–	–
Rural Financial Counselling Service	0.7	1.1	2.0	2.1	2.1	2.1
Farm Management Deposits Scheme	13.5	10.3	14.4	20.5	14.7	4.2
Income tax averaging provisions	9.7	9.5	10.9	9.9	8.2	12.8
Tax deduction for conserving or conveying water	5.0	3.8	2.0	1.5	1.5	2.0
<i>Rural R&D measures</i>						
Grape and Wine R&D Corporation	12.0	14.5	11.4	11.7	13.7	12.3
Horticulture Australia Limited – R&D	33.6	34.6	34.5	39.8	40.5	40.5
Rural Industries R&D Corporation	2.3	2.3	2.5	2.7	2.2	2.4
<i>General export measures</i>						
Export Market Development Grants Scheme	0.9	0.9	0.9	1.4	1.0	1.3
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	0.2
COMET Program	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Commercial Ready Program	1.0	1.3	0.6	0.5	0.1	–
Cooperative Research Centres	1.6	–	–	–	–	–
CSIRO	11.5	12.6	9.2	8.1	8.6	8.7
Major national research facilities	1.3	–	–	–	–	–
New Industries Development Program	0.9	0.6	0.3	<0.1	–	–
Preseed fund	–	<0.1	<0.1	–	–	–
R&D Start	0.2	<0.1	–	–	–	–
R&D tax offset for small companies	0.7	2.8	1.7	4.0	5.0	5.4
Premium R&D tax concession	–	–	–	<0.1	<0.1	<0.1
R&D tax concession	0.9	0.9	0.9	0.9	1.0	1.0

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
North East Tasmania Innovation and Investment Fund	–	–	–	–	0.4	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	1.0	1.5
Scottsdale Industry and Community Development Fund	–	–	0.3	0.5	–	–
Small business capital gains tax exemption	1.2	1.3	1.7	1.7	0.9	0.8
Small business CG tax asset exemption	0.1	–	0.6	–	–	–
Small business CG tax retirement exemption	1.4	2.3	7.7	6.0	3.6	3.4
Small business CG tax 50 percent reduction	3.8	7.3	14.0	9.1	5.3	4.5
25 per cent entrepreneurs' tax offset	–	0.4	0.5	0.7	0.6	0.6
Total	134.8	130.6	140.0	184.0	160.5	147.3
Grain, sheep and beef cattle farming						
<i>Industry-specific measures</i>						
Australian Wool Innovation grant	–	15.0	–	–	–	–
National Livestock Identification System	5.0	5.0	4.7	0.2	0.2	–
Ovine Johnes Disease Control Programme	0.3	–	–	–	–	–
Wheat Export Authority Supplementation	–	–	2.0	–	–	–
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	165.9	296.4	457.7	359.1	256.2	182.8
Exceptional Circumstances – relief payments	94.4	154.3	229.3	230.3	168.3	93.4
Farm Bis Program	6.5	5.5	7.2	–	–	–
Farm Help	6.2	6.3	1.5	1.0	–	–
Interim Income Support	0.3	7.0	4.8	1.0	0.4	0.2
Industry partnerships program	0.3	0.4	0.8	0.2	–	–
Rural Financial Counselling Service	2.5	5.7	6.1	7.8	7.8	6.6
Farm Management Deposits Scheme	81.7	46.7	64.0	80.4	57.3	19.5
Income tax averaging provisions	41.8	36.3	59.8	54.4	46.1	72.1
Tax deduction for conserving or conveying water	8.8	16.7	13.3	10.0	10.0	13.3
<i>Rural R&D measures</i>						
Wool R&D	11.0	11.6	12.3	11.4	10.5	11.3
Grains R&D Corporation	43.1	35.8	28.9	36.9	50.1	53.4
Harvesting Productivity Initiative	–	–	–	–	1.1	<0.1
Meat and Livestock Australia R&D	40.3	35.7	34.5	31.4	34.5	38.3
Rural Industries R&D Corporation	1.8	2.4	1.7	1.0	0.8	0.8

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>General export measures</i>						
EFIC national interest business ^b	3.4	4.0	1.0	0.9	0.4	0.8
Export Market Development Grants Scheme	0.4	0.5	0.5	0.6	0.8	0.6
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
COMET Program	<0.1	<0.1	<0.1	<0.1	<0.1	–
Cooperative Research Centres	10.7	11.4	13.0	12.4	11.5	9.9
CSIRO	34.0	40.2	34.3	45.3	47.8	48.9
New Industries Development Program	0.2	0.1	<0.1	<0.1	–	–
R&D tax offset for small companies	1.3	1.2	1.3	2.1	2.6	2.8
R&D tax concession	0.7	1.1	0.8	1.6	1.9	1.9
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	–	–	–	<0.1
Tasmanian Freight Equalisation Scheme	–	–	–	–	0.8	0.8
Small business capital gains tax exemption	11.3	12.2	15.8	35.0	19.0	16.0
Small business CG tax asset exemption	2.1	3.7	14.4	17.4	12.5	12.5
Small business CG tax retirement exemption	10.1	11.2	24.2	30.3	18.3	17.2
Small business CG tax 50 percent reduction	22.3	26.3	52.4	79.6	46.5	39.4
25 per cent entrepreneurs' tax offset	–	1.2	1.6	1.7	1.7	1.5
Total^c	606.6	793.9	1087.9	1052.1	807.1	644.4
Dairy cattle farming						
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	49.5	88.4	136.5	45.3	38.1	23.3
Exceptional Circumstances – relief payments	44.8	73.2	108.8	36.5	35.0	17.9
Farm Bis Program	0.3	0.4	0.4	–	–	–
Farm Help	1.0	0.9	0.2	0.2	–	–
Interim Income Support	0.1	3.3	2.3	0.5	<0.1	<0.1
Rural Financial Counselling Service	0.4	1.4	1.7	1.3	1.7	1.2
Farm Management Deposits Scheme	8.6	4.8	8.3	11.4	7.2	2.1
Income tax averaging provisions	8.2	4.7	16.5	15.0	6.3	9.8
Tax deduction for conserving or conveying water	1.2	1.8	1.3	0.9	0.9	1.3
<i>Rural R&D measures</i>						
Dairy Research and Development	15.4	16.0	18.3	19.2	19.6	18.8
<i>General export measures</i>						
Export Market Development Grants Scheme	<0.1	<0.1	<0.1	–	<0.1	–
TRADEX	0.5	0.6	0.6	0.5	0.5	0.3

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>General R&D measures</i>						
Cooperative Research Centres	–	–	–	–	3.0	4.8
CSIRO	2.2	2.1	2.3	1.4	1.4	1.5
New Industries Development Program	0.2	0.1	<0.1	<0.1	–	–
<i>Other measures</i>						
North East Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
Scottsdale Industry and Community Development Fund	–	–	–	<0.1	–	–
Small business capital gains tax exemption	0.7	1.1	2.1	2.8	1.5	1.3
Small business CG tax retirement exemption	1.0	0.7	2.6	3.1	1.9	1.7
Small business CG tax 50 percent reduction	1.8	2.4	6.0	5.6	3.3	2.8
25 per cent entrepreneurs' tax offset	–	0.2	0.2	0.2	0.2	0.2
Total^d	135.9	202.4	308.4	143.9	120.9	86.9
Poultry farming						
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	<0.1	0.1	0.2	0.5	0.4	0.3
Exceptional Circumstances – relief payments	2.0	3.3	4.9	0.2	0.2	<0.1
Farm Bis Program	<0.1	<0.1	<0.1	–	–	–
Farm Help	<0.1	<0.1	0.4	<0.1	–	–
Interim Income Support	<0.1	0.2	0.1	<0.1	<0.1	<0.1
Industry partnerships program	0.2	1.0	1.0	0.3	–	–
Rural Financial Counselling Service	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Farm Management Deposits Scheme	0.4	0.3	–	–	–	–
Income tax averaging provisions	0.5	0.5	0.7	0.6	0.4	0.7
Tax deduction for conserving or conveying water	0.2	0.3	1.0	0.7	0.7	1.0
<i>Rural R&D measures</i>						
Egg Research and Development	1.0	1.2	1.0	1.0	1.0	1.6
Rural Industries R&D Corporation	2.0	1.8	2.3	2.9	2.4	2.6
<i>General export measures</i>						
Export Market Development Grants Scheme	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
<i>General R&D measures</i>						
Cooperative Research Centres	3.4	3.4	3.4	3.3	2.6	4.4
CSIRO	4.0	3.9	3.9	0.8	0.9	0.9
New Industries Development Program	<0.1	<0.1	<0.1	<0.1	–	–

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	–	–	<0.1	–
Small business capital gains tax exemption	–	–	0.2	–	–	–
Small business CG tax 50 percent reduction	–	–	0.1	–	–	–
25 per cent entrepreneurs' tax offset	–	<0.1	<0.1	<0.1	<0.1	<0.1
Total	14.2	16.4	19.4	10.5	8.7	11.6
Other livestock farming						
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	3.0	5.4	8.4	5.4	3.0	1.3
Exceptional Circumstances – relief payments	1.2	1.9	2.9	4.1	1.8	1.4
Farm Bis Program	0.1	0.1	0.2	–	–	–
Farm Help	0.2	0.2	–	<0.1	–	–
Interim Income Support	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Industry partnerships program	<0.1	<0.1	<0.1	<0.1	–	–
Rural Financial Counselling Service	0.3	0.2	0.2	0.2	0.2	0.2
Farm Management Deposits Scheme	7.0	4.2	5.1	6.1	4.1	1.1
Income tax averaging provisions	1.9	2.2	3.4	3.1	3.2	5.1
Tax deduction for conserving or conveying water	0.3	0.5	0.2	0.1	0.1	0.2
<i>Rural R&D measures</i>						
Pig Research and Development	3.6	3.4	3.7	2.8	4.5	4.2
Rural Industries R&D Corporation	1.2	1.8	2.4	2.0	1.7	1.3
<i>General export measures</i>						
Export Market Development Grants Scheme	0.5	0.6	0.5	0.8	0.6	0.5
<i>General R&D measures</i>						
Cooperative Research Centres	3.3	3.6	3.8	4.1	5.4	3.8
CSIRO	6.4	6.4	6.1	0.1	0.1	0.1
New Industries Development Program	0.2	0.1	<0.1	<0.1	–	–
R&D tax concession	–	–	–	0.3	0.3	0.3
<i>Other measures</i>						
North East Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
Small business capital gains tax exemption	0.2	1.3	0.7	0.5	0.3	0.2
Small business CG tax retirement exemption	0.4	0.6	0.8	1.9	1.1	1.1
Small business CG tax 50 percent reduction	0.7	1.2	2.1	4.9	2.9	2.4
25 per cent entrepreneurs' tax offset	–	0.1	0.2	0.2	0.2	0.1
Total	30.8	34.1	40.8	36.7	29.7	23.4

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Other crop growing						
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	0.1	–	–	–	–	–
Sugar Industry Reform Program	140.0	39.1	35.6	4.5	–	–
Tobacco Grower Adjustment Assistance	–	39.3	14.4	0.3	–	<0.1
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	8.6	15.4	23.8	7.8	31.8	–
Exceptional Circumstances – relief payments	13.5	22.1	32.8	0.9	<0.1	–
Farm Bis Program	0.1	<0.1	0.2	–	–	–
Farm Help	0.9	0.7	0.2	0.2	–	–
Interim Income Support	<0.1	1.0	0.7	0.1	<0.1	–
Rural Financial Counselling Service	0.1	0.7	0.6	0.8	0.9	0.8
Farm Management Deposits Scheme	7.8	6.7	8.9	9.0	6.5	1.9
Income tax averaging provisions	7.7	6.2	3.8	3.4	3.0	4.7
Tax deduction for conserving or conveying water	2.9	5.0	1.8	1.4	1.4	1.8
<i>Rural R&D measures</i>						
Cotton R&D Corporation	4.9	4.6	3.1	2.4	3.0	5.7
Rural Industries R&D Corporation	0.8	0.8	0.9	0.8	1.4	0.9
Sugar R&D Corporation	5.2	5.5	6.3	6.1	5.8	5.9
<i>General export measures</i>						
Export Market Development Grants Scheme	0.2	0.2	0.2	0.4	0.6	0.4
<i>General R&D measures</i>						
COMET Program	<0.1	–	0.1	0.2	<0.1	<0.1
Commercial Ready Program	<0.1	<0.1	0.6	–	–	–
Cooperative Research Centres	8.1	8.8	9.0	8.5	6.5	3.5
CSIRO	25.1	31.3	23.3	7.1	7.5	7.7
New Industries Development Program	<0.1	<0.1	<0.1	<0.1	–	–
R&D tax offset for small companies	–	–	–	0.9	1.1	1.2
R&D tax concession	0.3	–	–	0.5	0.6	0.6
<i>Other measures</i>						
Scottsdale Industry and Community Development Fund	–	–	0.3	–	–	–
Small business capital gains tax exemption	0.6	0.6	1.7	2.0	1.1	0.9
Small business CG tax asset exemption	–	0.6	–	–	–	–
Small business CG tax retirement exemption	0.9	1.4	2.1	2.1	1.3	1.2
Small business CG tax 50 percent reduction	1.9	1.9	5.0	6.0	3.5	3.0
25 per cent entrepreneurs' tax offset	–	<0.1	<0.1	<0.1	<0.1	<0.1
Total	229.9	192.0	175.6	65.6	76.2	40.3

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Services to agriculture (inc hunting and trapping)						
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	0.2	<0.1	–	–	–	–
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	<0.1	<0.1	<0.1	1.2	1.6	–
FarmBis Program	<0.1	<0.1	<0.1	–	–	–
Income tax averaging provisions	3.0	2.6	5.7	5.2	8.9	13.9
Tax deduction for conserving or conveying water	1.5	1.4	0.3	0.2	0.2	0.3
<i>General export measures</i>						
Export Market Development Grants Scheme	0.3	0.3	0.5	0.7	0.7	0.4
TRADEX	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	<0.1
COMET Program	0.3	<0.1	<0.1	<0.1	0.1	<0.1
Commercial Ready Program	1.0	1.1	1.2	0.9	0.3	<0.1
R&D Start	0.2	<0.1	–	–	–	–
Renewable Energy Equity Fund	0.5	–	–	–	–	–
R&D tax offset for small companies	1.4	1.6	2.2	2.5	3.2	3.4
R&D tax concession	1.2	0.5	0.9	0.8	0.9	0.9
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	–	–	–	<0.1
Industry Cooperative Innovation Program	–	0.3	<0.1	–	–	–
Innovation Investment Fund for South Australia	–	–	0.2	–	–	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
Small business programs	0.4	–	–	–	–	–
Scottsdale Industry and Community Development Fund	–	–	0.1	–	–	–
Small business capital gains tax exemption	0.8	0.7	1.1	2.5	1.4	1.1
Small business CG tax retirement exemption	0.8	0.5	4.5	1.7	1.1	1.0
Small business CG tax 50 percent reduction	1.3	1.8	5.4	6.2	3.6	3.1
25 per cent entrepreneurs' tax offset	–	0.8	1.7	1.8	1.8	1.6
Total	13.1	11.7	23.9	23.8	23.8	26.0

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Forestry and logging						
<i>Industry-specific measures</i>						
Forest Industry Structural Adjustment	9.7	30.6	–	–	–	–
Tasmanian Contractors Assistance Program	–	–	–	–	–	16.9
12-month prepayment rule	40.0	-5.0	5.0	-95.0	–	–
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	–	–	–	<0.1	–	–
Industry partnerships program	–	0.4	<0.1	<0.1	–	–
Rural Financial Counselling Service	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Farm Management Deposits Scheme	0.2	1.3	–	–	–	–
Income tax averaging provisions	2.0	1.9	3.4	3.1	3.3	5.2
Tax deduction for conserving or conveying water	0.1	0.4	0.1	0.1	0.1	0.1
<i>Rural R&D measures</i>						
Forest and Wood Products R&D	1.4	1.8	2.0	2.1	1.8	2.6
Rural Industries R&D Corporation	1.8	1.0	0.9	1.1	–	–
<i>General export measures</i>						
Export Market Development Grants Scheme	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
<i>General R&D measures</i>						
Commercial Ready Program	0.6	1.1	0.6	0.4	–	–
Cooperative Research Centres	2.7	3.3	4.2	4.7	4.8	3.8
CSIRO	13.3	4.6	18.0	6.3	6.7	6.8
R&D tax offset for small companies	1.6	1.3	1.0	–	–	–
R&D tax concession	0.4	0.2	0.1	0.1	0.1	0.1
<i>Other measures</i>						
North East Tasmania Innovation and Investment Fund	–	–	–	–	0.2	–
Scottsdale Industry and Community Development Fund	–	–	0.4	0.2	–	–
Tasmanian Freight Equalisation Scheme	–	–	–	0.3	3.7	3.7
Small business capital gains tax exemption	0.6	0.9	3.2	2.2	1.2	1.0
Small business CG tax asset exemption	–	–	0.6	0.4	0.3	0.3
Small business CG tax retirement exemption	1.1	1.6	4.4	3.1	1.9	1.8
Small business CG tax 50 percent reduction	3.0	4.3	10.8	6.9	4.0	3.4
25 per cent entrepreneurs' tax offset	–	0.2	0.3	0.3	0.3	0.3
Total	78.4	49.9	55.2	-63.6	28.4	46.1

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Commercial fishing						
<i>Industry-specific measures</i>						
Fisheries Structural Adjustment Package	1.3	159.9	25.3	16.7	9.6	1.8
Fishing Structural Adjustment Package – Management Levy Subsidy	–	–	5.0	–	–	–
Great Barrier Reef Structural Adjustment	32.6	65.9	67.8	–	–	–
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	–	–	–	<0.1	<0.1	13.3
Exceptional Circumstances – relief payments	–	–	–	0.2	0.2	<0.1
Farm Bis Program	0.3	0.5	0.8	–	–	–
Farm Help	<0.1	<0.1	–	<0.1	–	–
Interim Income Support	–	–	–	–	<0.1	<0.1
Industry partnerships program	0.4	0.5	0.2	<0.1	–	–
Rural Financial Counselling Service	0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Farm Management Deposits Scheme	0.7	0.6	–	–	–	–
Income tax averaging provisions	5.3	6.2	5.9	5.4	0.5	0.7
Tax deduction for conserving or conveying water	<0.1	–	–	–	–	–
<i>Rural R&D measures</i>						
Fishing industry R&D	16.0	16.0	16.3	16.3	16.3	16.5
Fisheries Research Program	–	–	–	1.9	2.2	–
Fisheries Resources Research Fund	3.1	3.1	3.1	3.2	3.8	1.6
Torres Strait Prawn Fisheries Program	–	0.6	21.1	0.2	–	–
<i>General export measures</i>						
Export Market Development Grants Scheme	0.5	0.5	0.3	0.5	0.9	0.6
TRADEX	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
<i>General investment measures</i>						
Development allowance	0.2	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	<0.1
COMET Program	<0.1	<0.1	<0.1	–	–	–
Commercial Ready Program	1.6	3.0	3.4	1.9	1.2	0.2
Cooperative Research Centres	2.6	2.6	6.5	5.2	5.4	5.4
CSIRO	7.4	9.2	10.8	15.9	16.8	17.2
New Industries Development Program	0.3	0.2	<0.1	<0.1	–	–
R&D Start	1.1	0.3	<0.1	–	–	–
R&D Start Loans	<0.1	–	–	–	–	–
R&D tax offset for small companies	5.2	5.2	5.4	5.7	7.1	7.6
Premium R&D tax concession	<0.1	0.1	0.1	<0.1	0.1	<0.1
R&D tax concession	1.3	1.8	0.9	1.1	1.3	1.3

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Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	<0.1	–
Industry Cooperative Innovation Program	0.1	0.2	0.2	0.3	–	<0.1
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.5	0.4
South Australia Innovation and Investment Fund	–	–	–	–	–	<0.1
Tasmanian Freight Equalisation Scheme	–	–	–	0.7	3.6	3.7
Small business capital gains tax exemption	0.2	0.5	–	–	–	–
Small business CG tax retirement exemption	0.2	1.2	0.3	–	–	–
Small business CG tax 50 percent reduction	0.8	2.7	0.4	<0.1	<0.1	<0.1
25 per cent entrepreneurs' tax offset	–	0.8	<0.1	<0.1	<0.1	<0.1
Total	81.6	281.7	174.1	75.5	69.8	70.7
Unallocated primary production						
<i>Industry-specific measures</i>						
Australian Animal Health Laboratory	6.9	7.0	7.2	7.1	7.2	7.3
Exotic Disease Preparedness program	0.8	0.9	0.9	1.0	1.7	0.6
<i>Sector-specific measures</i>						
Climate Change Adjustment Program	–	–	–	3.5	12.4	8.7
Carbon Farming Initiative	–	–	–	–	–	0.3
Caring for our country – Landcare	–	–	9.0	35.2	32.1	34.0
Drought assistance – Murray Darling Basin grants to irrigators	–	–	144.3	60.4	0.8	–
Drought assistance – professional advice	–	–	6.2	14.2	12.5	7.1
Drought assistance – re-establishment assistance	–	–	4.6	17.6	20.0	23.9
Drought assistance – technical information workshop	–	–	6.1	–	–	–
Exceptional Circumstances – interest rate subsidy	<0.1	<0.1	<0.1	3.9	–	–
Exceptional Circumstances – relief payments	–	–	–	22.8	13.9	14.6
Environmental Stewardship Program	–	–	–	–	8.9	13.3
Farm Bis Program	0.1	0.1	0.2	–	–	–
Farm Help	0.3	0.3	0.1	–	0.1	–
Interim Income Support	–	–	–	–	<0.1	<0.1
Industry Partnerships Program	0.2	–	0.3	0.1	–	–
National Landcare Program	37.0	37.0	35.5	–	–	–
Promoting Australian Produce Program	–	–	–	3.0	1.3	3.8
Rural Financial Counselling Service	1.0	2.1	2.8	2.3	2.2	1.7
Regional assistance	–	0.5	0.1	–	–	–
Sustainable Rural Water Use and Infrastructure Program	–	–	0.1	17.3	54.2	59.2
Farm Management Deposits Scheme	–	–	4.4	7.6	5.1	1.2

Table A.10 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Rural R&D measures</i>						
Climate Change Adaptation Partnerships Program	–	–	–	10.1	19.3	10.8
Climate Change and Productivity Research Program	–	–	–	10.0	15.0	15.0
Land and water resources R&D	12.5	12.8	13.0	13.0	5.7	–
National Weeds and Productivity Research Program	–	–	–	3.1	4.1	4.0
Rural Industries R&D Corporation	5.4	5.8	5.4	5.8	5.0	5.1
<i>General R&D measures</i>						
Cooperative Research Centres	22.0	23.2	23.8	23.1	19.1	10.9
CSIRO	22.3	18.8	17.5	30.3	31.9	32.7
Major national research facilities	1.3	–	–	–	–	–
<i>Other measures</i>						
Tasmanian Freight Equalisation Scheme	8.4	9.3	11.6	12.6	14.1	14.1
Total	118.2	117.9	293.1	304.0	286.7	268.3
Total outlays	1097.5	1554.2	1880.3	1434.4	1274.5	1058.5
Total tax expenditures	346.0	276.4	438.1	398.1	337.2	306.4
Total budgetary assistance	1443.5	1830.6	2318.4	1832.4	1611.7	1364.9

– Nil. Figures may not add to totals due to rounding. ^a The estimates are derived primarily from Australian Government departmental annual reports and Treasury's Tax Expenditure Statements and unpublished information provided by relevant agencies. ^b The estimates reported in this item are net National Interest Business outlays. These payments are insurance pay-outs. Because any difference between the National Interest Business scheme's borrowing and lending rates is underwritten by the Australian Government, the scheme may provide assistance to agricultural exporters. ^c Excludes assistance derived from NSW statutory marketing arrangements for rice, which the Commission categorises as 'agricultural pricing and regulatory assistance' rather than budgetary assistance. The arrangements ended on 1 July 2006. ^d Does not include funding provided under the Australian Government's Dairy Industry Adjustment Package, which has been included in the estimates of 'agricultural pricing and regulatory assistance' reported in recent *Reviews*. The Commission estimates that the package provided dairy farmers remaining in the industry with assistance totalling \$136.6 million in 2005-06, \$124.3 million in 2006-07 and \$120.1 million in 2007-08.

Source: Commission estimates.

Table A.11 Australian Government budgetary assistance to mining, 2005-06 to 2010-11^a

\$ million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	<0.1	–	–	–	–	–
Greenhouse gas abatement program	0.6	0.9	0.4	<0.1	–	–
National Low Emissions Coal Initiative	–	–	–	8.7	32.3	47.6
<i>Sector-specific measures</i>						
Capital expenditure deduction for mining	25.0	25.0	20.0	15.0	10.0	7.0
<i>General export measures</i>						
Export Market Development Grants	1.3	1.4	1.6	1.6	2.2	1.4
TRADEX	0.5	0.6	0.6	0.5	0.5	0.3
<i>General investment measures</i>						
Development allowance	8.9	3.6	0.2	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	<0.1
COMET Program	<0.1	<0.1	<0.1	0.1	0.3	<0.1
Commercial Ready Program	2.4	6.3	9.2	3.7	0.2	–
Cooperative Research Centres	10.9	9.3	8.1	3.6	6.7	10.7
CSIRO	39.7	47.0	47.6	60.4	63.8	65.2
Innovation Investment Fund	0.9	0.6	0.3	0.4	–	–
Major national research facilities	1.3	–	–	–	–	–
New Industries Development Program	<0.1	<0.1	<0.1	<0.1	–	–
R&D Start	2.7	1.2	0.1	<0.1	–	–
R&D Start Loans	<0.1	–	–	–	–	–
Renewable Energy Development	–	0.3	0.5	0.8	0.3	–
R&D tax offset for small companies	18.7	16.9	28.7	36.1	45.2	48.5
Premium R&D tax concession	55.9	85.7	121.0	101.3	131.7	108.0
R&D tax concession	87.7	112.6	156.8	181.4	214.9	214.9

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Table A.11 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Beaconsfield Community Fund	–	3.2	–	–	–	–
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.2	0.2
Innovation Investment Fund for South Australia	–	–	–	0.3	0.3	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.2	<0.1
Tasmanian Freight Equalisation Scheme	–	–	–	<0.1	0.2	0.2
Small business capital gains tax exemption	–	–	–	0.2	0.1	<0.1
Small business capital gains tax retirement exemption	0.3	0.6	1.4	0.5	0.3	0.3
Small business capital gains tax 50 per cent reduction	1.1	1.2	2.1	1.9	1.1	0.9
25 per cent entrepreneurs' tax offset	–	0.2	0.2	0.2	0.2	0.2
<i>Total</i>	<i>258.2</i>	<i>316.7</i>	<i>398.8</i>	<i>417.2</i>	<i>510.5</i>	<i>505.9</i>
Total outlays	78.9	87.2	96.5	116.1	151.6	174.0
Total tax expenditures	179.4	229.5	302.3	301.1	358.8	331.8
Total budgetary assistance	258.2	316.7	398.8	417.2	510.5	505.9

– Nil. Figures may not add to totals due to rounding. ^a The estimates are derived primarily from Australian Government departmental annual reports and Treasury's Tax Expenditure Statements and unpublished information provided by relevant agencies.

Source: Commission estimates.

Table A.12 Australian Government budgetary assistance to manufacturing, 2005-06 to 2010-11^a

\$ million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Food, beverages and tobacco						
<i>Industry-specific measures</i>						
Australian HomeGrown Campaign	0.5	1.8	0.9	–	–	–
Food Processing in Regional Australia	3.6	4.2	2.3	–	–	–
National food industry strategy	18.0	15.6	0.5	–	–	–
Regional Food Producers' Innovation and Productivity Program	–	–	–	–	3.0	5.1
Assistance for upgrade of Simplot Processing Plant (Tasmania)	–	–	–	–	–	2.0
Brandy preferential excise rate	4.0	4.0	4.0	5.0	4.0	4.0
<i>Sector-specific measures</i>						
Rural Financial Counselling Service	0.3	–	–	–	–	–
<i>Rural R&D measures</i>						
Australian Meat Processor Corporation R&D	–	–	–	–	18.4	18.5
<i>General export measures</i>						
Export Market Development Grants Scheme	15.2	16.1	13.8	16.0	14.4	11.4
TRADEX	0.8	0.9	0.9	0.8	0.7	0.5
<i>General investment measures</i>						
Development allowance	0.3	0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	<0.1	0.8
COMET Program	<0.1	<0.1	0.1	<0.1	<0.1	<0.1
Commercial Ready Program	0.8	1.1	1.6	2.0	0.3	0.1
Cooperative Research Centres	2.6	2.6	2.6	0.4	0.3	–
CSIRO	27.8	10.3	18.6	18.2	19.2	19.6
Innovation Investment Fund	–	0.2	–	–	–	–
New Industries Development Program	0.3	0.2	<0.1	<0.1	–	–
R&D Start	0.1	2.3	0.2	0.3	–	–
R&D Start Loans	0.7	–	–	–	–	–
Renewable Energy Development Initiative	–	0.8	–	1.8	0.2	–
R&D tax offset for small companies	2.1	3.1	4.3	6.3	7.9	8.5
Premium R&D tax concession	2.9	2.8	5.4	12.6	16.4	13.5
R&D tax concession	9.9	11.9	9.3	24.0	28.4	28.4

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
Enterprise Connect Innovation Centres	–	–	0.2	0.2	0.6	0.9
Geelong Innovation and Investment Fund	–	–	–	1.0	–	0.2
Innovation Investment Fund for South Australia	–	–	2.3	1.6	1.4	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	2.5	1.9
South Australia Innovation and Investment Fund	–	–	–	0.3	0.5	–
Small business programs	0.6	–	–	–	–	–
Scottsdale Industry and Community Development Fund	–	–	<0.1	–	–	–
Tasmanian Freight Equalisation Scheme	16.8	16.3	17.5	14.8	–	–
Small business capital gains tax exemption	1.4	0.9	0.2	1.3	0.7	0.6
Small business CG tax asset exemption	–	–	0.4	–	–	–
Small business CG tax retirement exemption	0.9	2.1	1.5	1.8	1.1	1.0
Small business CG tax 50 percent reduction	3.6	3.1	3.5	3.0	1.8	1.5
25 per cent entrepreneurs' tax offset	–	0.1	0.2	0.2	0.2	0.2
Total	113.4	100.8	90.6	111.7	122.0	118.9
Textiles, clothing, footwear and leather						
<i>Industry-specific measures</i>						
Howe leather – loan repayment	-2.4	-3.2	-3.4	-3.1	–	–
TCF Strategic Capability Program	–	–	–	–	<0.1	5.2
TCF Strategic Investment Program	123.8	–	–	–	–	–
TCF Development	0.5	–	–	–	–	–
TCF Structural Adjustment Scheme	2.8	3.0	2.3	1.3	5.9	2.4
TCF Small Business Program	–	2.2	2.0	2.1	1.7	2.1
TCF Strategic Investment Program – Post 2005	4.3	96.2	97.4	96.5	98.5	99.2
TCF Project Diversification Scheme	–	5.0	5.0	4.5	4.6	5.0
<i>General export measures</i>						
Export Market Development Grants Scheme	4.2	4.5	5.4	8.0	6.9	5.3
TRADEX	5.9	7.2	7.2	6.1	5.5	3.5

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>General R&D measures</i>						
COMET Program	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
Commercial Ready Program	–	–	0.7	0.9	0.7	0.2
CSIRO	13.4	13.8	9.8	5.0	5.3	5.4
R&D tax offset for small companies	2.3	0.7	1.2	2.2	2.7	2.9
Premium R&D tax concession	–	<0.1	<0.1	0.4	0.5	0.4
R&D tax concession	0.5	0.4	0.4	0.8	1.0	1.0
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.2	0.4
Geelong Innovation and Investment Fund	–	–	–	–	–	0.2
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.2	<0.1
Tasmanian Freight Equalisation Scheme	0.5	0.5	0.4	0.2	–	–
Small business capital gains tax exemption	0.1	0.1	<0.1	0.5	0.3	0.2
Small business CG tax retirement exemption	0.5	0.8	0.5	–	–	–
Small business CG tax 50 percent reduction	0.6	0.6	0.7	1.2	0.7	0.6
25 per cent entrepreneurs' tax offset	–	0.7	0.8	0.9	0.9	0.8
Total	157.1	132.5	130.8	127.4	135.5	134.8
Wood and paper products						
<i>Industry-specific measures</i>						
Australia's Forest Industry – Preparing for the Future	–	–	–	3.3	6.9	3.5
Integrated Forest Products Grant	–	–	4.0	–	–	–
Tasmanian Community Forest Agreement	–	–	26.0	35.3	–	–
<i>Rural R&D measures</i>						
Forest and Wood Products R&D Corporation	1.6	1.2	1.4	1.7	1.7	1.8
<i>General export measures</i>						
Export Market Development Grants Scheme	0.8	0.9	1.0	0.9	0.8	0.7
TRADEX	0.6	0.7	0.7	0.6	0.5	0.3
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>General R&D measures</i>						
COMET Program	–	<0.1	0.1	<0.1	–	<0.1
Commercial Ready Program	–	1.8	2.4	0.4	<0.1	–
Cooperative Research Centres	5.3	3.5	2.3	–	–	–
CSIRO	2.1	6.9	0.4	2.3	2.4	2.4
R&D Start	0.3	0.1	–	–	–	–
R&D tax offset for small companies	2.1	1.0	1.9	2.1	2.6	2.8
Premium R&D tax concession	0.7	2.5	1.3	0.3	0.3	0.3
R&D tax concession	2.5	4.8	3.9	5.5	6.6	6.6
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.2	0.5
North East Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
Scottsdale Industry and Community Development Fund	–	–	2.4	1.1	–	–
Tasmanian Freight Equalisation Scheme	21.5	18.8	19.3	13.2	–	–
Small business capital gains tax exemption	–	–	<0.1	<0.1	<0.1	<0.1
Small business capital gains tax retirement exemption	1.5	–	–	1.4	0.9	0.8
Small business CG tax 50 percent reduction	1.0	0.8	1.8	2.8	1.7	1.4
25 per cent entrepreneurs' tax offset	–	0.3	0.3	0.3	0.3	0.3
Total	40.0	43.3	69.2	71.3	24.9	21.4
Printing, publishing and recorded media						
<i>Industry-specific measures</i>						
TCF Small Business Program	–	–	–	–	<0.1	<0.1
<i>General export measures</i>						
Export Market Development Grants Scheme	3.4	3.6	0.8	0.6	0.4	0.2
TRADEX	0.2	0.3	0.3	0.2	0.2	0.1
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
COMET Program	<0.1	0.2	0.2	<0.1	–	<0.1
Commercial Ready Program	<0.1	0.8	11.0	1.1	0.3	<0.1
CSIRO	0.5	2.2	–	0.6	0.7	0.7
R&D Start	0.4	0.3	0.9	–	–	–
R&D tax offset for small companies	2.1	1.8	2.7	3.1	3.8	4.1
Premium R&D tax concession	0.2	0.4	0.6	0.2	0.3	0.2
R&D tax concession	0.7	0.9	0.9	0.6	0.7	0.7

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.2	0.2
Scottsdale Industry and Community Development Fund	–	–	0.3	–	–	–
Small business capital gains tax exemption	–	–	<0.1	–	–	–
Small business CG tax asset exemption	–	–	1.1	–	–	–
Small business CG tax retirement exemption	0.8	0.3	0.2	2.0	1.2	1.1
Small business CG tax 50 percent reduction	0.6	0.8	0.8	1.3	0.7	0.6
25 per cent entrepreneurs' tax offset	–	0.2	0.2	0.2	0.2	0.2
Total	9.0	11.7	19.9	10.0	8.8	8.2
Petroleum, coal, chemical and associated products						
<i>Industry-specific measures</i>						
Biofuels Infrastructure Grants	11.5	3.7	7.2	–	–	–
Biotechnology Innovation Fund	0.8	0.1	–	–	–	–
Ethanol production subsidy	15.4	31.9	56.7	79.8	102.7	124.7
Greenhouse gas abatement program	2.9	3.9	1.6	0.3	–	–
Pharmaceutical Partnerships Program	12.4	18.4	18.5	8.1	1.7	–
Product Stewardship (Oil) program	5.4	4.4	–	–	–	–
<i>General export measures</i>						
Export Market Development Grants Scheme	4.5	4.8	7.2	8.2	9.7	7.0
TRADEX	2.1	2.6	2.6	2.2	2.0	1.3
<i>General investment measures</i>						
Development allowance	0.8	0.3	<0.1	–	–	–
<i>General R&D measures</i>						
Biotechnology Australia	3.1	3.0	–	–	–	–
Commercialisation Australia	–	–	–	–	0.5	2.4
COMET Program	0.2	0.3	0.6	0.5	0.5	0.3
Commercial Ready Program	10.6	12.6	9.2	5.9	1.1	0.5
Cooperative Research Centres	9.1	9.1	13.9	8.5	9.0	8.0
CSIRO	5.0	4.2	3.8	1.8	1.9	1.9
Innovation Investment Fund	–	–	–	–	0.5	0.9
New Industries Development Program	0.2	0.1	<0.1	<0.1	–	–
National Stem Cell Centre	7.1	6.5	6.0	5.5	5.0	4.5
Preseed fund	–	–	0.5	–	–	–
R&D Start	4.9	1.7	0.4	0.1	–	–
Renewable Energy Development Initiative	–	–	1.6	0.7	–	–
Renewable Energy Equity Fund	2.8	0.2	0.1	–	–	–
R&D tax offset for small companies	12.5	11.7	15.7	20.7	25.9	27.8
Premium R&D tax concession	4.6	12.4	11.6	9.0	11.7	9.6
R&D tax concession	12.9	15.7	17.4	35.5	42.1	42.1

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.5	0.9
Geelong Innovation and Investment Fund	–	–	–	–	–	0.2
Industry Cooperative Innovation Program	0.2	0.6	–	–	–	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.3	–
South Australian Innovation and Investment Fund	–	–	–	–	–	1.4
Scottsdale Industry and Community Development Fund	–	–	–	0.1	–	–
Small business CG tax retirement exemption	–	0.8	1.0	1.2	0.7	0.7
Small business CG tax 50 percent reduction	0.5	1.1	2.1	0.4	0.2	0.2
25 per cent entrepreneurs' tax offset	–	0.1	0.2	0.1	0.1	0.1
Total	129.6	150.3	178.0	188.8	216.0	234.5
Non-metallic mineral products						
<i>General export measures</i>						
Export Market Development Grants Scheme	0.9	1.0	0.9	0.5	0.7	0.4
TRADEX	0.2	0.3	0.3	0.2	0.2	0.1
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	0.1
COMET Program	<0.1	0.1	0.5	0.2	0.1	<0.1
Commercial Ready Program	1.0	1.2	1.2	0.4	<0.1	–
CSIRO	2.8	2.5	0.1	0.4	0.4	0.4
Preseed fund	0.2	0.8	–	–	–	–
R&D Start	0.6	1.2	0.1	<0.1	–	–
Renewable Energy Development Initiative	–	–	4.9	–	–	–
R&D tax offset for small companies	4.7	4.0	4.1	5.1	6.4	6.8
Premium R&D tax concession	0.7	2.2	6.6	1.2	1.5	1.3
R&D tax concession	5.5	4.4	6.2	4.8	5.7	5.7

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.1	0.1
Geelong Innovation and Investment Fund	–	–	–	–	–	0.7
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.4	<0.1
Small business CG tax retirement exemption	–	0.4	0.7	–	–	–
Small business CG tax 50 percent reduction	0.3	0.5	1.3	0.7	0.4	0.4
25 per cent entrepreneurs' tax offset	–	0.2	0.2	0.2	0.2	0.2
Total	17.1	18.7	27.2	13.8	16.1	16.2
Metal products						
<i>Industry-specific measures</i>						
Greenhouse gas abatement program	1.9	2.6	1.1	0.2	–	–
Investment incentives to Hismelt – grant	50.0	55.0	20.0	–	–	–
<i>General export measures</i>						
Export Market Development Grants Scheme	1.5	1.6	3.4	3.8	3.0	2.6
TRADEX	1.8	2.2	2.2	1.9	1.7	1.1
<i>General investment measures</i>						
Development allowance	4.6	1.8	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	<0.1
COMET Program	0.4	0.3	0.5	0.3	0.2	<0.1
Commercial Ready Program	2.1	3.6	2.4	2.4	2.4	0.4
Cooperative Research Centres	8.0	8.1	8.3	8.5	8.1	7.8
CSIRO	41.9	47.1	47.3	27.1	28.6	29.2
Innovation Investment Fund	–	–	–	–	<0.1	0.2
R&D Start	1.3	1.4	1.1	–	–	–
R&D tax offset for small companies	6.4	5.5	8.8	12.4	15.5	16.7
Premium R&D tax concession	9.0	28.5	11.9	12.7	16.5	13.5
R&D tax concession	25.7	35.0	16.0	28.9	34.3	34.3

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	0.2	0.2	0.9	1.3
Geelong Innovation and Investment Fund	–	–	–	–	–	<0.1
Industry Cooperative Innovation Program	–	<0.1	<0.1	–	–	–
Innovation Investment Fund for South Australia	–	–	–	0.3	0.3	–
North East Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.8	1.3
South Australia Innovation and Investment Fund	–	–	–	1.6	2.5	0.5
Tasmanian Freight Equalisation Scheme	2.4	2.9	3.4	4.8	–	–
Small business capital gains tax exemption	0.9	<0.1	0.6	0.5	0.3	0.2
Small business CG tax asset exemption	0.3	0.4	–	0.8	0.6	0.6
Small business CG tax retirement exemption	–	1.1	4.8	4.2	2.5	2.4
Small business CG tax 50 percent reduction	1.6	2.0	4.9	5.1	3.0	2.5
25 per cent entrepreneurs' tax offset	–	1.1	1.1	1.1	1.1	1.0
Total	159.7	200.4	138.1	116.7	122.1	115.7
Motor vehicles and parts						
<i>Industry-specific measures</i>						
ACL Bearings	–	–	2.0	–	–	–
Automotive competitiveness and investment scheme – Stage 1	479.8	–	–	–	–	–
Automotive competitiveness and investment scheme – Stage 2	–	537.0	506.9	479.1	520.9	282.7
Green Car Innovation Fund	–	–	–	–	108.1	63.0
Automotive incentives – Ford	32.5	–	–	–	–	–
Automotive Industry Structural Adjustment Program	–	–	–	7.9	18.1	17.0
Automotive Supply Chain Development Program	–	–	–	<0.1	3.9	5.8
Automotive Transformation Scheme	–	–	–	–	–	93.3
Investment incentive for Holden	–	2.0	2.0	–	2.7	–
<i>General export measures</i>						
Export Market Development Grants Scheme	1.5	1.6	1.1	1.6	2.0	1.3
TRADEX	38.3	46.9	46.8	39.7	35.7	22.9
<i>General investment measures</i>						
Development allowance	1.0	0.4	<0.1	–	–	–

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	0.5
COMET Program	<0.1	0.1	0.4	0.2	0.2	<0.1
Commercial Ready Program	1.3	2.2	0.8	0.5	0.2	–
Cooperative Research Centres	4.6	5.1	6.4	6.2	6.1	5.5
CSIRO	1.2	1.4	1.1	0.5	0.6	0.6
Preseed fund	0.3	–	<0.1	<0.1	–	–
R&D Start	<0.1	–	–	<0.1	–	–
R&D Start Loans	<0.1	–	–	–	–	–
R&D tax offset for small companies	6.3	4.3	5.0	9.6	12.0	12.9
Premium R&D tax concession	1.0	4.3	0.8	0.7	0.9	0.7
R&D tax concession	12.1	13.5	10.9	10.3	12.2	12.2
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.2	–
Industry Cooperative Innovation Program	–	<0.1	<0.1	–	–	–
South Australia Innovation and Investment Fund	–	–	–	–	–	0.5
Small business CG tax 50 percent reduction	–	0.8	0.1	0.1	<0.1	<0.1
25 per cent entrepreneurs' tax offset	–	0.1	0.1	0.1	<0.1	<0.1
Total	580.2	619.7	584.6	557.0	723.9	519.2
Other transport equipment						
<i>Industry-specific measures</i>						
Aerospace incentives – Hawker de Havilland	10.0	2.5	–	–	–	–
<i>General export measures</i>						
Export Market Development Grants Scheme	1.4	1.5	1.3	1.2	1.3	1.5
TRADEX	0.2	0.2	0.2	0.2	0.2	0.1
<i>General R&D measures</i>						
COMET Program	<0.1	<0.1	0.2	0.2	0.1	<0.1
Commercial Ready Program	0.1	0.9	0.1	0.3	<0.1	–
Cooperative Research Centres	4.3	3.7	5.7	6.9	7.4	5.2
CSIRO	2.2	2.6	2.6	5.4	5.6	5.8
Innovation Investment Fund	–	0.3	0.7	0.2	–	–
Major national research facilities	1.3	–	–	–	–	–
R&D Start	1.2	<0.1	<0.1	–	–	–
R&D tax offset for small companies	3.6	3.5	5.8	7.7	9.6	10.4
Premium R&D tax concession	4.0	3.5	3.3	1.0	1.3	1.0
R&D tax concession	5.8	6.1	5.9	5.5	6.5	6.5

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	<0.1	0.4
Geelong Innovation and Investment Fund	–	–	–	<0.1	–	–
Industry Cooperative Innovation Program	–	–	–	0.3	0.3	0.1
North East Tasmania Innovation and Investment Fund	–	–	–	–	0.2	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.1	<0.1
South Australia Innovation and Investment Fund	–	–	–	0.9	1.5	–
Scottsdale Industry and Community Development Fund	–	–	–	0.2	–	–
Small business CG tax retirement exemption	–	–	0.6	1.3	0.8	0.7
Small business CG tax 50 percent reduction	0.5	0.9	0.4	0.1	<0.1	<0.1
25 per cent entrepreneurs' tax offset	–	0.4	0.5	0.5	0.5	0.4
Total	34.7	26.3	27.5	31.8	35.5	32.3
Other machinery and equipment						
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	0.7	<0.1	–	–	–	–
Wind turbine industry assistance	–	0.7	–	–	–	–
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	–	–	–	–	–	<0.1
<i>General export measures</i>						
Export Market Development Grants Scheme	13.2	13.9	13.8	16.3	19.5	11.6
TRADEX	4.7	5.8	5.7	4.9	4.4	2.8
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	0.1	3.9
COMET Program	1.4	1.6	2.2	1.8	1.7	0.8
Commercial Ready Program	14.7	36.5	28.2	17.0	4.5	0.7
Cooperative Research Centres	8.3	5.5	2.5	3.9	2.8	2.5
CSIRO	17.6	15.6	13.9	19.6	20.6	21.1
Innovation Investment Fund	1.4	1.0	1.4	0.3	–	–
Major national research facilities	4.0	–	–	–	–	–
New Industries Development Program	0.1	<0.1	<0.1	<0.1	–	–
Preseed fund	1.3	0.2	1.8	0.3	0.8	–
R&D Start	26.3	11.3	4.3	<0.1	–	–
R&D Start Loans	0.2	–	–	–	–	–
Renewable Energy Development Initiative	0.2	1.1	1.9	0.2	0.1	–
Renewable Energy Equity Fund	0.1	<0.1	–	–	–	–
R&D tax offset for small companies	40.4	34.9	41.8	51.5	64.4	69.2
Premium R&D tax concession	5.4	9.1	19.1	12.5	16.3	13.3
R&D tax concession	25.3	26.2	29.1	32.7	38.7	38.7
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	0.2	0.2	1.0	1.1
Geelong Innovation and Investment Fund	–	–	–	1.0	–	0.1
Industry Cooperative Innovation Program	0.2	0.3	<0.1	–	–	–
Innovation Investment Fund for South Australia	–	–	4.2	2.6	2.2	–
North East Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.9	0.6
South Australia Innovation and Investment Fund	–	–	–	–	–	1.5
Scottsdale Industry and Community Development Fund	–	–	<0.1	–	–	–
Small business capital gains tax exemption	0.4	–	–	–	–	–
Small business CG tax asset exemption	–	0.8	0.7	–	–	–
Small business CG tax retirement exemption	0.4	1.3	2.6	2.0	1.2	1.1
Small business CG tax 50 percent reduction	1.4	2.1	1.5	3.3	1.9	1.6
25 per cent entrepreneurs' tax offset	–	0.3	0.3	0.3	0.3	0.3
<i>Total</i>	<i>167.7</i>	<i>168.4</i>	<i>175.5</i>	<i>170.4</i>	<i>181.4</i>	<i>171.0</i>

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Other manufacturing						
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	0.1	<0.1	–	–	–	–
<i>General export measures</i>						
Export Market Development Grants Scheme	6.0	6.4	4.0	6.0	7.6	5.7
TRADEX	1.9	2.3	2.3	1.9	1.7	1.1
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	<0.1	0.3
COMET Program	0.7	0.6	0.7	0.3	0.6	0.3
Commercial Ready Program	6.4	6.9	8.1	0.9	0.5	<0.1
Cooperative Research Centres	–	–	2.5	4.1	6.0	6.8
CSIRO	10.0	10.0	15.7	–	–	–
Preseed fund	–	–	–	–	0.2	–
R&D Start	11.2	4.5	2.8	0.1	0.1	–
R&D Start Loans	0.3	–	–	–	–	–
Renewable Energy Development Initiative	–	0.5	0.7	–	–	–
R&D tax offset for small companies	3.2	3.8	4.6	3.8	4.8	5.2
Premium R&D tax concession	0.2	0.1	0.2	0.4	0.5	0.4
R&D tax concession	0.9	0.9	1.0	1.5	1.8	1.8
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	0.2	0.2	0.4	0.3
Industry Cooperative Innovation Program	<0.1	0.2	0.2	–	–	–
Innovation Investment Fund for South Australia	–	–	0.3	–	–	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.1	1.5
Structural Adjustment Fund for South Australia	–	–	–	<0.1	–	–
Tasmanian Freight Equalisation Scheme	1.4	1.4	1.4	1.1	–	–
Small business capital gains tax exemption	<0.1	–	<0.1	–	–	–
Small business CG tax retirement exemption	0.7	0.5	2.5	1.2	0.7	0.7
Small business CG tax 50 percent reduction	0.8	1.0	2.6	1.7	1.0	0.9
25 per cent entrepreneurs' tax offset	–	0.5	0.6	0.6	0.6	0.6
Total	43.9	39.8	50.4	24.1	26.8	25.4

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Table A.12 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Unallocated manufacturing						
<i>Industry-specific measures</i>						
Advanced electricity storage	–	0.5	2.8	8.7	–	–
<i>Sector-specific measures</i>						
Clean Business Australia – Re-tooling for Climate Change	–	–	–	0.7	4.9	7.6
<i>General export measures</i>						
Duty Drawback	117.0	103.9	107.2	118.4	94.6	74.5
<i>General R&D measures</i>						
Cooperative Research Centres	4.0	3.5	3.5	2.6	2.0	–
CSIRO	0.5	0.4	0.3	12.8	13.5	13.8
Energy Innovation Fund	–	–	–	5.8	49.8	30.0
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	–	–	10.6	9.3
Intermediary Access Program	–	1.1	–	–	–	–
Innovation Investment Fund for South Australia	–	–	–	0.2	0.2	–
Structural Adjustment Fund for South Australia	–	–	–	0.3	–	–
South Australia Innovation and Investment Fund	–	–	–	1.2	2.0	–
Tasmanian Freight Equalisation Scheme	40.3	39.4	46.4	59.1	69.0	69.2
Total	161.7	148.8	160.2	209.8	246.5	204.4
Total outlays	800.5	725.5	755.8	723.3	911.6	945.7
Total tax expenditures	813.6	935.3	896.2	909.3	947.8	656.4
Total budgetary assistance	1614.1	1660.8	1652.0	1632.6	1859.4	1602.0

– Nil. Figures may not add to totals due to rounding. ^a The estimates are derived primarily from Australian Government departmental annual reports and Treasury's Tax Expenditure Statements and unpublished information provided by relevant agencies.

Source: Commission estimates.

Table A.13 Australian Government budgetary assistance to services, 2005-06 to 2010-11^a

\$ million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Electricity, gas and water supply						
<i>Industry-specific measures</i>						
Carbon Capture and Solar Flagships Program	–	–	–	–	61.8	7.1
Greenhouse gas abatement program	7.2	9.8	4.1	0.7	–	–
Low emission technology development fund	–	–	3.1	1.6	–	–
Renewable energy commercialisation	1.7	1.5	–	–	–	–
Remote renewable power generation program	28.7	13.8	29.9	39.1	4.4	–
Solar Flagships Programs	–	–	–	–	0.1	17.3
<i>General export measures</i>						
Export Market Development Grants	0.5	0.6	0.6	0.6	0.8	0.5
TRADEX	0.1	0.1	0.1	0.1	0.1	<0.1
<i>General investment measures</i>						
Development allowance	0.5	0.2	<0.1	–	–	–
Infrastructure bonds scheme	10.4	7.8	2.6	2.6	0.3	0.3
Infrastructure borrowing's tax offsets	1.0	–	–	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	0.2
COMET Program	0.2	0.2	0.7	0.6	0.3	0.3
Commercial Ready Program	0.5	1.1	0.9	0.7	0.3	<0.1
Cooperative Research Centres	5.6	4.5	4.0	–	–	–
CSIRO	22.8	19.8	28.0	22.3	23.6	24.1
Innovation Investment Fund	–	–	2.2	–	1.2	2.2
Preseed fund	<0.1	0.4	–	–	–	–
R&D Start	<0.1	–	–	–	–	–
Renewable Energy Development	3.3	5.0	1.8	6.1	2.3	–
Renewable Energy Equity Fund	0.3	–	–	–	–	–
R&D tax offset for small companies	4.8	2.4	5.1	7.1	8.9	9.6
Premium R&D tax concession	1.9	2.0	6.9	3.5	4.5	3.7
R&D tax concession	3.2	2.8	4.3	7.8	9.3	9.3
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	<0.1	0.2
Industry Cooperative Innovation Program	–	0.1	<0.1	0.1	<0.1	<0.1
Innovation Investment Fund for South Australia	–	–	–	0.4	0.4	–
Small business capital gains tax exemption	0.4	–	0.2	–	–	–
Small business CG tax retirement exemption	0.8	0.4	1.7	0.5	0.3	0.3
Small business CG tax 50 per cent reduction	1.3	0.9	2.3	0.8	0.5	0.4
25 per cent entrepreneurs' tax offset	–	0.2	0.2	0.3	0.3	0.2
Total	95.3	73.9	98.8	95.1	119.5	75.9

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Construction						
<i>General export measures</i>						
Export Market Development Grants Scheme	1.2	1.3	1.1	1.6	1.1	0.6
TRADEX	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	—	—	—
<i>General R&D measures</i>						
COMET Program	0.2	0.2	0.3	<0.1	0.2	<0.1
Commercial Ready Program	—	2.5	1.8	1.8	0.9	<0.1
Cooperative Research Centres	2.3	1.8	1.5	—	0.4	—
CSIRO	4.6	3.4	1.4	1.3	1.3	1.4
Innovation Investment Fund	—	—	<0.1	—	—	—
R&D Start	0.2	—	—	0.4	0.3	—
R&D tax offset for small companies	8.8	8.6	10.5	14.9	18.6	20.0
Premium R&D tax concession	0.8	1.4	4.3	5.4	7.0	5.8
R&D tax concession	11.4	10.5	13.7	12.1	14.4	14.4
<i>Other measures</i>						
Australian Tourism Development Program	—	—	<0.1	—	—	—
Enterprise Connect Innovation Centres	—	—	<0.1	<0.1	0.2	0.3
Industry Cooperative Innovation Program	0.3	0.2	0.2	—	—	—
North East Tasmania Innovation and Investment Fund	—	—	—	—	<0.1	—
North West and Northern Tasmania Innovation and Investment Fund	—	—	—	—	0.9	0.6
South Australia Innovation and Investment Fund	—	—	—	—	—	<0.1
Small business programs	0.1	0.9	—	0.1	<0.1	—
Scottsdale Industry and Community Development Fund	—	—	0.1	—	—	—
Small business capital gains tax exemption	4.1	5.0	4.8	9.5	5.2	4.4
Small business CG tax asset exemption	0.3	—	1.6	4.0	2.9	2.9
Small business CG tax retirement exemption	4.4	7.2	11.5	16.0	9.6	9.1
Small business CG tax 50 percent reduction	12.6	18.8	21.6	30.4	17.8	15.1
25 per cent entrepreneurs' tax offset	—	42.2	48.5	50.4	49.1	45.2
Total	51.2	104.1	123.0	147.9	129.8	119.6

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Wholesale trade						
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	<0.1	–	–	–	–	–
Ethanol Distribution Program	–	–	1.7	2.0	–	–
TCF Small Business Program	–	–	–	–	0.2	<0.1
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	–	–	–	–	–	<0.1
<i>General export measures</i>						
Export Market Development Grants Scheme	11.0	11.6	12.5	14.3	13.8	11.1
TRADEX	2.8	3.5	3.5	2.9	2.6	1.7
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	0.2
COMET Program	<0.1	<0.1	0.3	0.2	0.1	0.1
Commercial Ready Program	<0.1	0.2	–	1.6	0.8	–
R&D Start	1.4	0.2	0.2	–	–	–
R&D tax offset for small companies	24.2	23.3	29.7	36.2	45.2	48.6
Premium R&D tax concession	6.0	9.9	17.0	25.2	32.7	26.8
R&D tax concession	20.5	21.4	25.6	57.8	68.4	68.4
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.1	0.3
Industry Cooperative Innovation Program	–	0.1	–	–	–	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.2	<0.1
South Australia Innovation and Investment Fund	–	–	–	–	–	<0.1
Small business capital gains tax exemption	1.7	2.3	2.8	5.3	2.9	2.4
Small business CG tax asset exemption	1.0	1.5	3.3	2.4	1.7	1.7
Small business CG tax retirement exemption	4.2	9.4	9.7	15.4	9.3	8.8
Small business CG tax 50 percent reduction	9.8	12.7	13.6	21.8	12.8	10.8
25 per cent entrepreneurs' tax offset	–	0.9	1.1	1.1	1.1	1.0
Total	82.7	97.1	121.0	186.2	192.0	182.2

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Retail trade						
<i>Industry-specific measures</i>						
Ethanol Distribution Program	–	0.7	4.5	5.0	–	–
Greenhouse gas abatement program	0.4	0.5	0.2	<0.1	–	–
LPG Vehicle Scheme	–	121.8	163.2	175.8	65.2	40.9
TCF Small Business Program	–	–	–	–	<0.1	<0.1
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	–	–	–	–	–	<0.1
<i>General export measures</i>						
Export Market Development Grants Scheme	1.3	1.3	1.5	2.1	1.4	1.2
TRADEX	3.6	4.4	4.4	3.7	3.4	2.2
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	<0.1
COMET Program	<0.1	<0.1	0.2	0.1	<0.1	<0.1
Commercial Ready Program	–	–	–	0.2	<0.1	–
R&D tax offset for small companies	7.3	9.3	12.5	16.9	21.2	22.8
Premium R&D tax concession	1.1	2.4	1.9	0.7	0.9	0.7
R&D tax concession	2.8	4.7	6.0	8.2	9.7	9.7
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	<0.1	0.1
North East Tasmania Innovation and Investment Fund	–	–	–	–	0.1	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	0.3	<0.1
Small business capital gains tax exemption	8.4	13.4	7.3	22.5	12.2	10.3
Small business CG tax asset exemption	4.7	5.4	3.8	3.4	2.4	2.4
Small business CG tax retirement exemption	12.3	14.5	27.1	33.0	19.9	18.8
Small business CG tax 50 percent reduction	25.2	32.0	37.1	58.9	34.4	29.1
25 per cent entrepreneurs' tax offset	–	1.9	2.5	2.8	2.7	2.5
Total	67.1	212.3	272.3	333.3	174.0	140.8

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Accommodation, cafes and restaurants						
<i>General export measures</i>						
Export Market Development Grants Scheme	4.8	5.0	4.1	5.0	6.5	4.3
<i>General R&D measures</i>						
COMET Program	–	–	–	–	<0.1	<0.1
CSIRO	<0.1	<0.1	–	–	–	–
R&D tax offset for small companies	–	0.5	1.4	2.0	2.5	2.7
R&D tax concession	1.0	1.0	1.1	0.4	0.4	0.4
<i>Other measures</i>						
Australian Tourism Development Program	–	–	0.2	–	–	–
Enterprise Connect Innovation Centres	–	–	–	–	<0.1	<0.1
North East Tasmania Innovation and Investment Fund	–	–	–	–	0.1	–
Small business programs	0.2	–	–	–	–	–
Small business capital gains tax exemption	6.4	7.9	5.7	14.7	8.0	6.7
Small business CG tax asset exemption	–	3.1	6.6	7.5	5.4	5.4
Small business CG tax retirement exemption	8.2	8.6	14.5	13.3	8.0	7.5
Small business CG tax 50 percent reduction	22.5	21.8	32.1	33.5	19.6	16.6
25 per cent entrepreneurs' tax offset	–	0.7	0.9	1.0	1.0	0.9
Total	43.1	48.7	66.6	77.3	51.6	44.6

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Transport and Storage						
<i>Industry-specific measures</i>						
Payment scheme for Airservices						
Australia's en route charges	6.0	6.0	5.8	4.7	4.1	4.0
Bass Strait Passenger Vehicle Equalisation	31.1	28.4	30.1	35.1	36.5	36.5
<i>Sector-specific measures</i>						
Exceptional Circumstances – interest rate subsidy	–	–	–	–	–	0.4
Exceptional Circumstances – relief payments	–	–	–	–	–	0.9
Interim Income Support	–	–	–	–	–	<0.1
<i>General export measures</i>						
Export Market Development Grants Scheme	5.2	5.5	5.9	6.0	8.3	5.6
TRADEX	0.4	0.5	0.5	0.5	0.4	0.3
<i>General investment measures</i>						
Development allowance	1.2	0.5	<0.1	–	–	–
Infrastructure bonds scheme	9.6	7.2	2.4	2.4	0.2	0.2
Infrastructure borrowing's tax offset scheme	6.5	3.8	3.8	0.4	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	<0.1	<0.1
COMET Program	0.2	0.1	0.1	<0.1	0.1	<0.1
Commercial Ready Program	0.2	0.8	1.3	–	–	–
CSIRO	4.7	3.3	2.7	1.1	1.2	1.2
R&D Start	0.7	<0.1	–	–	–	–
R&D tax offset for small companies	2.6	3.4	4.3	5.4	6.8	7.3
Premium R&D tax concession	0.2	4.8	4.8	5.7	7.3	6.0
R&D tax concession	5.1	7.5	8.2	8.5	10.0	10.0
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	<0.1	<0.1
Industry Cooperative Innovation Program	–	–	–	0.2	0.2	–
North East Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
Small business capital gains tax exemption	2.6	2.0	2.9	5.0	2.7	2.3
Small business CG tax asset exemption	1.4	0.9	1.3	4.5	3.2	3.2
Small business CG tax retirement exemption	4.3	5.7	9.2	13.2	8.0	7.5
Small business CG tax 50 per cent reduction	9.3	9.2	13.4	17.1	10.0	8.5
25 per cent entrepreneurs' tax offset	–	9.6	11.1	12.4	12.1	11.1
Total	91.3	99.2	107.9	122.1	111.4	105.2

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Communication services						
<i>Industry-specific measures</i>						
ABC and SBS Digital Interference Scheme	<0.1	<0.1	<0.1	<0.1	<0.1	–
The Advanced Networks Program	7.0	12.5	–	–	–	–
Regional Equalisation Plan	24.2	24.8	23.7	0.3	1.3	1.3
<i>General export measures</i>						
Export Market Development Grants Scheme	2.4	2.5	22.4	27.7	27.8	19.4
<i>General investment measures</i>						
Development allowance	1.4	0.5	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	0.4	2.5
COMET Program	0.5	0.6	1.1	1.2	1.0	0.6
Commercial Ready Program	1.2	5.2	2.8	1.8	0.4	–
Cooperative Research Centres	4.6	3.5	4.4	4.5	4.4	4.4
CSIRO	24.1	32.8	35.7	18.2	19.2	19.6
ICT centre of excellence	23.5	24.0	26.8	27.3	25.4	25.9
Innovation Investment Fund	0.7	0.2	–	–	<0.1	<0.1
Preseed fund	2.4	1.8	1.0	0.7	0.4	–
R&D Start	5.3	0.6	0.2	–	–	–
R&D tax offset for small companies	14.0	15.6	21.4	23.2	29.1	31.2
Premium R&D tax concession	3.6	2.0	1.9	2.0	2.7	2.2
R&D tax concession	14.2	20.1	29.3	19.6	23.3	23.3
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	<0.1	<0.1	0.1	0.1
Industry Cooperative Innovation Program	0.2	0.4	0.2	0.5	0.3	0.3
Innovation Investment Fund for South Australia	–	–	–	0.9	0.8	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	<0.1
Small business capital gains tax exemption	0.3	0.1	0.6	–	–	–
Small business CG tax retirement exemption	1.2	1.0	1.9	0.2	0.1	0.1
Small business CG tax 50 percent reduction	1.6	2.0	3.2	3.1	1.8	1.5
25 per cent entrepreneurs' tax offset	–	1.1	1.4	1.5	1.4	1.3
Total	132.3	151.3	178.1	132.9	139.8	133.8

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Finance and insurance						
<i>Industry-specific measures</i>						
High Costs Claims scheme	<0.1	8.8	3.2	19.5	21.4	24.5
TCF Small Business Program	–	–	–	–	<0.1	–
United Medical Protection support	13.7	13.2	0.1	–	–	–
Offshore Banking Unit tax concession	90.0	160.0	320.0	305.0	265.0	155.0
Venture Capital Limited Partnerships	9.0	10.0	10.0	11.0	11.0	11.0
<i>General export measures</i>						
Export Market Development Grants Scheme	1.3	1.4	0.5	0.9	1.2	0.6
TRADEX	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
Land transport infrastructure borrowing's tax offset scheme	2.5	1.3	1.3	0.1	–	–
<i>General R&D measures</i>						
COMET Program	0.2	<0.1	0.1	0.2	<0.1	<0.1
Commercial Ready Program	0.3	1.6	1.8	–	–	–
CSIRO	1.2	1.2	0.8	0.7	0.7	0.7
Innovation Investment Fund	4.6	3.9	3.1	1.9	3.0	5.3
Preseed fund	3.9	1.9	2.2	–	2.0	–
R&D Start	0.7	0.4	–	–	–	–
Renewable Energy Equity Fund	0.5	0.3	0.3	–	–	–
R&D tax offset for small companies	16.6	13.0	18.0	26.2	32.8	35.2
Premium R&D tax concession	11.8	19.7	28.1	61.9	80.5	66.0
R&D tax concession	33.6	37.7	46.5	88.7	105.1	105.1
<i>Other measures</i>						
Enterprise Connect Innovation Centres	–	–	–	–	<0.1	<0.1
Industry Cooperative Innovation Program	–	–	–	0.3	–	–
Small business programs	–	–	–	0.1	<0.1	–
Pooled development funds	7.0	9.0	11.0	10.0	6.0	4.0
Small business capital gains tax exemption	17.8	28.4	77.6	64.4	35.0	29.5
Small business CG tax asset exemption	7.5	14.0	14.5	32.1	23.1	23.1
Small business CG tax retirement exemption	39.1	56.9	86.4	113.9	68.7	64.8
Small business CG tax 50 percent reduction	66.1	105.5	113.6	169.7	99.1	84.0
25 per cent entrepreneurs' tax offset	–	4.5	5.6	6.0	5.8	5.4
Total	327.4	492.8	744.8	912.7	760.6	614.4

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Property and business services						
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	1.2	0.2	<0.1	–	–	–
Pharmaceuticals Partnerships Program	–	–	–	–	0.3	–
Solar cities initiative	0.6	3.0	9.1	7.2	11.7	–
TCF Small Business Program	–	–	0.3	0.3	0.5	0.3
<i>Sector-specific measures</i>						
EC – interest rate subsidy	–	–	–	–	–	<0.1
<i>General export measures</i>						
Export Market Development Grants	30.3	32.1	26.9	35.7	37.2	26.8
TRADEX	0.4	0.4	0.4	0.4	0.3	0.2
<i>General investment measures</i>						
Development allowance	0.2	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	1.0	9.6
COMET Program	2.6	3.6	6.5	3.9	3.1	1.4
Commercial Ready Program	11.4	26.9	23.3	36.2	11.6	3.2
Cooperative Research Centres	12.2	10.3	12.5	7.9	9.3	11.5
CSIRO	9.3	7.5	6.2	2.0	2.2	2.2
Innovation Investment Fund	4.9	3.8	4.4	2.3	1.3	2.3
National Enabling Technologies Strategy	–	–	–	–	0.2	0.1
Preseed fund	2.6	2.1	4.3	2.2	1.9	–
R&D Start	13.6	5.6	0.4	1.1	0.2	–
Renewable Energy Development	0.3	1.1	1.0	8.8	1.4	–
Renewable Energy Equity Fund	–	0.3	1.4	–	–	–
R&D tax offset for small companies	47.6	40.0	55.7	69.9	87.4	93.9
Premium R&D tax concession	18.2	29.1	38.9	39.4	51.2	42.0
R&D tax concession	76.3	78.6	73.3	96.1	113.8	113.8
<i>Other measures</i>						
Australian Tourism Development	–	–	1.3	–	–	–
Enterprise Connect Innovation Centres	–	–	2.8	2.8	1.4	2.6
Industry Cooperative Innovation Program	0.1	0.2	0.7	0.6	<0.1	<0.1
Innovation Investment Fund for SA	–	–	–	0.8	0.7	–
Indigenous Tourism Business Ready	–	–	–	0.4	–	–
South Australia Innovation and Investment Fund	–	–	–	–	–	1.5
Small business Online Program	–	–	–	–	–	2.4
Small business programs	8.3	6.8	10.6	1.2	0.6	–
Small business capital gains tax exemption	13.9	18.7	21.4	56.5	30.7	25.8
Small business CG tax asset exemption	7.1	8.8	23.3	21.8	15.7	15.7
Small business CG tax retirement exemption	23.7	42.7	69.7	81.6	49.2	46.4
Small business CG tax 50 per cent reduction	48.2	71.6	98.6	136.2	79.5	67.4
25 per cent entrepreneurs' tax offset	–	28.4	35.1	39.7	38.6	35.6
Total	333.0	421.8	528.2	654.8	551.3	504.9

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Government administration and defence						
<i>General export measures</i>						
Export Market Development Grants Scheme	–	–	0.3	0.4	0.3	0.2
TRADEX	0.2	0.2	0.2	0.2	0.1	<0.1
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	0.2
COMET Program	–	<0.1	<0.1	<0.1	0.2	<0.1
CSIRO	11.5	13.8	12.7	25.8	27.3	27.9
R&D tax offset for small companies	–	–	0.7	1.6	2.0	2.1
R&D tax concession	0.5	0.9	0.6	0.4	0.5	0.5
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
Enterprise Connect Innovation Centres	–	–	0.2	0.2	0.7	0.2
Small business programs	1.6	4.3	1.6	0.5	0.2	–
Small business CG tax retirement exemption	<0.1	0.4	0.2	1.9	1.1	1.1
Small business CG tax 50 percent reduction	0.4	0.4	0.4	2.0	1.2	1.0
25 per cent entrepreneurs' tax offset	–	0.7	0.8	0.9	0.8	0.8
Total	14.2	20.8	18.0	33.9	34.4	34.2
Education						
<i>General export measures</i>						
Export Market Development Grants Scheme	7.0	7.4	8.6	12.3	14.9	11.1
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	–	0.5
COMET Program	0.3	0.2	0.3	0.2	0.1	<0.1
Commercial Ready Program	–	–	<0.1	0.6	0.5	0.2
CSIRO	2.1	2.0	1.1	0.7	0.7	0.7
R&D Start	<0.1	<0.1	–	–	–	–
R&D tax offset for small companies	3.3	3.3	2.8	4.1	5.1	5.5
Premium R&D tax concession	<0.1	<0.1	0.5	<0.1	<0.1	<0.1
R&D tax concession	0.4	0.4	0.6	0.4	0.5	0.5

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
Enterprise Connect Innovation Centres	–	–	0.7	0.7	1.7	1.2
Indigenous Tourism Business Ready Program	–	–	–	0.2	–	–
Structural Adjustment Fund for South Australia	–	–	–	0.2	–	–
Small business Online Program	–	–	–	–	–	2.3
Small business programs	4.1	2.6	0.4	0.8	0.4	–
Tasmanian Freight Equalisation Scheme	–	–	–	<0.1	<0.1	<0.1
Small business capital gains tax exemption	0.2	0.4	0.2	0.8	0.4	0.4
Small business CG tax retirement exemption	1.3	0.4	1.8	4.1	2.5	2.3
Small business CG tax 50 percent reduction	1.3	1.8	3.6	4.7	2.8	2.3
25 per cent entrepreneurs' tax offset	–	3.7	4.8	5.4	5.3	4.9
Total	20.2	22.3	25.6	35.2	35.1	32.0
Health and community services						
<i>Industry-specific measures</i>						
Biotechnology Innovation Fund	1.5	<0.1	–	–	–	–
Premium Support scheme	17.1	50.0	23.5	16.1	17.2	13.1
<i>General export measures</i>						
Export Market Development Grants Scheme	2.0	2.1	1.4	1.8	2.1	1.7
TRADEX	0.3	0.3	0.3	0.3	0.2	0.2
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
Commercialisation Australia	–	–	–	–	<0.1	0.5
COMET Program	0.6	0.5	1.5	0.4	0.3	0.2
Commercial Ready Program	3.5	7.0	7.8	2.3	0.2	–
Cooperative Research Centres	19.6	19.0	24.2	19.3	18.4	25.2
CSIRO	48.0	41.1	50.3	47.6	50.2	51.4
Innovation Investment Fund	2.3	2.4	–	0.6	0.7	1.2
Preseed fund	1.8	2.0	1.1	0.9	0.2	–
R&D Start	4.4	1.8	0.2	–	–	–
R&D tax offset for small companies	5.2	4.4	5.3	6.7	8.4	9.0
Premium R&D tax concession	0.6	0.5	0.5	0.6	0.8	0.6
R&D tax concession	2.0	1.7	1.6	2.4	2.8	2.8

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Australian Tourism Development Program	–	–	<0.1	–	–	–
Enterprise Connect Innovation Centres	–	–	–	–	<0.1	–
Industry Cooperative Innovation Program	–	–	–	0.5	<0.1	–
Small business programs	0.2	<0.1	–	–	–	–
Small business capital gains tax exemption	2.8	6.8	6.8	7.5	4.1	3.4
Small business CG tax asset exemption	0.9	1.7	3.8	0.6	0.4	0.4
Small business CG tax retirement exemption	6.8	10.9	21.2	21.5	12.9	12.2
Small business CG tax 50 percent reduction	12.1	20.7	36.1	36.4	21.2	18.0
25 per cent entrepreneurs' tax offset	–	8.0	10.4	12.7	12.4	11.4
Total	131.4	181.2	195.9	178.1	152.9	151.5
Cultural and recreational services						
<i>Industry-specific measures</i>						
Australian Film Commission	52.0	52.4	53.0	–	–	–
Australian Film Finance Corporation	70.5	70.5	70.5	–	–	–
Equine Influenza Emergency Assistance Package	–	–	256.8	–	–	–
Film Australia	13.0	13.2	13.3	–	–	–
Indigenous Broadcasting Program	13.3	13.6	14.0	13.7	14.4	14.7
Screen Australia	–	–	–	102.9	93.6	89.4
Film industry tax incentives – 10B & 10A	-2.0	-13.0	-13.0	-15.0	-22.0	-17.0
Exemption of film tax offset payments	7.0	10.0	2.0	16.0	35.0	30.0
Film industry offsets	22.0	29.0	69.0	128.2	242.0	144.0
<i>General export measures</i>						
Export Market Development Grants Scheme	12.1	12.8	5.6	5.9	6.5	4.9
<i>General investment measures</i>						
Development allowance	<0.1	<0.1	<0.1	–	–	–
<i>General R&D measures</i>						
COMET Program	0.1	0.2	0.4	<0.1	0.2	<0.1
Commercial Ready Program	0.2	0.2	0.2	–	–	–
Cooperative Research Centres	4.7	4.7	3.5	3.1	2.0	–
CSIRO	0.6	0.5	0.8	1.5	1.6	1.6
R&D tax offset for small companies	2.2	1.2	1.2	1.6	2.0	2.1
R&D tax concession	0.3	0.2	0.2	0.7	0.8	0.8

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures</i>						
Australian Tourism Development Program	–	–	0.9	–	–	–
Enterprise Connect Innovation Centres	–	–	–	–	<0.1	<0.1
Industry Cooperative Innovation Program	–	0.7	–	–	–	–
Small business programs	–	0.7	–	–	–	–
Tasmanian Freight Equalisation Scheme	–	–	–	<0.1	0.2	0.2
Small business capital gains tax exemption	0.9	1.3	1.3	0.8	0.4	0.4
Small business CG tax retirement exemption	2.2	2.0	3.4	2.3	1.4	1.3
Small business CG tax 50 percent reduction	3.2	4.7	3.7	5.3	3.1	2.6
25 per cent entrepreneurs' tax offset	–	4.4	5.9	6.3	6.1	5.7
Total	202.2	209.2	492.7	273.5	387.3	280.9
Personal and other services						
<i>Industry-specific measures</i>						
TCF Small Business Program	–	–	–	–	<0.1	–
<i>General export measures</i>						
Export Market Development Grants Scheme	1.2	1.3	1.7	2.4	3.1	2.2
<i>General R&D measures</i>						
COMET Program	0.1	0.1	<0.1	0.1	<0.1	<0.1
Commercial Ready Program	0.6	0.1	<0.1	<0.1	–	–
CSIRO	0.8	1.2	1.3	<0.1	<0.1	<0.1
Renewable Energy Development Initiative	–	0.7	1.5	–	–	–
R&D tax offset for small companies	7.7	5.3	6.3	6.0	7.5	8.1
Premium R&D tax concession	0.6	0.9	1.8	1.1	1.4	1.1
R&D tax concession	2.5	2.8	2.9	3.4	4.1	4.1
<i>Other measures</i>						
Australian Tourism Development Program	–	–	1.7	–	–	–
Enterprise Connect Innovation Centres	–	–	–	–	0.5	1.6
Industry Cooperative Innovation Program	–	0.5	<0.1	2.2	2.6	0.9
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	<0.1
Small business Online Program	–	–	–	–	–	2.4
Small business programs	1.2	1.6	0.8	0.7	0.4	–
Small business capital gains tax exemption	1.6	3.7	2.1	5.2	2.8	2.4
Small business CG tax asset exemption	0.9	1.2	1.8	1.4	1.0	1.0
Small business CG tax retirement exemption	2.9	4.0	6.3	8.0	4.9	4.6
Small business CG tax 50 per cent reduction	6.7	8.9	12.3	15.1	8.8	7.5
25 per cent entrepreneurs' tax offset	–	6.9	8.6	9.9	9.7	8.9
Total	26.8	39.2	49.1	55.7	46.9	44.8

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Table A.13 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Unallocated services						
<i>Industry-specific measures</i>						
Building IT strengths	10.6	7.5	–	–	–	–
ICT Incubators Program	–	–	1.7	–	–	–
<i>General export measures</i>						
Tourism Australia	137.8	133.8	135.8	137.6	141.6	136.1
<i>General R&D measures</i>						
CSIRO	2.9	3.3	3.7	2.4	2.5	2.6
<i>Other measures</i>						
Australian Tourism Development Program	7.0	6.8	–	–	–	–
Cairns Foreshore Promenade Development	2.9	–	–	–	–	–
Cairns Esplanade Development	3.0	1.9	–	–	–	–
Enterprise Connect Innovation Centres	–	–	–	–	–	<0.1
Clean Business Australia – Green Building Fund	–	–	–	–	16.7	24.0
The Great Green Way - Tourism Initiative	1.9	1.9	–	–	–	–
Indigenous Tourism Business Ready Program	0.8	1.1	0.4	0.6	–	–
Kimberley Cultural Tourism Promotion	0.1	–	–	–	–	–
North East Chinese Heritage Trail	0.5	1.2	–	–	–	–
National Tourism Accreditation Framework	0.8	0.5	–	–	–	–
Oatlands Callington Mill upgrade	<0.1	–	–	–	–	–
Queensland Tourism Assistance Package	–	–	–	0.3	–	–
Small business Online Program	–	–	–	–	7.2	–
Stockman's Hall of Fame	–	0.5	0.4	–	–	–
Tasmanian Forest Tourism Initiative	–	–	–	15.2	18.1	3.3
Tasmanian Infrastructure Initiative	0.7	–	–	–	–	–
Tourism in Protected Areas	1.7	–	–	–	–	–
TQUAL grants	–	–	–	4.2	8.6	3.3
Willow Court Restoration of 'The Barracks'	0.3	–	–	–	–	–
Film Licensed Investment Company Scheme	–	4.0	4.0	–	–	–
Total	171.0	162.7	146.0	160.2	194.7	169.3
Total outlays	955.4	1093.8	1414.4	1197.8	1168.0	1053.9
Total tax expenditures	833.8	1242.8	1753.8	2201.1	1913.5	1580.1
Total budgetary assistance	1789.2	2336.5	3168.1	3398.9	3081.5	2634.0

– Nil. Figures may not add to totals due to rounding. ^a The estimates are derived primarily from Australian Government departmental annual reports and Treasury's Tax Expenditure Statements and unpublished information provided by relevant agencies.

Source: Commission estimates.

Table A.14 Australian Government budgetary assistance, Unallocated other, 2005-06 to 2010-11^{ab}

\$ million (nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Industry-specific measures</i>						
Australian Seafood Industry Council	0.1	—	<0.1	—	—	—
Australian Space Science Program	—	—	—	—	4.8	11.2
Biotechnology Innovation Fund	0.3	<0.1	—	—	—	—
National Urban Water & Desalination Plan	—	—	—	10.0	16.2	46.0
Pharmaceuticals Partnerships Program	—	—	16.6	7.3	—	—
National Energy Efficiency Initiative – Smart Grid, Smart City	—	—	—	—	—	33.7
Tasmanian wheat freight subsidy	—	0.6	0.9	0.3	0.1	—
<i>General export measures</i>						
Australian Made Campaign	0.7	0.5	0.9	0.4	1.1	—
Austrade	96.2	99.0	98.0	109.2	111.4	118.8
Clean Energy Trade and Investment Strategy	—	—	—	—	5.0	5.0
EFIC national interest business	9.1	10.9	8.2	7.4	3.1	4.4
International Food & Agricultural Service	30.5	30.5	36.7	—	—	—
<i>General investment measures</i>						
Invest Australia	22.0	24.0	—	—	—	—
Development allowance	5.6	2.2	0.1	—	—	—
Regional headquarters program	0.5	0.5	0.5	0.5	0.5	0.5
<i>General R&D measures</i>						
Australian Centre for Renewable Energy	—	—	—	—	15.5	14.4
COMET Program	—	—	—	<0.1	<0.1	—
Commercial Ready Program	1.3	0.4	24.3	0.1	—	—
Innovation Access Program	9.3	0.8	1.1	—	—	—
Innovation Investment Fund	—	—	—	2.6	—	—
Innovation Investment Follow-on Fund	—	—	—	—	40.9	17.2
Major national research facilities	11.9	—	—	—	—	—
National Enabling Technologies Strategy	—	—	—	—	0.1	0.3
Preseed fund	—	—	—	2.7	—	—
R&D Start	4.6	2.2	1.5	—	—	—
R&D Start Loans	0.1	—	—	—	—	—
Renewable Energy Development	—	—	3.4	—	—	—
R&D tax offset for small companies	8.3	11.3	21.8	30.3	37.9	40.7
Premium R&D tax concession	0.5	0.4	1.4	2.4	3.1	2.5
R&D tax concession	2.0	2.8	4.7	6.5	7.7	7.7
R&D tax offset payments – exemption	5.0	-30.0	-120.0	-140.0	-170.0	-210.0
<i>Other measures</i>						
Beaconsfield Community Fund	—	1.0	2.4	—	—	—
Tropical Cyclones Larry and Monica – business assistance	136.5	11.8	—	—	—	—
Enterprise Connect Innovation Centres	—	—	0.3	0.3	1.4	4.0
Fishing Structural Adjustment Package – Onshore Business Restructure Program	—	—	5.7	—	—	—

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Table A.14 (continued)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Other measures (continued)</i>						
Geelong Innovation & Investment Fund	–	–	–	–	7.0	–
Home Based Business Seminars	–	0.4	0.3	–	–	–
Intermediary Access Program	–	–	1.9	–	–	–
Industry Cooperative Innovation Program	–	–	2.7	–	–	–
Insulation Industry Assistance Package	–	–	–	–	–	22.9
Innovation Investment Fund for SA	–	–	<0.1	<0.1	<0.1	–
Low Emissions Technology and Abatement Program	2.0	6.7	3.1	1.7	–	–
North West and Northern Tasmania Innovation and Investment Fund	–	–	–	–	<0.1	–
Port Kembla Industry Facilitation Fund	–	2.4	2.6	–	–	–
Procurement strategy	–	–	–	–	1.8	3.5
Regional partnerships program	26.8	17.3	18.6	14.5	6.2	0.2
Structural Adjustment Fund for SA	13.1	10.5	7.0	–	–	–
Industry Capability Network Limited	1.5	2.3	–	–	–	–
Small Business Advisory Services	–	–	–	11.9	16.4	9.0
Small business programs	–	0.5	–	0.3	0.2	–
Small business Support Line	–	–	–	–	1.3	–
Sustainable Regions program	36.8	7.1	4.7	0.9	–	–
Tasmanian Freight Equalisation Scheme	0.9	1.0	1.2	2.5	6.6	6.6
Capital gains tax relief for statutory licences	–	20.0	90.0	–	–	–
Small business capital gains tax exemption	30.5	60.2	58.7	108.4	58.8	49.6
The Small and General Business Tax Break	–	–	–	–	1480.0	2300.0
Small business CG tax asset exemption	8.7	12.9	22.2	28.9	20.8	20.8
Small business CG tax retirement exemption	57.6	78.6	163.0	191.7	115.7	109.1
Small business CG tax 50 percent reduction	112.0	186.0	270.3	334.7	195.5	165.7
25 per cent entrepreneurs' tax offset	–	18.5	28.8	34.8	33.9	31.2
Taxation assistance for victims of Australian natural disasters	–	11.0	11.0	8.0	8.0	6.0
TCF Corporate Wear Program	50.9	56.4	66.6	74.1	93.1	85.4
Total	685.2	660.6	861.1	852.5	2124.1	2906.3
Total outlays	412.0	241.0	264.0	202.6	277.0	337.8
Total tax expenditures	273.2	419.6	597.1	649.9	1847.1	2568.5
Total budgetary assistance	685.2	660.6	861.1	852.5	2124.1	2906.3

– Nil. Figures may not add to totals due to rounding. ^a The estimates are derived primarily from Australian Government departmental annual reports and Treasury's Tax Expenditure Statements and unpublished information provided by relevant agencies. ^b Includes programs or amounts of funding where the initial benefiting industry is not stated and/or has not been ascertained.

Source: Commission estimates.

B Adjustment assistance expenditures

This appendix provides supporting details to chapter 4. The chapter discusses the role and nature of adjustment assistance that has been provided to businesses by successive Australian Governments since 1996-97. Summary estimates of that assistance are provided in that chapter.

The coverage of measures does not include numerous State and Territory Government programs, nor separate assistance provided directly to workers.

The expenditure by program is reported in nominal dollars.

Table B.1 Adjustment assistance programs, 1996-97 to 2010-11

\$ million (nominal)

<i>Category</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-00</i>	<i>2000-01</i>	<i>2001-02</i>
Dairy						
Dairy Structural Adjustment Program	—	—	—	—	180.4	172.3
Supplementary Dairy Assistance Program	—	—	—	—	—	88.9
Sugar						
Sugar Industries Packages - Research & Cane Growers			2.0	4.8	29.6	19.7
Sugar Infrastructure Program		2.8	1.1	0.9	1.8	1.8
Sugar Industry Reform Program 2004	—	—	—	—	—	—
Fisheries						
Fisheries Structural Adjustment Package	—	—	—	—	—	—
Fishing Structural Adjustment Package - Levy Subsidy	—	—	—	—	—	—
Fishing Structural Adjustment Package - Onshore Business	—	—	—	—	—	—
Great Barrier Reef Structural Adjustment	—	—	—	—	—	—
Torres Strait Fisheries						
Forestry						
Preparing for the Future	—	—	—	—	—	—
Commonwealth-NSW forest industry package	1.3	0.0	0.3	—	—	—
Forest Industry Structural Adjustment	5.3	6.3	0.8	4.5	3.4	18.9
Tasmanian Community Forest Agreement	—	—	—	—	—	—
Textiles, clothing and footwear						
TCF 2000 Strategy	3.3	—	—	—	—	—
TCF Corporate Wear program	—	—	—	—	—	37.4
TCF Development-Other	—	—	—	—	—	3.2
TCF Import Credit Scheme	118.2	121.0	106.0	83.2	49.2	9.9
TCF Product Diversification scheme	—	—	—	—	—	—
TCF Small Business Program	—	—	—	—	—	—
TCF Strategic Capability Program	—	—	—	—	—	—
TCF Strategic Investment Program	—	—	—	3.8	11.8	150.7
TCF Strategic Investment Program - Post 2005	—	—	—	—	—	—
TCF Structural Adjustment Scheme	—	—	—	—	—	—
Other TCF Programs	—	6.0	8.0	—	—	—

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
164.7	147.4	140.8	134.1	122.1	118.1	0.2		—	1 180.2
5.6	3.0	2.6	2.5	2.2	2.0	—	—	—	106.8
—	—	—	—	—	—	—	—	—	56.1
—	—	—	—	—	—	—	—	—	8.3
—	69.9	129.4	140.0	39.1	35.6	4.5	—	—	418.5
—	—	—	1.3	159.9	25.3	16.7	9.6	1.8	214.5
—	—	—	—	—	5.0	—	—	—	5.0
—	—	—	—	—	5.7	—	—	—	5.7
—	—	49.1	32.6	65.9	67.8	—	—	—	215.4
—	—	—	—	0.6	21.1	0.2	—	—	21.8
—	—	—	—	—	—	3.3	6.9	3.5	13.7
—	—	—	—	—	—	—	—	—	1.6
16.4	21.5	21.3	9.7	30.6	—	—	—	—	138.9
—	—	—	—	—	26.0	35.3	—	—	61.3
—	—	—	—	—	—	—	—	—	3.3
41.1	52.2	46.0	50.9	56.4	66.6	74.1	93.1	85.4	603.2
0.5	0.1	—	—	—	—	—	—	—	4.2
—	—	—	—	—	—	—	—	—	487.5
—	—	—	—	5.0	5.0	4.5	4.6	5.0	24.1
—	—	—	—	2.2	2.3	2.4	2.5	2.5	11.9
—	—	—	—	—	—	—	0.0	5.2	5.2
109.7	119.1	123.7	123.8	—	—	—	—	—	642.7
—	—	—	4.3	96.2	97.4	96.5	98.5	99.2	492.0
—	—	—	2.8	3.0	2.3	1.3	5.9	2.4	17.8
—	—	—	—	—	—	—	—	—	14.0

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Table B.1 (continued)

<i>Category</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-00</i>	<i>2000-01</i>	<i>2001-02</i>
Printing						
Enhanced Printing Industry Competitiveness Scheme	–	–	–	–	–	–
Extended Printing Industry Competitiveness Scheme	–	–	–	–	13.5	15.9
Printing Industry Competitiveness Scheme	–	–	–	5.9	3.5	1.9
Automotive						
ACIS – stage 1	–	–	–	–	146.1	594.9
ACIS – stage 2	–	–	–	–	–	–
Automotive Industry Structural Adjustment Program	–	–	–	–	–	–
Automotive market access and development	–	–	8.0	7.7	4.8	4.9
Automotive Supply Chain Development Program	–	–	–	–	–	–
Automotive Transformation Scheme	–	–	–	–	–	–
Green car Innovation Fund	–	–	–	–	–	–
PMV Export Facilitation Scheme	220.6	250.6	288.0	348.0	363.0	–
Other industries						
Citrus industry market diversification subsidy	2.2	0.4	0.5	0.3	0.2	0.7
Lamb Industry Development Program	–	–	–	8.6	1.7	4.0
Lamb industry levy alleviation	–	–	–	–	7.4	7.8
Pharmacy restructuring grants	5.1	7.0	11.0	13.0	10.0	–
Pig meat Processing Grants Program	–	–	–	4.1	2.8	1.6
Pork industry development grant	–	–	4.0	4.1	0.5	–
Pork Producer Exit Program	–	–	–	5.0	–	–
Tobacco Grower Adjustment Assistance	–	–	–	–	–	–
Drought						
Rural Adjustment Scheme	105.8	81.9	42.7	29.0	18.0	10.7
EC - interest rate subsidies	–	–	–	–	–	10.9
EC - relief payment	–	63.1	29.8	22.9	12.6	19.8
Drought assistance - Murray Darling Basin grants to irrigators	–	–	–	–	–	–
Drought assistance - professional advice	–	–	–	–	–	–
Drought assistance re-establishment	–	–	–	–	–	–
Drought assistance - technical information workshop	–	–	–	–	–	–
Drought Relief Package	–	–	–	–	–	–
Interim Income Support	–	–	–	–	–	0.6
EC - Small Business Interest Rate Subsidy	–	–	–	–	–	–

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total□
	1.6	—	—	—	—	—	—	—	2.7
1.1	11.2	—	—	—	—	—	—	—	49.2
8.6	—	—	—	—	—	—	—	—	11.8
571.5	584.3	568.8	479.8	—	—	—	—	—	2945.4
	0.5	0.9	—	537.0	506.9	479.1	520.9	190.8	2236.2
—	—	—	—	—	—	7.9	18.1	17.0	43.0
—	—	—	—	—	—	—	—	—	25.4
—	—	—	—	—	—	0.1	3.9	5.8	9.8
—	—	—	—	—	—	—	—	93.3	93.3
—	—	—	—	—	—	—	108.1	63.0	171.1
—	—	—	—	—	—	—	—	—	1470.2
—	—	—	—	—	—	—	—	—	4.3
—	—	—	—	—	—	—	—	—	14.3
—	—	—	—	—	—	—	—	—	15.2
—	—	—	—	—	—	—	—	—	46.1
—	—	—	—	—	—	—	—	—	8.5
—	—	—	—	—	—	—	—	—	8.6
—	—	—	—	—	—	—	—	—	5.0
—	—	—	—	39.3	14.4	0.3	—	0.1	54.1
—	—	—	—	—	—	—	—	—	288.0
39.7	92.5	99.2	232.1	414.5	640.1	457.3	358.8	247.5	2592.5
45.9	153.4	117.1	156.0	254.9	378.8	321.7	242.5	146.0	1964.4
—	—	—	—	—	144.3	60.4	0.8	—	205.5
—	—	—	—	—	6.2	14.2	12.5	7.1	40.1
—	—	—	—	—	4.6	17.6	20.0	23.9	66.1
—	—	—	—	—	6.1	—	—	—	6.1
3.3	6.7	2.3	—	—	—	—	—	—	12.2
52.0	41.5	1.9	0.5	11.6	7.9	1.7	0.6	0.3	118.5
0.1	0.5	0.5	—	—	—	—	—	—	1.2

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Table B.1 (continued)

<i>Category</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-00</i>	<i>2000-01</i>	<i>2001-02</i>
Other natural impacts						
Equine Influenza Emergency Assistance Package	—	—	—	—	—	—
Taxation Assistance for Victims of Australian Natural Disasters	—	—	—	—	—	—
Cyclones Larry and Monica Business Assistance Fund	—	—	—	—	—	—
Local economy development following closure of major employer						
Beaconsfield Community Fund	—	—	—	—	—	—
Geelong Innovation and Investment fund	—	—	—	—	—	—
Innovation Investment Fund for South Australia	—	—	—	—	—	—
North West and Northern Tasmania Innovation and Investment Fund	—	—	—	—	—	—
Port Kembla Facilitation Fund	—	—	—	—	—	—
Scottsdale Industry and Community Development Fund	—	—	—	—	—	—
North East Tasmania Innovation and Investment Fund	—	—	—	—	—	—
South Australian Innovation and Investment Fund	—	—	—	—	—	—
Structural Adjustment Fund for South Australia	—	—	—	—	—	—
Eden Structural Adjustment	—	—	—	—	3.0	1.4
South West Forest Structural Adjustment	—	—	—	—	—	1.1
Other						
Climate Change Adjustment Program	—	—	—	—	—	—
Wide Bay-Burnett Structural Adjustment						1.7
Total	461.8	539.1	502.2	545.8	863.4	1178.9

<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>Total</i> <input type="checkbox"/>
—	—	—	—	—	256.8	—	—	—	256.8
—	—	—	—	11.0	11.0	8.0	8.0	6.0	44.0
—	—	—	—	136.5	11.8	—	—	—	148.3
—	—	—	4.2	2.4	—	—	—	—	6.6
—	—	—	—	—	—	2.0	7.0	1.5	10.5
—	—	—	—	—	7.0	7.1	6.1	—	20.2
—	—	—	—	—	—	—	8.8	8.0	16.8
—	—	—	—	2.4	2.6	—	—	—	5.0
—	—	—	—	—	4.0	2.2	—	—	6.2
—	—	—	—	—	—	—	1.4	—	1.4
—	—	—	—	—	—	4.1	6.4	5.5	16.0
—	—	2.7	13.1	10.5	7.0	0.5	—	—	33.6
0.6	0.2	—	—	—	—	—	—	—	5.2
1.3	—	—	—	—	—	—	—	—	2.5
—	—	—	—	—	—	3.5	12.4	8.7	24.6
1.2	—	—	—	—	—	—	—	—	2.8
1062.5	1305.6	1306.3	1520.5	1880.3	2480.2	1626.5	1557.6	1029.3	17 862.9

C Anti-dumping and countervailing activity

Dumping is said to occur when an overseas supplier exports a good to Australia at a price below its ‘normal value’ in the supplier’s home market. If dumping causes, or threatens to cause, material injury to local producers of like goods, then remedial action — mainly the imposition of special customs duties — can be taken against the imported goods concerned.

Similarly, countervailing duties can be imposed on imports which benefit from certain subsidies from an overseas government and which cause or threaten injury to a local industry producing like goods.

Australia’s anti-dumping and countervailing legislation (contained in the *Customs Act 1901*, the *Customs Tariff (Anti-Dumping) Act 1975* and the *Customs Regulations 1926*), is based on WTO agreements that, amongst other things, aim to discipline the use of anti-dumping measures as an alternative form of protection. Though WTO members are not obliged to enact such legislation, they are required to comply with the agreed requirements should they wish to take action against dumped imports.

Australia’s anti-dumping system is administered by the Australian Customs and Border Protection Service (Customs and Border Protection). It investigates claims of dumping and makes recommendations to the Minister, and also oversees anti-dumping and countervailing measures in force. The investigation process goes through several, time-limited, stages and includes appeal processes.

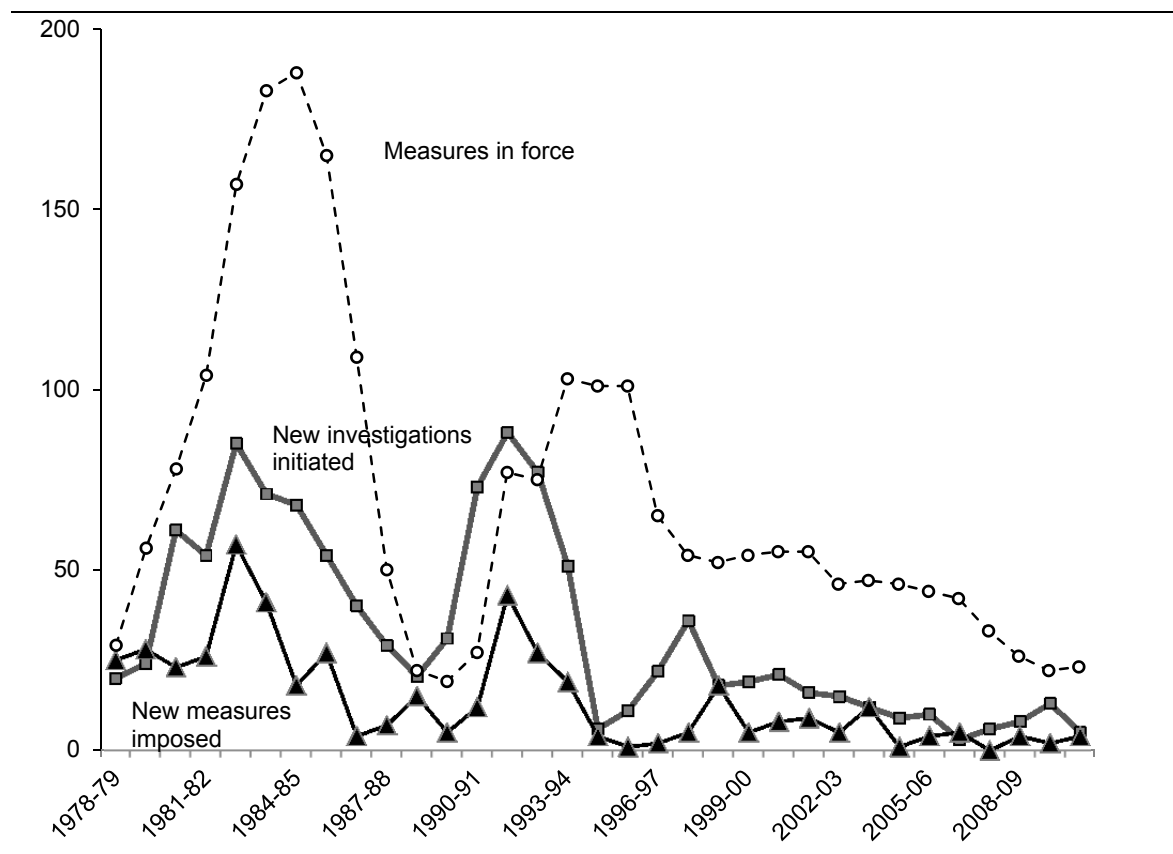
Under Australia’s anti-dumping rules, anti-dumping duties may be imposed up to the level of the assessed dumping margin (or the subsidy provided by an overseas government). However, under the ‘lesser duty rule’, a smaller duty sufficient to increase the price of the overseas good to a ‘non-injurious’ level may sometimes be imposed. Alternatively, the overseas supplier (and also the overseas government in countervailing cases) can make a formal price undertaking on terms that would remove the injury or the threat of injury.

Once in place, anti-dumping measures typically remain in force for five years, with scope for extensions for additional five-year periods, following further review.

C.1 Australian anti-dumping and countervailing activity

Over the decade to 2010-11, antidumping and countervailing activity has declined. *Initiations* of new investigations fell from 21 in 2000-01 to 5 in 2010-11, and *measures in force* fell steadily from 55 in 2001-02 to 23 in 2010-11 (figure C.1). Over the decade, new measures were *imposed* about 46 per cent of the time in response to investigations.

Figure C.1 **Australian anti-dumping and countervailing activity, 1978-79 to 2010-11^{ab}**



a An investigation or measure is recorded as an action applying to one commodity from one economy. If multiple economies are involved, they are treated as separate actions. **b** New investigations refer to investigations by Customs and Border Protection of complaint cases that have met the screening requirements. The number of complaints raised by industry may be greater.

Source: PC (2011); ACS (2011).

During 2010-11, 5 new investigations were *initiated* by Customs and Border Protection (table C.1). Also during the year, four new measures were *imposed* and three measures *expired*.

Table C.1 Australian anti-dumping and countervailing initiations, 2010-11^a

<i>Commodity</i>	<i>Industry grouping</i>	<i>Exporting economy</i>	<i>Measure</i>
Initiations			
Linear Low Density Polyethylene	Petroleum, coal, chemical and associated products	Canada	Dumping duties
Linear Low Density Polyethylene	Petroleum, coal, chemical and associated products	Korea	Dumping duties
Linear Low Density Polyethylene	Petroleum, coal, chemical and associated products	USA	Dumping duties
Pineapple Fruit - Consumer, Food Service & Industrial (FSI)	Food, beverages and tobacco	Indonesia	Dumping duties
Pineapple Fruit - Consumer	Food, beverages and tobacco	Thailand	Dumping duties
New Measures			
Aluminium extrusions	Metal products	P.R.China	Dumping duties
Aluminium extrusions	Metal products	P.R.China	Countervailing duties
Biodiesel	Petroleum, coal, chemical and associated products	USA	Dumping duties
Biodiesel	Petroleum, coal, chemical and associated products	USA	Countervailing duties
Expirations			
Hollow structural sections (HSS)	Food, beverages and tobacco	P.R.China	Dumping duties
Mobile garbage bins	Petroleum, coal, chemical and associated products	Malaysia	Dumping duties
Polyethylene, linear low density	Petroleum, coal, chemical and associated products	Indonesia	Dumping duties

^a Formal investigations by Customs. Complaints by industry must meet certain requirements before investigations are initiated. Initiations are recorded as actions applying to one commodity from one economy.

Source: ACS (2011).

Of the 23 measures *in force* in 2010-11, over 80 per cent related to a relatively narrow range of basic industrial chemicals and plastics, metal products and food and beverages, many of which are inputs to further manufacturing processes. Over the decade to 2010-11, around one-third of initiated investigations related to products in the *Petroleum, coal, chemical and associated products* industry grouping (table C.2). The second largest number of initiations related to *Metal products*.

Table C.2 Australian anti-dumping and countervailing new investigations, 2001-02 to 2010-11^a

<i>Industry grouping</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2001-02 to 2010-11</i>	
				<i>Number of cases</i>	<i>Per cent of total</i>
Food, beverages and tobacco	1	1	2	15	15
Wood and paper products	–	5	–	11	11
Petroleum, coal, chemical and associated products	2	2	3	34	35
Non-metallic mineral products	1	4	–	8	8
Metal product manufacturing	4	1	–	25	26
Machinery and equipment manufacturing	–	–	–	4	4
Total	8	13	5	97	100

– Nil. ^a Formal investigations by Customs. Complaints by industry must meet certain requirements before investigations are initiated. Initiations are recorded as investigations of one commodity from one economy. Cases where dumping and subsidisation are alleged for the same economy and commodity are counted as two distinct initiations.

Source: ACS (2011).

The anti-dumping and countervailing activity initiated over the decade to 2010-11 was against more than 25 countries (table C.3). Over this period, there has been a consistently higher concentration of initiations and measures against suppliers from the Asian region compared to the earlier decades. Of the five countries subject to initiations in 2010-11, three are in Asia.

C.2 International anti-dumping and countervailing activity

In the year to December 2010, there were 179 anti-dumping and countervailing cases initiated worldwide (WTO 2011a, WTO 2011c). The most were by India (41), followed by Brazil (37), the European Union (18), Argentina (14) and Pakistan (10). Over 2700 measures were in force at 31 December 2010, of which India, the United States, and the European Union accounted for roughly 40 per cent (WTO 2011b, WTO 2011d). Australia ranked eleventh in terms of measures in force.

Table C.3 Australian initiations of anti-dumping and countervailing cases by trading region and economy, 2001-02 to 2010-11^a

<i>Region/economy</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2001-02 to 2010-11</i>	
				<i>Total</i>	<i>Per cent^b</i>
North America	2	1	2	9	9
Canada	1	–	1	4	4
United States	1	1	1	5	5
South America	–	2	–	2	2
Brazil	–	1	–	1	1
Chile	–	1	–	1	1
European Union	2	1	–	18	19
Austria	–	–	–	–	–
Belgium/Luxembourg	–	–	–	1	1
Finland	–	–	–	–	–
France	–	–	–	1	1
Germany	1	1	–	4	4
Greece	1	–	–	3	3
Italy	–	–	–	4	4
Sweden	–	–	–	2	2
United Kingdom	–	–	–	2	1
Other European Union	–	–	–	2	2
Asia	4	9	3	65	67
China	3	5	–	24	25
Hong Kong	–	–	–	–	–
India	–	–	–	1	1
Indonesia	–	1	1	7	7
Japan	–	–	–	1	1
South Korea	–	1	1	12	12
Malaysia	–	1	–	5	5
Philippines	–	–	–	1	1
Singapore	–	–	–	1	1
Thailand	1	1	1	11	11
Taiwan	–	–	–	2	2
Other	–	–	–	3	3
Saudi Arabia	–	–	–	–	–
South Africa	–	–	–	1	1
Other	–	–	–	2	2
Total	8	13	5	97	100

– Nil. ^a Cases are defined as actions applying to one commodity from one economy. Cases where dumping and subsidisation are alleged for the same economy and commodity are counted as two distinct initiations.

^b The sum of the percentages for the individual economies may not add to the regional totals due to rounding.

Source: ACS (2011).

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