# 3 Recent developments in industry assistance

This chapter provides an overview of Australian Government announcements and related developments pertaining to industry assistance since May 2012, the reporting date for *Trade & Assistance Review 2010‑11*.

Developments in industry assistance or with assistance implications are reported in this chapter in the following groupings: research, development and innovation, primary industries, manufacturing, carbon emissions reduction and energy efficiency, regional assistance and broadcasting and communications, and other industry assistance developments.

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

## Research, development and innovation

Support for business innovation R&D, including R&D and commercialisation, forms a significant component of the Australian Government’s budgetary assistance to industry. As measured by the Commission, it accounted for around 30 per cent of budgetary assistance to industry in 2011‑12 (chapter 2). This section reports on recent Australian Government announcements in this area.

### Industry and Innovation statement

In February 2013, the Australian Government announced its Industry and Innovation Statement (Combet 2013 and Gillard, Swan and Combet 2013). The Statement is in response to a report by the non-Government members of the Prime Minister’s Taskforce on Manufacturing.[[1]](#footnote-2) The Statement is intended to provide a vision and strategic framework for current and future industry and innovation initiatives. It sets out the Australian Government’s major commitments and priorities to facilitate business growth and the creation of new high-skilled jobs. It includes several new policy measures intended to address the concerns expressed by manufacturers, including those arising from the current period of intense structural change. The Statement also acknowledges that innovation and increasing productivity are important for businesses and jobs across the Australian economy, including in the services sector.

The statement, titled *A Plan for Australian Jobs*, contains three core strategies (Box 3.1):

* backing Australian firms to win more work at home;
* supporting Australian industry to increase exports and win business abroad; and
* helping Australian small to medium businesses to grow and create new jobs.

In announcing the package of initiatives the Government stated that they will be funded via changes to the R&D Tax Incentive (Combet and Swan 2013). Under the changes, businesses with annual Australian turnovers of $20 billion or more will no longer be eligible for the incentive. This change in arrangements is estimated by the Government to result in savings of over $1 billion from 2014-17.

### Manufacturing Technology Innovation Centre

In May 2012, the Australian Government announced the creation of a new $29.8 million Manufacturing Technology Innovation Centre (Combet 2012a). The Centre is intended to assist growing manufacturing Small and Medium Enterprises (SMEs) to become better managed, more capable and higher value enterprises, and to collaborate and innovate more effectively. Under the announced arrangements, the Centre will be led by industry through the creation of a small number of sectoral collaborations involving major manufacturers, SMEs, public research agencies (including CSIRO) and universities. Qualifying industry collaborations will also be able to draw on related innovation infrastructure and support, including:

* the services of Austrade, AusIndustry, Commercialisation Australia and Enterprise Connect;
* a new $236 million Industrial Transformation Research Program (reported in PC 2012a);
* relevant Cooperative Research Centres (CRCs) such as the Advanced Manufacturing CRC, the Automotive Australia 2020 CRC and the Advanced Composites Structures CRC; and
* skills and training through the National Workforce Development and Productivity Agency and associated Fund.

The Manufacturing Technology Innovation Centre was subsequently absorbed into the Manufacturing Precinct initiative announced as part of the Industry and Innovation policy statement (Box 3.1).

### Further funding for Cooperative Research Centres

In November 2012, the Australian Government announced that it would provide $240 million for the 16th round of the Cooperative Research Centres (CRC) Program (Evans 2012). This funding is part of the larger $619 million of funding which the government intends to provide to the CRC program over the next four years.

## Primary industries

In 2011‑12, Australian Government support for the primary industries is estimated to be around 15 per cent of budgetary support to industry (chapter 2). This section reports on developments directly affecting agriculture and fishing, and the export of primary products during the year.

### Rural industries

#### Caring for our Country program

The Australian Government announced in May 2012 that it was committing to a further five years of funding for the *Caring for our Country* program (Ludwig and Burke 2012a). Total funding arising from the extension was estimated at $2.2 billion from 2013‑14 to 2017‑18.

The program will now be separated into two discrete funding streams, using the categories of ‘sustainable agriculture’ and ‘sustainable environmental’ activities.

|  |
| --- |
| Box 3.1 Main elements of *A Plan for Australian Jobs* |
| At the time of its release in February 2013, the Australian Government stated that its industry and innovation statement consisted of three broad streams.  Backing Australian industry to win more work at home   * Expenditures in this stream are valued at $125.9 million, including: * a new Australian Industry Participation Authority to help businesses build the capabilities and connections to win work on major projects; * legislating Australian Industry Participation (AIP) arrangements, requiring major projects worth $500 million or more to implement AIP Plans to give local industry opportunities to win work on a commercial basis; * requiring projects worth $2 billion or more applying for concessions under the Enhanced Project By-Law Scheme to embed Australian Industry Opportunity officers within their global supply offices; and * Changes to the anti-dumping system, including the establishment of a new Anti-Dumping Commission.   Supporting Australian industry to win new business abroad   * Expenditures in this stream are valued at $514.4 million, including: * more than $500 million to establish up to 10 Industry Innovation Precincts intended to encourage business innovation and growth in areas of Australian competitive advantage with the first two precincts being a Manufacturing Precinct with locations in South East Melbourne and Adelaide, and a Food Precinct headquartered in Melbourne; and * a new Industry Innovation Network intended to enable Australia to take part in Precinct activities, gaining access to knowledge, support, services and partnerships regardless of the location of their operations.   Helping Australian small and medium businesses to grow and create new jobs   * Expenditures in this stream are valued at $406.3 million, including: * a new $350 million round of the Innovation Investment Fund intended to encourage private investment in innovative Australian start-up companies; * changes to venture capital tax arrangements intended to improve clarity and certainty for investors and encourage participation by so-called ‘angel’ syndicates; * a new Growth Opportunities and Leadership Development (GOLD) initiative intended to provide focused support for SMEs with high‑growth potential; * extending the Enterprise Connect program for SMEs to more manufacturing firms and to new sectors; and * a new Enterprise Solutions Program intended to help SMEs become better equipped to win work through public tenders. |
| *Source*: Australian Government (2013b), Gillard, Swan and Combet (2013). |
|  |
|  |

The Sustainable Agriculture stream is intended to provide support to increase the adoption of more sustainable farm and fisheries practices while increasing the capacity of land managers for improved natural resource management. Support will be provided to professional farming groups, Indigenous groups, industry bodies, land managers, farmers, fishers, regional natural resource management organisations, governments, Landcare groups and communities.

Activities to be supported in the Sustainable Environment stream include carbon storage, enhanced biodiversity, and improved urban waterways and coastal environments.

The further funding followed a review of the first phase of the program. The review, conducted by the Australian Government Land and Coasts Caring for our Country Review Team (2012), considered that the program should exceed the outcomes set for it in the first five years of its operation.

#### New research grants for agriculture

In May 2012, the Australian Government announced that funding of $72.5 million would be allocated to over 100 research and demonstration projects as part of the first round of its *Filling the Research Gap* and *Action on the Ground* programs (Ludwig and Dreyfus 2012).

The Filling the Research Gap program will expend $47 million into 57 projects in research areas including ‘reducing methane emissions (from livestock and manure), reducing nitrous oxide emissions (from fertilisers and soils), and increasing soil carbon and improving modelling capability’.

The Action on the Ground program will outlay $25.2 million into 59 projects to ‘trial and demonstrate a range of on-farm technologies and innovative practices that store carbon, reduce or mitigate emissions of nitrous oxide and methane and improve farm productivity.’

The 116 projects funded cover a range of areas, including ‘reducing emissions from livestock and cropping, through to on-farm trials of practices and technologies intended to help land managers become more sustainable and resilient.’

#### National Food Plan review

In July 2012, the Australian Government released its National Food Plan green paper (Ludwig 2012b) as part of an ongoing review process towards the development of a Plan to safeguard Australia’s food future.

The green paper sought views on possible future food policy options, including in relation to:

* assisting Australian producers to enter overseas markets and create closer trade ties;
* fostering stronger supply chain relationships; and
* increasing rural research and development investment.

Following the release of the green paper, further public consultation was undertaken, and this concluded on 30 September 2012. It is intended that the final National Food Plan will be released as an Australian Government white paper.

#### Rural Research and Development Corporations

In June 2011, the Australian Government released a preliminary response to the Productivity Commission’s report on Rural Research and Development Corporations (RDCs) (PC 2011). The response stated that, while the Government acknowledged that improvements can be made to the RDC model, it would not adopt the Commission’s recommendation to halve the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap.

The final response to the report was released in July 2012 (Australian Government 2012c). The Government agreed or agreed in principle to thirteen of the Commission’s recommendations. These included recommendations on public funding principles, industry requests for marketing, evaluations and performance reviews, specific maximum levy rates, government matching funding, annual monitoring and reporting, and government representation on RDC Boards. As noted, the Government confirmed that it did not agree with the recommendations on halving the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap. It also announced it did not agree with the recommendations on the possible establishment of a new RDC, Rural Research Australia.

#### New national framework on drought

On 30 June 2012, the Australian Government closed the Exceptional Circumstances Interest Rate Subsidy program. The decision to close the program was based on successive reviews of drought policy since 1997, including by the Productivity Commission, which found that the subsidy was ineffective and could lead to farm businesses being less responsive to drought conditions.

At the same time, the Australian and Western Australia governments also concluded the pilot of drought reform measures in Western Australia (see *Trade & Assistance Review 2010‑11* for a description of the program). The outcomes from the pilot informed the development of the future package of drought-related programs.

Subsequently, on 26 October 2012, the Australian, state and territory primary industries ministers agreed at a Standing Council of Primary Industries meeting to the framework for a new package to better support farmers and their families prepare for future challenges. The new package focuses on risk management and preparedness, rather than crisis management (Ludwig 2012e).

The new package, which is scheduled to be implemented by 1 July 2014, will include:

* a farm household support payment;
* promotion of Farm Management Deposits and taxation measures;
* a national approach to farm business training;
* a coordinated, collaborative approach to the provision of social services; and
* tools and technologies to inform farmer decision making (encompassing a range of options for improving the information available to farmers to help them prepare for and manage the risks of climate variability).

Further details of the new package will be announced as Australian, state and territory government budgets are finalised.

Ministers also agreed that further consideration would be given to providing in-drought support that is consistent with agreed reform principles.

The approach announced in the new national framework draws on, and appears broadly consistent with, that of the Commission’s 2009 report on *Government Drought Support* (PC 2009c) and the 2011 report of the Independent Drought Pilot Review Panel (Keogh, Granger and Middleton 2011).

In a later development, in April 2013 the Australian Government announced that it was introducing a Farm Finance package consisting of four measures:

* short–term assistance in the form of concessional loans for productivity enhancement projects or debt restructuring;
* funding for up to 16 additional full–time counsellors with the Rural Financial Counselling Service;
* increasing the non-primary production income threshold for Farm Management Deposits (FMDs) from $65 000 to $100 000, and allowing consolidation of existing FMD accounts; and
* establishing a nationally consistent approach to farm debt mediation (Swan and Ludwig 2013).

### Fishing

#### Assistance to the fishing industry

In June 2012, the Australian Government announced the final network of new marine reserves. At the same time, around $100 million of fisheries adjustment assistance funding was announced to assist the commercial fishing industry adjust to the introduction of the new marine reserves (Ludwig and Burke 2012b). The major elements of the package include:

* transitional business assistance – payments to fishing businesses based on their recent fishing history in those parts of the fishery where they will not be able to operate as a result of the new marine reserves;
* sectoral measures – competitive grants to improve the long-term sustainability of fisheries displaced by the marine reserves; and
* removal of commercial fishing effort – the purchase of individual fisher’s entitlements or quota units in fisheries, where appropriate, up to the level of production displaced by the new marine reserves (Burke 2012c).

As part of the announcement, the Australian Government estimates that the new reserves will displace approximately 1 per cent of the annual value of wild-catch fisheries production in Australia. This displacement is estimated at approximately $10.1-11.1 million gross value of production per year (Larcombe and Marton 2012).

#### Assistance for recreational fishing projects

In August 2012, the Minister for Agriculture, Fisheries and Forestry announced the provision of a total of $1.74 million in funding to ten recreational fishing projects (Ludwig 2012d and Burke 2008). The projects funded covered areas including national education, climate change matters, and the monitoring of fish stocks.

### Revised export inspection and certification system

In May 2012, the Australian Government announced new transitional funding of $4 million to the grain, fish and egg export industries (Ludwig 2012a). This is intended to help businesses transition to revised certification arrangements (reported in the *Trade & Assistance Review 2010‑11* (PC 2012a)). In announcing the new funding, the Minister indicated that the assistance was part of the Government’s:

… commitment to small and medium sized businesses and to jobs in regional Australia. (Ludwig 2012a)

## Manufacturing sector

Australian Government support for the manufacturing sector comprised around 19 per cent of total budgetary assistance in 2011‑12 (chapter 2). The main identified changes to manufacturing assistance arrangements have focused on the automotive industry.

### Automotive New Markets Initiative and other measures

In August 2012, the Australian, Victorian and South Australian governments announced a joint initiative intended to assist automotive manufacturers to compete in global automotive markets (Combet, Dalla-Riva and Snelling 2012). The $35 million Automotive New Markets Initiative places an emphasis on global supply chains, and will run for four years to 2014‑15. It has three main elements:

* a $30 million Automotive New Markets Program, co-funded by the Australian and Victorian Governments;
* funds provided by the Australian Government under the Business Capability Support Program intended to assist automotive firms to develop new capabilities and improve productivity; and
* the establishment of an Automotive Envoy and Automotive Supplier advocate.

The initiative is part of the Australian Government’s $5.4 billion *New Car Plan*.

Subsequent to this announcement, in December 2012 the Minister for Industry and Innovation announced the appointment of the automotive industry advocate (Combet 2012b). It is intended that the advocate will be tasked with developing an action plan to increase the purchase of Australian-made vehicles by fleets. It is also intended that the advocate will to work with small and medium sized component makers to build their capabilities to compete in local and overseas markets.

The Government also announced the establishment of Automotive Supplier Excellence Australia (ASEA) in December 2012 (Combet 2012c). ASEA is intended to assist the automotive industry in diversifying and integrating into new supply chains. The Government has provided $2.6 million of funding towards the establishment of ASEA.

## Carbon emissions reduction and energy efficiency

In the *Trade & Assistance Review 2007‑08,* the Commission compiled a list of existing or prospective measures by Australian, State and Territory Governments intended to reduce carbon emissions. That 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 2009d). As reported in chapter 2, for the current 2011‑12 reporting period, assistance measures in this area amount to around $1.7 billion, that is, 18 per cent of Australian Government assistance to industry.

This section reports on more recent announcements relating to carbon emissions reduction and energy efficiency programs. While reporting focuses on announcements of new programs or variations of pre-exiting programs, some items cover major outlays under previously announced programs.

As with other programs reported in this chapter, this section does not report on the cost-effectiveness of the programs being undertaken, a matter beyond the scope of the *Trade & Assistance Review*.

### Review of Carbon Reduction and Energy Efficiency Measures

The Council of Australian Governments (COAG) undertook a review of unnecessary carbon reduction and energy efficiency schemes, and opportunities for fast tracking or rationalisation of policies and programs (Business Advisory Forum 2013).

As a result of the review a total of 12 state-based measures were found to be non-complementary or duplicative and will be removed or not renewed. Other programs, such as the Australian Government’s Energy Efficiency Opportunities (EEO) program were found to be complementary, but will be revised to improve flexibility and reduce compliance and reporting burden.

### Energy Efficiency Information Grants

The Australian Government announced funding for 28 projects in May 2012 under its $40 million ‘Energy Efficiency Information Grants’ program (Ferguson and Dreyfus 2012). This included funding of $612 000 to the Australian Tourism Export Council to undertake workshops and web seminars on energy efficiency for tourism businesses; and $423 000 to the Australian Hotels Association to provide tailored information for hotels and accommodation businesses to help them reduce costs and increase their energy efficiency.

### Funding for Large Scale Solar Power Plant

In June 2012, the Australian Government announced a $129.7 million grant towards a project involving electricity and gas retailer AGL Energy and solar photovoltaic manufacturer First Solar (Ferguson 2012a). The project, built across two sites in Broken Hill and Nyngan, is intended to establish a 159 Megawatt advanced thin-film PV solar plant. The grant was awarded as part of the Government’s Solar Flagships Program.

As part of the same announcement, the Australian Government also provided $40.7 million under the Education Investment Fund to the Universities of Queensland and New South Wales to conduct related research.

### Advanced Lignite Demonstration Project

A $90 million partnership between the Australian and Victorian Governments was announced in August 2012 to establish the Advanced Lignite Demonstration Project in the Latrobe Valley (Ferguson and O’Brien 2012).

Each government will contribute $45 million to the program, which will ‘fund the development and deployment of emerging technologies to improve the economic recovery of brown coal and reduce emissions from coal-fired electricity generation.’

The program is administered by the Victorian Department of Primary Industries (DPI) with the Victorian and Australian Governments having a joint decision-making role.

The program is intended to pursue the development of more efficient and less emissions-intensive coal upgrading technologies including direct conversion, drying or dewatering of coal, and conversion to higher value energy products.

The program has a two stage project selection process which closed in March 2013. An announcement of successful projects is expected in the third quarter of 2013.

### Coal Mining Abatement Technology Support Package

In July 2012, the Australian Government commenced the Coal Mining Abatement Technology Support Package (DRET 2013a). The Package provides $70 million over five years intended to complement and support the coal industry’s own research activities aimed at developing safe abatement related technologies and processes to reduce fugitive methane emissions from coal mining. Funding will be directed at three elements:

* research, development and demonstration of technologies and processes associated with coal mining greenhouse gas mitigation including the measurement and monitoring of emissions, avoidance and abatement technologies;
* work to address safety and regulatory issues associated with the development and deployment of greenhouse mitigation related technologies, equipment and processes; and
* assistance to small and medium-size coal sector participants for the development abatement strategies or the conduct of feasibility studies to reduce emissions from current and proposed mines.

Projects submitted for the first round of funding round are currently being assessed and successful projects are expected to be announced by July 2013.

### Geothermal Energy Grant

In September 2012, the Australian Government announced that it had awarded a grant of $1.25 million from its Emerging Renewables Program to the South Australian Centre for Geothermal Energy Research at the University of Adelaide (Ferguson 2012 h). The grant will contribute to a project on understanding and predicting the permeability of geothermal drilling wells.

### Renewable Energy Venture Capital Fund

The Australian Government’s Renewable Energy Venture Capital (REVC) Fund aims to provide a total of $100 million of funding intended to assist with commercialisation activities for designated energy projects.

In September 2012, the Government announced an initial outlay of $1.5 million out of the fund to Queensland company Brisbane Materials (Ferguson 2012j). The outlay was made out of the Government’s Southern Cross Renewable Energy Fund, which is a part of the broader REVC fund. In making the announcement, the Minister stated that:

The Southern Cross Renewable Energy Fund is a co-investment arrangement, with the Australian Government’s commitment of $100 million… matched dollar for dollar by (the private sector).

The Australian Renewable Energy Agency (ARENA) oversees the day to day operations of the REVC fund.

### Ethanol Production Grants (EPG) program

The EPG Program was first introduced in September 2002 and was intended to encourage the use of biofuels in transport. Initially, the Program was to run for a 12 month period, while longer-term arrangements were considered regarding the future of the emerging renewable energy industry (DRET 2013b). The program has subsequently been extended on a number of occasions, most recently in June 2011, providing for the Program to continue until 30 June 2021 with a review after that date.

The EPG program is a demand driven program that effectively eliminates, for approved recipients, the excise on domestically produced transport-grade ethanol. Under the program, domestically produced fuel ethanol sold for transport use into the Australian market is liable for full excise of 38.143 cents per litre. This is reimbursed to eligible ethanol producers through the EPG program.

### ARENA funding for uninterruptible power supply system

In October 2012, the Australian Government announced that it was providing $15 million in ARENA funding towards the $45 million King Island Renewable Energy Integration project (Ferguson 2012k). The objective of the project is to provide a reliable, off-grid power supply by integrating designated alternative energy sources with enabling and storage technologies.

The ARENA is a $3.2 billion Australian Government commitment intended to improve the competitiveness of designated alternative energy technologies and increasing the supply of energy in Australia from such sources.

### Funding for commercial scale gasifier

The Australian Government announced $3.6 million of funding in November 2012 intended to assist in the development of a commercial scale gasifier (Ferguson 2012l). The announcement stated that, when operational, the gasifier would convert agricultural and mallee biomass into energy for small-scale, distributed electricity generation applications. The grant was provided to Renergi Pty Ltd, a Curtin University company, as part of the Government’s ARENA Emerging Renewables program.

### Collaboration on Building a Solar Future

In December 2012, the Minister for Resources and Energy announced over $83 million of funding for solar research as part of the United States-Australia Solar Energy Collaboration (USASEC) (Ferguson 2012m). USASEC was established in 2010 to support collaborative solar research between the United States. The US is providing in-kind support for the most recently funded projects and programs ‘through access to researchers and facilities that complement Australian expertise’. The announcement also stated that:

The Australian Government’s commitment is leveraging $140 million of research and industry investment, resulting in more than $220 million for solar research and involving over 40 organisations across Australia and the US.

### Further government support for CCS Project

In December 2012, the Minister for Resources and Energy announced an additional $13 million of funding for the Callide Oxyfuel project (Ferguson 2012n). The funding is intended to facilitate an extension of the demonstration phase of the project by 15 months. The Queensland-based project aims to demonstrate ‘how oxyfuel carbon capture technology can be applied to traditional coal-fired power stations to significantly lower CO2 emissions.’

### Carbon programs for the dairy industry

In June 2012, the Australian Government announced that it was funding the provision of information to the dairy sector on energy efficiency (Crean, Dreyfus and Sidebottom 2012). The funding of $1 million was given to Dairy Australia to provide energy efficiency advice to around 900 dairy farms Australia-wide. As part of the same announcement, the Government also stated that it was providing further detail to dairy farms on the methodology to be used in earning tradeable carbon credits. This involves the use of covering systems in waste pools to trap methane and other greenhouse gases.

### Community Energy Efficiency Program

The Australian Government announced the first round recipients of grants under its Community Energy Efficiency Program (CEEP) in June 2012 (Crean and Dreyfus 2012). These grants are intended to assist local governments and community groups to improve their energy efficiency. Of the 63 successful recipients, 28 were regional organisations.

## Regional assistance programs

This section reports on assistance announcements directed at regional activities, including assistance to regional business, infrastructure development and natural disaster recovery support that may have industry assistance implications. Federal support in regions is typically associated with co-contributions by relevant state jurisdictions. In some instances these co-contributions are termed ‘partnership investments’.

While assistance measures covered in this section have a regional focus, including the maintenance of certain regional employment, the measures are often targeted at specific businesses, activities or industries. By its nature, the levels of assistance provided may not be large at the national level, but the subsidy equivalent to recipient businesses could be substantial.

### Point Henry aluminium smelter

The Australian and Victorian governments announced in June 2012 that they would assist the restructuring of Alcoa’s Point Henry aluminium smelter in Geelong (Combet, Baillieu and Napthine 2012). The Australian Government’s commitment is $40 million in new funding over the 2011‑12 Budget year. The restructure aims to help ensure the smelter’s continued operation and to support jobs in the region. Under the announced arrangements, Alcoa will use the assistance in areas such as workforce skills and training, maintenance and repairs, and other activities that will contribute to the competitiveness of the smelter.

### Latrobe Valley pulp and paper mill

The Australia Government announced in October 2012 that it was contributing $9.5 million of funding towards a $90 million project to construct a de-linked pulp plant at Australian Paper’s pulp and paper mill at Maryvale in Victoria’s Latrobe Valley (Combet, Ryan and Dalla-Riva 2012). As part of the announcement, the Government stated that it expects the project to create 140 construction jobs in its initial phase, to directly support the jobs of around 900 workers when initial production commences in 2014, and support over 4000 indirect jobs connected to the mill’s operations.

The Government will redirect funding of $1.1 million over two years from the Green Building Fund to partially offset the cost of providing the assistance. It will also redirect funding of $1.4 million in 2012‑13 from the South-East South Australia Innovation Investment Fund to partially offset the cost of providing the assistance.

### Burnie stormwater infrastructure upgrade

In June 2012, the Australian and Tasmanian Governments announced that a $4.25 million Federal Government grant would be provided to the Lion Dairy and Drinks company in Burnie, Tasmania (Crean, Green and Sidebottom 2012). The grant is intended to assist the company in the upgrading of stormwater infrastructure. The announcement also stated that the company would itself be investing $140 million towards expanding its speciality cheese production from 11 000 to 18 000 tonnes each year by 2016.

### Eyre Peninsula Lucky Harbour upgrade

In July 2012, a joint announcement of funding was made by the Australian and South Australian Governments for an upgrade of Lucky Harbour in the Eyre Peninsula (Crean and Gallacher 2012). The Federal Government will provide a $2.2 million grant administered through the Regional Development Australia Fund (RDAF) toward the upgrading costs of $12.1 million. The announced funding is intended to assist the region to benefit from increases in mining activity.

### Assistance to Vodafone Hutchison Australia

In March 2013, the Australian Government announced that it was providing $4 million of funding to Vodafone Hutchison Australia (Gillard, Combet and Crean 2013). The funds are intended to assist with the expansion of Vodafone’s customer service centre in Tasmania and to ‘assist Vodafone to increase the skills of the company’s Tasmanian workforce and to help them harness the benefits of the NBN.’ The announcement also stated that, as part of the assistance package, the Tasmanian Government would be providing $850 000 for infrastructure costs and would be waiving payroll tax for Vodafone’s new employees.

### Assistance to Premium Fresh Tasmania

In August 2012, the Australian and Tasmanian governments announced a joint assistance package of $750 000 to Premium Fresh Tasmania which is intended to support the operations of the company through a period of Voluntary Administration (O'Byrne and Sidebottom 2012). The assistance is intended to enable the company — one of Australia’s largest carrot washing, grading and packing facilities — to restructure.

### Briquette Restructuring Package

The Australian Government announced a two-year restructuring package of $50 million intended to allow Energy Brix Australia Corporation Pty Ltd and associated company Industrial Energy Pty Ltd to maintain briquette production to 30 June 2014 (Ferguson, Combet and Crean 2012). The funding is intended to ensure that around 50 downstream businesses nationwide which rely on the briquettes have time to transition to alternative fuels or feedstock. The restructuring package is in addition to entitlements to transitional assistance under the Energy Security Fund.

### Briquette Replacement Program

The Australian Government announced a $5.5 million Briquette Replacement Program to provide existing briquette customers of Energy Brix Australia Corporation and associated company Industrial Energy Pty Ltd with support to transition to cleaner alternatives (Crean 2013). The program is intended to complement the Briquette Restructuring Package. The Briquette Replacement Program will operate over two years from 2013‑14 to 2014‑15 and includes two elements: Engineering Advice (entitlement rebates to obtain engineering and associated costing advice); and Investment Support (competitive grants to support capital investment to facilitate the transition to cleaner alternatives). The Investment Support is for applicants who are non-manufacturers and not eligible for the Clean Technology Investment Program or Clean Technology Food and Foundries Investment Program.

### Water for the Future initiative

#### Irrigation infrastructure investment

In the May 2012 Budget, the Australian Government announced that it would commit $350 million to support water reform in the Murray Darling Basin through investing in irrigation infrastructure (Burke 2012a). This funding, provided under the Sustainable Rural Water Use and Infrastructure Program, comprises:

* an additional $150 million over six years from 2012‑13 for the On-Farm Irrigation Efficiency Program to support individual farm infrastructure improvement projects; and
* $200 million over four years for the Strategic Sub-System Reconfiguration Program, which aims to achieve water savings through decommissioning or reconfiguring inefficient off-farm water delivery infrastructure.

#### Targeted assistance for South Australian River Murray Communities

In October 2012, the Australian Government committed up to $265 million for water recovery and industry regeneration projects in South Australian River Murray communities (Burke 2012b). This funding comprises:

* up to $180 million to recover 40 gigalitres of water for the environment under the South Australia River Murray Improvements Program; and
* $85 million for a National Partnership Agreement with South Australia for an Industry Futures fund comprising research, regional development and industry development in South Australian River Murray communities.

### Murray-Darling Basin Regional Economic Diversification Program

In November 2012, the Australian Government committed $100 million to the Murray-Darling Basin Regional Economic Diversification Program (Crean 2012c). The program aims to assist communities in the Murray-Darling Basin living in a water-constrained environment to invest in programs to stimulate employment and regional growth.

## Broadcasting and communications

Across 2011‑12, there were several significant announcements regarding broadcasting and communications policies and related activities. The announcements covered policy measures varying significantly in nature. They include support for the transition to digital television and measures related to the take-up of the NBN. To the extent that the measures afford services to businesses or activities below the normal cost of service provision and confer pecuniary benefits on businesses or activities, the measures may have assistance implications. Measures affording budgetary support to businesses and activities would typically be included in the Commission’s estimates of assistance to industry at the time expenditures are made by government.

### NBN local training services

The Australian Government announced in July 2012 that it had provided $15.2 million of funding out of its Digital Hubs and Digital Enterprises program to establish local NBN training services (Conroy 2012a). The announcement stated that the successful applicants, located in 36 communities across Australia, will operate 24 Digital Hubs and 20 Digital Enterprise programs ‘to highlight the opportunities of the National Broadband Network.’ These programs are intended to:

* help individuals in local communities improve their online and digital literacy skills;
* assist local residents to understand the opportunities created by the NBN; and
* work with small business and not-for-profit organisations to develop their online presence.

The successful applicants listed as part of the announcement include territory governments, local councils, not for profit organisations, as well as private companies and consultancy businesses.

In a subsequent announcement in July 2012, the Government also stated that it was providing $5 million to 14 local governments to assist them to take advantage of the NBN to provide better services to their communities (Conroy 2012b).

### Local government funding

In June 2011, the Australian Government announced the Digital Local Government Program which is intended to assist local councils to take advantage of the NBN through the development and upgrade of innovative online service delivery to homes and businesses (DBCDE 2013).

As at the end of March 2013, three funding rounds had been announced, with 32 councils having received over $11.3 million in project funding. Projects funded under this program include:

* live customer support which people can access from their home or business using videoconferencing;
* live community consultation and engagement services which people can access from their home or business using videoconferencing;
* planning and development application services which enables people to lodge and track applications online; and
* an emergency management system which enables emergency service personnel to communicate and share data in real time using videoconferencing.

### Government response to 2011‑12 Regional Telecommunications Review

In August 2012, the Australian Government’s response to the 2011‑12 Regional Telecommunications Review was released (Conroy 2012c). The Review was established on 7 July 2011 by the Minister for Broadband, Communications and the Digital Economy to examine telecommunications services in regional, rural and remote parts of Australia.

In announcing its response to the Review, the Government stated that it had started implementing recommendations including:

* allowing remote schools and health facilities to access the NBN Co Interim Satellite Service;
* continuing the provision of untimed local calls in the Extended Zones (remote areas of Australia) for 2012‑13; and
* providing funding to relevant Regional Development Australia committees to help develop digital economy strategies for the rollout of the NBN in regional communities.

The Government also stated that it had released the NBN Co Network Extension policy in July 2012 for the provision of network extensions on the basis of financial contributions from eligible applicants (including individuals, businesses and government bodies).

### Changes to local content rules

The Minister for Broadband, Communications and the Digital Economy announced significant changes to local content rules for Australian television in November 2012 (Conroy 2012d), which were passed by Parliament in March 2013.

The package of measures included:

* an immediate extension, via regulation, of the current rebate on television broadcasting licence fees by a further 12 months, ahead of moving to reduce television broadcasting licence fees permanently by 50 per cent, to a maximum of 4.5 per cent of revenue. The rebates will have effect for the 2012‑13 financial year.
* the introduction of a multichannel Australian content requirement for each commercial television broadcaster of 730 hours in 2013, increasing to 1095 hours in 2014 and to 1460 hours in 2015. This includes an incentive for first-release drama by allowing an hour of first release drama premiered on a digital multichannel to count for two hours under the transmission-hours requirement for multi channels.
* retention of the current 55 per cent transmission quota for the commercial television broadcasters’ primary channels, together with the introduction of greater flexibility in current arrangements for sub-quotas.

The Government also announced that no spectrum or broadcast licences would be made available to enable a fourth free-to-air television network.

## Other industry assistance developments

### Tourism

#### Tourism Employment Plans

In May 2012, Australia’s tourism ministers agreed to commit $1.2 million for employment creation in eight tourism regions (Ferguson 2012c). In announcing the initiative, the Federal Tourism Minister stated that it would assist in developing Tourism Employment Plans intended to help tourism businesses to address skills and labour shortages. It is also intended to help tourism businesses utilise existing government programs to train and access local labour, including developing opportunities for Indigenous Australians.

The announcement was part of Australia’s Tourism 2020 strategy, which is intended to enhance industry growth and competitiveness and increase overnight visitor spending to $140 billion by 2020.

#### Asia Marketing Fund and further funding detail

As part of the 2012-13 Commonwealth Budget, the Minister for Tourism announced an initial $61 million over four years to promote Australia as a premium holiday and business travel destination in Asia (Ferguson 2012d). The new Asia Marketing Fund is in addition to Tourism Australia’s current funding of $530 million over four years.

At the same time, some further detail on the current government funding provided to the tourism industry was released (Ferguson 2012e). This involved a number of components.

* Direct support for tourism of $751 million over the next four years.
* Several major funding tranches for ‘attractions’, including: $20 million to the Melbourne Royal Exhibition Building for protection and promotion purposes; $12.5 million over four years to the Great Barrier Reef Foundation for research on protection and preservation in response to climate change; and $10.4 million to reduce the Standard Tourist Program Charge levied on visitors to the Great Barrier Reef Marine Park.

#### Welcoming Chinese Visitors program and other T-QUAL developments

The Australian Government has allocated $40 million towards T-QUAL Grants over 4 years from 1 July 2011.

In June 2012, the Government awarded a $600 000 grant to a consortium led by training company AVANA, as part of its T-QUAL program (Ferguson 2012f). The grant was to assist the company to provide training and support programs to tourism businesses to increase understanding of Chinese visitor demands and develop related products. In announcing the grant, the Minister stated that it was intended to raise the level of Chinese cultural awareness in the tourism industry through a nationally recognised training curriculum, a national system of trainers, an online academy and research and promotion activities to ensure awareness of the program. The announcement of the program complements ‘a 15 per cent increase in Tourism Australia’s marketing activities within China this year, to a value of $13 million.’

During the year, there were several other significant announcements connected to the T-QUAL program. For example, in August 2012, the Australian Government announced that 77 tourism projects were to receive a total of $6.7 million in funding under the 2012 round of T-QUAL Grants (Ferguson 2012i). These projects covered ‘a wide range of products and experiences, from expanded and improved accommodation, to online projects, wine tourism initiatives and a number of studies and strategies.’ Over 83 per cent of the latest group of successful projects were located in regional areas.

#### Changes to the Passenger Movement Charge

In June 2012, the Australian Government introduced legislation into Parliament to amend the Passenger Movement Charge (Swan, Clare and Ferguson 2012). The Bill provided for an increase in the charge from $47 to $55, the first increase in the charge since 2008.

The proposed increase will raise $485 million over the forward estimates. The Government announced that from this increased revenue, $48.5 million over four years will be allocated to the Asia Marketing Fund, and a further $48.5 million will be allocated to the Tourism Industry Regional Development Fund.

#### Funding for National Landscapes of Australia

In July 2012, the Australian Government announced that it had increased funding by $1 million for the National Landscapes of Australia program (Ferguson 2012g). The program aims to ‘promote nature-based tourism experiences and provide economic and social benefits to participating tourism regions.’ The $1 million grant is to a consultancy firm, TRC Tourism, in order to ‘lead a consortium to prepare and implement Experience Development Strategies (EDS) for Australia’s National Landscapes. Further detail on the initiatives funded is provided in box 3.2.

#### Tourism Industry Regional Development Fund

In October 2012, the Australian Government announced the establishment of a new $48.5 million Tourism Industry Regional Development Fund (Ferguson 2012b). The Fund aims to provide matching grants of between $50 000 and $250 000 to assist businesses to ‘upgrade their accommodation and build new tourism attractions.’ Applications for funds will be received from tourism operators outside the Sydney, Brisbane and Melbourne metropolitan areas.

|  |
| --- |
| Box 3.2 Australia’s National Landscapes – Grant funding details |
| The $1 million of increased funding for the *National Landscapes* program is to include the following ‘Experience Development Strategies’:   * *Australian Alps*: Planning and construction of part of Australia’s first EPIC mountain bike trail at Mount Buller. * *Australia’s Coastal Wilderness*: Expansion of the Sapphire Coast Heritage Strategy experiences assessment for the ‘Global Experience Seeker’ target market and engagement with tourism operators to deliver the Australia’s Coastal wilderness brand. * *Great Ocean Road*: Design of a 38 km, three metre wide pathway between Timboon and Princetown via Port Campbell. * *Great Ocean Road*: Detailed design and preparation works for the Great Ocean Road National Heritage Centre. * *Flinders Ranges:* Support program to help tourism operators' business in the Flinders Ranges around experience development and delivery. * *Kimberley:* Feasibility Study for iconic walk trails in the Kimberley region. * *Kimberley:* Facilitating the development of caravan and camping opportunities on Indigenous land. * *Kimberley:* Development of a Kimberley Coast Cruise Management Strategy to effectively manage the impacts of the increasing number of vessels and to improve the visitor experience. * *Great Barrier Reef/Wet Tropics/Australia’s Green Cauldron:* Experience Development, Positioning and Mentoring in three Queensland National Landscapes: Great Barrier Reef, Wet Tropics and Australia's Green Cauldron. * *Australia's Green Cauldron:* Development of Wild Journeys nature-based experience — a fully hosted guided tour, featuring all-inclusive packaging of products, experiences and recreational activities including a business development support program to enable an Indigenous enterprise to take over the operation of the tour guiding business once tours are developed and established. |
| *Source*: Ferguson (2012g). |
|  |
|  |

### Arts funding

#### Funding for Indigenous arts, culture and language

In July 2012, the Minister for the Arts announced $27 million of total funding to assist Indigenous arts, culture and languages projects (Crean 2012a). As part of this funding, for 2012‑13, over $22.3 million in funding was sought for a total of 93 activities under the Indigenous Visual Arts Industry Support (IVAIS) program. This included 19 multi-year activities that were approved in previous funding rounds. The announcement stated that funding will be provided to over 80 Indigenous art centres, many located in remote areas, and a number of industry service organisations.

#### Interactive games fund

The Australian Government announced the establishment of a $20 million Australian Interactive Games Fund in November 2012 (Crean 2012b). The Fund will commence in 2012‑13 delivering $5 million per annum in the first and second years, jumping to $10 million in 2014‑15.

### Assistance to small business

#### Changes to the instant asset write-off threshold

In May 2012, the Australian Government announced that it would increase the instant asset write-off threshold for small business (O’Connor 2012a). This would allow small businesses to write off any eligible business asset bought for the business costing up to $6500. The previous threshold was set at $1000.

The Government estimates that the new arrangements will benefit around 110 000 companies in the first four years of operation, of which around 90 per cent are estimated to be small businesses (O’Connor 2012b).

#### Small business assistance under the clean energy package

In August 2012, the Australian Government announced that it was providing significant assistance to small business as part of its Clean Energy Future package (O’Connor 2012c). In addition to the changes to small business loss carry back arrangements, these included:

* a $40 million energy efficiency information grants program intended to provide small business with information on how to cut energy costs; and
* $27.5 million to extend the Small Business Advisory Service (SBAS) program for a further four years.

### Defence procurement

#### Future Submarine Review

In May 2012, the Government announced $214 million of additional funding towards the next stage of the Future Submarine Project (Gillard, Smith and Clare 2012). The funding is intended to provide further detailed studies and analysis to inform the Government’s decision on the design of Australia’s next submarine. This follows an earlier commitment in the 2009 Defence White Paper to acquire 12 new submarines to be assembled in South Australia over the next three decades.

1. The taskforce chaired by the Prime Minister included non-Government members from industry, unions, universities and the CSIRO. The Government released the report of the non-Government members in August 2012 (Prime Minister’s Manufacturing Taskforce 2012). [↑](#footnote-ref-2)