# 5 Developments in industry assistance

This chapter provides an overview of Australian Government announcements and related developments pertaining to industry assistance since May 2013, the reporting date for *Trade & Assistance Review 2011‑12*.

The reporting period relates to announcements made by the previous government up to the ‘caretaker’ period preceding the September 2013 federal election and announcements by the current government in the ensuing period. The overall level of program activity reported is less than in previous years. And while new expenditures were announced over the reporting period by the previous and current governments, the closure or winding back of some pre-exiting measures was also announced. In addition, the current government did not accede to requests for firm-specific assistance from Qantas and SPC Ardmona.

As in previous years, developments in industry assistance are reported in the following groupings: research, development and innovation; primary industries; manufacturing; carbon emissions reduction and energy efficiency; regional assistance; broadcasting and communications; and other industry assistance developments.

## 5.1 Research, development and innovation

Support for business research and development (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 38 per cent of budgetary assistance to industry in 2012‑13 (chapter 4). This section reports on developments relating to research, development and innovation since May 2013.

### R&D tax incentive

In February 2013, the then Australian Government announced that from 1 July 2013 very large businesses with aggregate Australian turnover of $20 billion or more will not be eligible to receive the R&D tax incentive. This change was expected to reduce budgetary outlays by $1.1 billion over the forward estimates period (Combet and Swan 2013).

The measure was introduced into the House of Representatives on 14 November 2013 as the Tax Laws Amendment (Research and Development) Bill 2013. The Bill passed the House on 9 December 2013 and is currently before the Senate (Hockey and Sinodinos 2013).

### Industry Innovation Precincts Programme

In February 2013, the then Australian Government released an industry and innovation statement — *A Plan for Australian Jobs* — which consisted of three broad streams (Australian Government 2013a). The second of these streams was ‘supporting Australian industry to win new business abroad’, which included provision of $238.4 million between 2012‑13 and 2016‑17 to establish, administer and operate up to 10 Industry Innovation Precincts.

Only two Industry Innovation Precincts have been established:

* one in the manufacturing sector — operating as META (Manufacturing Excellence Taskforce Australia); and
* one in the food sector — operating as Food Innovation Australia Ltd (Department of Industry 2014b).

The Australian Government has announced that the Industry Innovation Precincts Programme will close on 31 December 2014 (Department of Industry 2014b).

### National Collaborative Research Infrastructure Strategy

As part of the 2013‑14 federal budget, the then Australian Government announced that the National Collaborative Research Infrastructure Strategy (NCRIS) would receive an additional $185.9 million in funding over two years from 1 July 2013 (Emerson and Farrell 2013).

The NCRIS was initially a seven year strategy from 2004‑05 to 2010‑11. The additional two years of funding is intended to ensure that national collaborative research infrastructure facilities continue to function while review and evaluation are undertaken. The additional funding will support the research infrastructure funded under the initial NCRIS program and the Super Science Initiative’ (DIICCSRTE 2013).

## 5.2 Primary industries

In 2012‑13, Australian Government support for the primary industries is estimated to be around 14 per cent of federal budgetary support to industry (chapter 4). This section reports on developments directly affecting agriculture and fishing, and the export of primary products since May 2013.

### Tasmanian Forests Intergovernmental Agreement 2013

In May 2013, the Tasmanian and Australian Governments signed a new Tasmanian Forests Intergovernmental Agreement (TFIGA 2013). TFIGA 2013 builds on but does not replace the Tasmanian Forests Intergovernmental Agreement 2011 (TFIGA 2011). It sets out the measures to be supported and the funding responsibilities of the two governments. It updates the funding commitments that both governments have made since the TFIGA 2011 was signed.

Key funding elements under the TFIGA 2013 include:

* $25 million toward sawmiller exit and structural adjustment packages;
* $20 million toward support for affected workers and contractors;
* $100 million for an Economic Diversification Package (this funding is now to be provided in the form of the Tasmanian Jobs and Growth Plan (section 5.5));
* $15.8 million toward Plantation Manufacturing Innovation and Investment;
* $13.5 million toward the investigation and implementation of sustainable solutions for forest residues;
* $7 million per annum, increasing to $9 million per annum, indexed, for reserve management; and
* up to $15 million to assist Forestry Tasmania with transitioning its operations (Department of the Environment, pers. comm., 30 May 2014; Tasmanian Government 2013).

### Forest Stewardship Council

In May 2013, the then Australian Government committed to providing $500 000 in 2013‑14 to assist Forest Stewardship Council Australia with the first stages of its development of a national forest certification standard (Sidebottom 2013). The standard is intended to provide consumers with independent assurance that the wood products they purchase are sourced from sustainably managed forests.

### Drought support

#### National drought program reform

In May 2013, the Australian and State and Territory governments signed an Intergovernmental Agreement on National Drought Program Reform (IGA). The IGA followed the national review of drought policy (which commenced in 2008 and included the Productivity Commission’s inquiry into Government Drought Support (PC 2009)) and a subsequent two year pilot of measures conducted in regions of Western Australia that sought to test a new approach to drought assistance.

The IGA outlines the key roles and responsibilities for each government in implementing — from 1 July 2014 — the new approach. Under the approach, five measures will be implemented:

* a farm household support payment (the ‘Farm Household Allowance’ — see below);
* taxation measures, including changes to the Farm Management Deposits Scheme;
* a national approach to farm business training;
* a coordinated, collaborative approach to the provision of social support services; and
* tools and technologies to inform farmer decision making (Ludwig 2013a).

#### Farm Household Allowance

The Australian Government’s main contribution to the IGA will be the Farm Household Allowance. In the 2013‑14 federal budget, the then Australian Government allocated $99.4 million over four years for the Farm Household Allowance (Joyce 2014d). The allowance is an uncapped, demand-driven program intended to provide farm families with income support for up to three years in times of hardship. It is scheduled to start from 1 July 2014. To qualify, among other things, a recipient must:

* be a farmer or a partner of a farmer;
* satisfy an income and assets tests; and
* be willing to enter into a financial improvement agreement.

The Farm Household Allowance will replace the Interim Farm Household Allowance which currently provides income assistance to farmers (which in turn replaced the Transitional Farm Family Payment on 1 March 2014) (DAFF 2014b).

#### Drought assistance package

In November 2013, the Australian Government announced up to $7 million in support for Queensland and up to $3 million for New South Wales to assist farm businesses in those states with the installation of water-related infrastructure to supply animals with emergency water during drought (Joyce 2013a, Joyce 2014b).

In addition to this initial assistance to Queensland and New South Wales, in February 2014, the Australian Government announced a $320 million drought assistance package. The main components of the package are: bringing forward ‘more generous’ criteria for accessing income support from 1 July 2014 to 1 March 2014 (through the Interim Farm Household Allowance); drought concessional loans intended to assist farm businesses to recover from the effects of drought ($280 million); additional funds for existing state emergency water infrastructure schemes ($12 million); additional funds for pest management in drought-affected areas ($10 million); and increased social and mental health services in communities affected by drought ($10.7 million) (Joyce 2014c).

### Farm Finance Concessional Loans scheme

In November 2013, the Australian Government announced the reallocation of scheme funds following a review of the Farm Finance Concessional Loans Scheme (Joyce 2013a).

Under the previous allocation, funds for concessional loans had been allocated equally between the states and the Northern Territory. The new allocation increased the availability of loans in jurisdictions with a higher number of farm businesses and where farm businesses are faced with worsening conditions. Under the new allocation, a $40 million reserve fund was established in 2014‑15 to enable the Australian Government to respond to emerging issues (Joyce 2013b).

### Post-entry quarantine facility

In the 2012‑13 federal budget, the Government made a commitment of $379.9 million over seven years to fund the design and construction of a new government–owned and operated post-entry quarantine facility in Mickleham, Victoria. The 2013‑14 federal budget made $60.6 million available for initial expenditures on this project (DAFF 2014a). Post-entry quarantine facilitates the importation of high-risk animal and plant commodities. It is a key component of Australia’s biosecurity system that is intended to support the competitiveness and productivity of Australian agriculture. The new facility will consolidate all existing Department of Agriculture, Fisheries and Forestry-operated post-entry quarantine facilities at a single integrated site. The Department of Agriculture, Fisheries and Forestry recoups a portion of the costs associated with post-entry quarantine arrangements through user fees.

### National Food Plan

In July 2012, the then Australian Government released the National Food Plan green paper (DAFF 2012), which presented a series of policy options for ‘Australia’s food future’ (Ludwig 2012). The then Australian Government subsequently released the National Food Plan in May 2013 (DAFF 2013). The plan specified 16 goals and was supported by several new measures (Ludwig 2013b).

Following the 2013 federal election, the Government commenced the development of a White Paper on Agricultural Competitiveness, taking into account the work undertaken in the preparation of the National Food Plan.

### Agriculture Competitiveness White Paper

In December 2013, the Australian Government announced the terms of reference for an Agriculture Competitiveness White Paper. The White Paper will ‘consider issues including food security, improving farmgate returns, debt, drought management, supply chain competitiveness, investment, job creation, infrastructure, skills and training, research and development, regulatory effectiveness and market access’ (Joyce 2013c).

### Creation of the Australian Grape and Wine Authority

In December 2013, the Australian Parliament passed legislation to create the Australian Grape and Wine Authority. The new Authority, which will commence on 1 July 2014, will replace the Grape and Wine Research and Development Corporation (GWRDC) and the Wine Australia Corporation. It will be the single statutory authority for the wine industry, covering activities such as R&D and marketing (Ludwig 2013c).

GWRDC is funded by grapegrowers and winemakers, who pay levies on the annual winegrape crush, and the Australian Government, which provides matching funds. The Australian Grape and Wine Authority will undertake the same functions as the two merged organisations and operate under the existing levy and fees structure.

### Animal welfare projects

In July 2013, the then Australian Government announced funding of $1.8 million for seven projects intended to support improvements in animal welfare in Australia’s overseas livestock export markets. Recipients of funding include: Meat and Livestock Australia; the Australian Livestock Exporters’ Council; and the World Organisation for Animal Health (Fitzgibbon 2013).

### Farm Management Deposits Scheme

The Australian Government is currently legislating to amend the Farm Management Deposits (FMD) Scheme. The FMD Scheme is a risk management tool that supports farmers’ ability to prepare for climate variability and market fluctuations (National Rural Advisory Council 2012). It allows primary producers to set aside pre-tax primary production income in one income tax year and withdraw it as taxable income in a later year.

The proposed amendments are intended to allow more farmers to access the FMD Scheme and make existing FMD accounts easier to manage (Joyce 2014a). The off‑farm income threshold would be increased from $65 000 to $100 000, thus allowing primary producers to earn a higher level of off-farm income as part of their risk management strategy and still place primary production income into a FMD. Allowing primary producers to consolidate existing FMD accounts without taxation penalties will simplify the management of FMDs for both primary producers and deposit taking institutions. The changes are due to take effect from 1 July 2014 once the legislation has passed the Australian Parliament.

## 5.3 Manufacturing sector

Australian Government support for the manufacturing sector comprised around 21 per cent of total federal budgetary assistance in 2012‑13 (chapter 4). This section reports on developments directly affecting the manufacturing sector since May 2013.

### Ta Ann Tasmania

In June 2013, the then Australian Government announced funding of $26 million for Ta Ann Tasmania Pty Ltd, a veneer maker, to support the company to stay in production following timber supply losses arising from the Tasmanian Forests Agreement (section 5.2). The funds are intended to help the company to adjust to a 108 000 cubic metre a year reduction in peeler billets and to diversify its product base.

The funding is in addition to existing Australian Government commitments made under the TFIGA 2013 (Burke, Collins and Sidebottom 2013).

### Safeguards inquiries into imports of processed tomato products and processed fruit products

In June 2013, the then Australian Government asked the Productivity Commission to undertake two 6-month inquiries into whether safeguard action is warranted against imports of processed tomato products and imports of processed fruit products.

The inquiries were undertaken in accordance with the World Trade Organization (WTO) safeguard investigation procedure.

In December 2013, the final reports of the Productivity Commission safeguards inquiries into the import of processed fruit and processed tomato products were publicly released. The Commission found, in both cases, conditions were not such that safeguard measures would be justified under the WTO agreement (PC 2013a, 2013b).

### SPC Ardmona

In December 2013, the Minister for Industry announced the formation of a high‑level panel to advise the Government on assistance to SPC Ardmona Operations Limited following a ‘specific request’ from the company (Macfarlane 2013a). At a joint press conference held by the Prime Minister and the Minister for Industry in January 2014, the Minister for Industry stated that SPC Ardmona’s request had been rejected (ABC 2014a).

In February 2014, the Victorian Government announced it had committed funding of $22 million towards a $100 million ‘co-investment’ in SPC Ardmona, intended to ‘transform [the company’s] operations, modernise food processing and increase its … product range’ (Napthine 2014).

### Cadbury

In February 2014, the Prime Minister **stated that the Australian Government would proceed with an election commitment to provide $16 million to Cadbury Australia** (Abbott 2014b)**. The funding is intended mainly to support an upgrade of tourism facilities at the company’s chocolate factory in Claremont, Tasmania.** The 2014‑15 federal budget confirmed funding of $16 million to Cadbury (DFAT 2014a).

### Passenger motor vehicle industry

#### Productivity Commission inquiry on automotive manufacturing

In October 2013, the Australian Government asked the Commission to undertake an inquiry into public support for Australia’s automotive manufacturing industry, including passenger motor vehicle and automotive component production.

The Commission published a Position Paper on 31 January 2014 (PC 2014a). In that paper, it noted that Australia’s automotive manufacturing industry is undergoing significant change, with Ford Motor Company of Australia and General Motors Holden having announced that their manufacturing plants will close by the end of 2017. Following the release of the Position Paper, Toyota Motor Corporation Australia announced its manufacturing plants would also close by the end of 2017.

The Commission’s final report was sent to the Australian Government on 31 March 2014. Under the *Productivity Commission Act 1998*, the Government is required to table the final report in each House of the Parliament within 25 sitting days of receipt.

#### 2013‑14 Mid‑Year Economic and Fiscal Outlook

In December 2013, the Australian Government released the 2013‑14 Mid‑Year Economic and Fiscal Outlook. It included budgetary reductions of $500 million in funding for the Automotive Transformation Scheme from 2014‑15 to 2017‑18. The scheme has provided assistance to the automotive manufacturing industry since 2011, when it replaced the Automotive Competitiveness and Investment Scheme.

### Energy White Paper

In December 2013, the Minister for Industry, Ian Macfarlane, released an issues paper to begin consultation on the Australian Government’s Energy White Paper, which is scheduled for completion in September 2014 (Macfarlane 2013b).

Amongst other things, the White Paper will consider: policy and regulatory reform to secure reliable, competitively and transparently priced energy for a growing population and productive economy, including the efficiency and effectiveness of regulatory bodies; [and] the appropriate role for government in the energy sector (Department of Industry 2014a).

### Cooperative Research Centres

In February 2014, the Australian Government announced the creation of three new Cooperative Research Centres (CRCs) and the extension of four existing CRCs. CRCs are intended to bring together industry, researchers, the community and governments to create opportunities and develop solutions to assist Australian industry (Macfarlane 2014).

The three new CRCs are:

* the Rail Manufacturing CRC ($31 million) which will seek to develop products, technologies and supply chain networks to increase the capability and global competitiveness of the rail industry;
* the Data to Decisions CRC ($25 million) which will seek to develop tools to enhance Australia’s defence and national security sector’s capability to use ‘big data’ to reduce national security threats; and
* the Space Environment Management CRC ($19.8 million) which will seek to monitor, analyse and manage space debris and develop new technologies and strategies to help preserve the space environment for the benefit of Australia.

The four extended CRCs are:

* the Hearing CRC ($28 million) which intends to develop new devices, therapies and service delivery models to improve the prevention, detection and remediation of hearing disorders;
* the Cancer Therapeutics CRC ($34 million) which intends to translate cancer biology research into lead and preclinical stage drug candidates for a range of different cancers;
* the Capital Markets CRC ($32.4 million) which intends to develop operational technologies that enhance the integrity and efficiency of capital markets in Australia and globally; and
* the Sheep Industry Innovation CRC ($15.5 million) which intends to enhance sheep wellbeing and productivity, value-based trading of sheep meat and the delivery of affordable technologies for the Australian sheep industry (Macfarlane 2014).

## 5.4 Carbon emissions reduction and energy efficiency

As reported in chapter 4, assistance measures in the area of carbon emissions reduction and energy efficiency amounted to around $326 million in 2012‑13, that is, 4 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-existing programs, some items cover major outlays under previously announced programs.

### Carbon tax, Jobs and Competitiveness Program; Energy Security Measures and Steel Transformation Plan

In November 2013, the Australian Government introduced into the Parliament the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 and related bills, with the intention of abolishing the carbon tax. These bills provide that the business compensation measures related to the carbon tax under the Jobs and Competitiveness Program, Energy Security Fund and Steel Transformation Plan would cease. The package of bills was defeated in the Senate in March 2014. The Government intends to reintroduce the carbon tax repeal bills.

While these measures were intended as compensation for the carbon tax, they will have had industry assistance implications to the extent that they favoured some activities over others.

### Other carbon tax-related industry assistance programs

The Australian Government’s 2013‑14 Mid-Year Economic and Fiscal Outlook contained details of the cessation of other business compensation measures that had been introduced as part of the former Government’s carbon tax package. Among the measures to be abolished are the Energy Efficiency Information Grants, the Clean Energy Skills Package, the Coal Sector Jobs Package and Clean Technology Programmes.

While these measures were intended as compensation for the carbon tax, they will have had industry assistance implications to the extent that they favoured some activities over others.

### Clean Energy Finance Corporation

In April 2013, the then Australian Government issued the investment mandate of the Clean Energy Finance Corporation (CEFC) (Swan, Combet and Wong 2013). The CEFC is a $10 billion fund that is intended to provide concessional finance for qualifying projects in the areas of energy supply, energy use and designated clean energy technologies.

Under its enabling legislation — the *Clean Energy Finance Corporation Act 2012* (Cwlth) — CEFC’s financing activities were to be funded through a special appropriation from the Australian Government of $2 billion to a special account each year for five years, commencing from 1 July 2013.

The CEFC works with project proponents and any co-financiers to secure finance for qualifying projects. It may provide concessional finance in the form of lower pricing, higher risk and/or longer duration packages (Clean Energy Finance Corporation 2013a). To do this, the CEFC accepts a higher level of risk — relative to expected returns — than do project financiers with which the CEFC directly competes (box 5.1). The higher level of risk is borne by the Australian Government.

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| Box 5.1 Clean Energy Finance Corporation’s funding of the Macarthur Wind Farm |
| In July 2013, the CEFC announced details of its first transaction — a $50 million refinancing of the $1 billion Macarthur Wind Farm in Victoria.  Private investors had offered to provide the additional finance that the Macarthur Wind Farm sought — at an interest rate that reflected the risks associated with a project of this type. The (then) co-owners of the wind farm — AGL Energy Limited and the New Zealand Government-owned Meridian Energy — instead received funding from the CEFC, which offered to provide finance at a lower interest rate than offered by private investors. (Meridian Energy subsequently sold its share of the venture to Malakoff Corporation Berhad, a Malaysian company.)  The CEFC effectively provided assistance to the venture in the form of an interest rate subsidy. |
| *Source*: Clean Energy Finance Corporation (2013b). |
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In November 2013, the Australian Government introduced to Parliament the Clean Energy Finance Corporation (Abolition) Bill 2013 with the intention of abolishing the CEFC (Sinodinos 2013). The bill was defeated in the Senate in December 2013. The Clean Energy Finance Corporation (Abolition) Bill 2013 [No. 2] is currently before Parliament.

### Regional Australia’s Renewables initiative

In June 2013, the then Australian Government announced the $400 million Regional Australia’s Renewables (RAR) initiative that is intended to support the development of qualifying renewable energy in off-grid and fringe-of-grid areas (Gray 2013a). The initiative comprises the RAR Industry Program and the Community and Regional Renewable Energy Program. These programs support the application of renewable energy technology suitable for industrial applications and work with electricity distributers to demonstrate qualifying energy technologies that can feed into community grids.

The measure is funded by the $3 billion Australian Renewable Energy Agency (ARENA) that was established in July 2012.

### Emerging Renewables Program

In June 2013, the then Australian Government announced that ARENA had increased funding for the Emerging Renewables Program to $215 million. The program is intended to help prove the commercial potential of technologies (Gray 2013a).

### Advanced Biofuels Investment Readiness Program

In response to an Advanced Biofuels Study conducted in 2011, the Australian Government launched a $15 million competitive merit-based Advanced Biofuels Investment Readiness (ABIR) Program in February 2012 (Ferguson 2012). ARENA assumed responsibility for the ABIR Program on 1 July 2012. The ABIR Program was intended to support pre-commercial demonstration projects that produce high energy renewable fuels that can be ‘dropped in’ to existing refining infrastructure.

In February 2013, ARENA announced two successful projects under the ABIR Program:

* $4.4 million to Muradel Pty Ltd for its Advancing Established and Integrated Marine Microalgae Biofuel to Commercialisation project in Whyalla, South Australia; and
* $5.4 million to Licella Pty Ltd for its Biomass to Bio-crude: Producing Advanced Drop-in Fuels for Australia project in Somersby, New South Wales.

The ABIR Program has been closed and no further assessments under this program will be undertaken. However, proponents of biofuel projects are able to apply for funding under the Emerging Renewables Program (ARENA 2014).

### Carbon capture and storage research facilities

In July 2013, the then Australian Government announced that the CRC for Greenhouse Gas Technologies will be eligible to receive over $50 million to develop a new network of carbon capture and storage research facilities. The funding is intended to support a series of field facilities, onshore and offshore monitoring systems and laboratories. The project falls under the Clean Energy Future package (Gray 2013b).

### Renewable Energy Target scheme

In February 2014, the Australian Government released the terms of reference for a review into the Renewable Energy Target (RET) Scheme. The review will ‘consider the contribution of the RET in reducing emissions, its impact on electricity prices and energy markets, as well as its costs and benefits for the renewable energy sector, the manufacturing sector and Australian households’ (Macfarlane and Hunt 2014). The review is due to report in mid‑2014.

### Emissions Reduction Fund White Paper

In April 2014, the Australian Government released the Emissions Reduction Fund White Paper. The White Paper sets out the design for the Emissions Reduction Fund, which is intended to be the main element of the Government’s climate change policy. According to the announcement, the forward estimates commitment to the Emissions Reduction Fund will be $2.55 billion, to be used largely for purchasing emissions reductions (Hunt 2014). While the program is to be directed at environmental goals, it will have industry assistance implications to the extent that it favours some activities over others.

## 5.5 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 often associated with co-contributions by relevant state jurisdictions.

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

### Adjustment assistance to passenger motor vehicle producing regions

#### Melbourne’s North Innovation and Investment Fund and Geelong Region Innovation and Investment Fund

The Melbourne’s North Innovation and Investment Fund was established to give effect to an announcement by the then Australian Government and the Victorian Government on 23 May 2013 that they would provide funding support to regions affected by Ford Motor Company of Australia’s cessation of vehicle and engine manufacturing operations in Australia, which the company announced will occur by October 2016.

Funding over the three financial years from 2013‑14 to 2015‑16 will be provided to the Melbourne North region and the Geelong region (funding to the latter will be through the Geelong Region Innovation and Investment Fund which was established in 2007 (*Trade & Assistance Review 2006‑07)*). The Australian Government will contribute $30 million to the two funds; the Victorian Government $9 million; and Ford Motor Company of Australia $10 million. The total funding of $49 million is to be split evenly between the two funds. The Melbourne’s North Innovation and Investment Fund will provide grants of a minimum of $50 000 that are intended to support ‘innovative, job creation projects that strengthen and diversify the Melbourne North regional economy and employment base’ (AusIndustry 2013).

#### National Industry Investment and Competitiveness Agenda

In December 2013, the Australian Government announced:

* measures intended to support regions impacted by the wind-down of General Motors Holden’s manufacturing operations;
* reviews of the South Australian and Victorian economies; and
* development of a National Industry Investment and Competitiveness Agenda — to be released later in 2014 — which will focus on measures intended to promote national competitiveness and productivity (Abbott and Macfarlane 2013).

At the same time, the Australian Government announced its intention to develop a Growth Fund as part of the agenda, intended to support projects in regions facing pressure in their manufacturing sectors. In April 2014, the Australian Government announced that the $155 million Growth Fund would commence in 2014‑15 and include:

* a $30 million Skills and Training Programme intended to assist automotive employees to have their skills recognised and provide training for new jobs, while they are still employed;
* a $15 million boost to the Automotive Industry Structural Adjustment Programme intended to provide careers advice and assist automotive employees to secure new jobs;
* a $20 million Automotive Diversification Programme intended to assist automotive supply chain firms capable of diversifying to enter new markets;
* a $60 million Next Generation Manufacturing Investment Programme intended to accelerate private sector investment in high value non-automotive manufacturing sectors in Victoria and South Australia; and
* a $30 million Regional Infrastructure Programme intended to support investment in non-manufacturing opportunities in affected regions.

The Australian Government will contribute $100 million to the Growth Fund, with the remainder to be provided by state government and company contributions (Abbott and Macfarlane 2014).

The Productivity Commission submitted its report on *Australia’s Automotive Manufacturing Industry* to the Australian Government on 31 March 2014. Under the *Productivity Commission Act 1998* (Cwlth), the Government is required to table the final report in each House of the Parliament within 25 sitting days of receipt.

### McLaren Vale Water Plan

In August 2013, the McLaren Vale Water Plan was launched, with the then Australian Government providing $3.3 million in funding for the plan under the National Water Security Plan for Cities and Towns program.

Under the plan, the Australian Government will provide one-off payments to eligible irrigators to connect to the recycled water pipeline and pay for half of the licensing fee charged by the Willunga Basin Water Company (Rishworth 2013).

### Productivity Commission inquiry into Tasmanian shipping and freight

The Commission undertook an inquiry into Tasmanian shipping and freight. Its draft report was released on 24 January 2014 and the final report was sent to the Australian Government on 7 March 2014, but has yet to be publicly released. Under the *Productivity Commission Act 1998* (Cwlth), the Government is required to table the final report in each House of the Parliament within 25 sitting days of receipt.

In the draft report, the Commission considered that the Australian Government should put less emphasis on freight subsidy schemes and more emphasis on policy reforms that have national and Tasmanian benefits (such as coastal shipping reform) and those that directly enhance the competitiveness and productivity of the Tasmanian economy (PC 2014b).

The Australian Government has stated its intention to retain the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme.

### Tasmanian Jobs and Growth Package

In October 2013, the Australian Government announced a Tasmanian Jobs and Growth Package (box 5.2). The package complements the Economic Growth Plan for Tasmania. It comprises a package of measures totalling $106 million aimed at stimulating Tasmania’s economy by supporting growth and employment (Truss 2013). The package supersedes the previous Government’s Tasmanian Jobs and Growth Plan announced in July 2013 (King and Rudd 2013) and has its origins in the Tasmanian Forests Intergovernmental Agreement 2013 (section 5.2 above).

A number of projects funded under the package provide direct assistance to businesses, while other elements of the package are directed at community activities. Business recipients include Ta Ann Tasmania Pty Ltd for a plywood mill, SFM Forest Products for its ‘hydrowood’ project, Caterpillar Elphinstone Pty Ltd for advanced manufacturing development, Tassal Group Limited for a fish protein and oil facility and Huon Aquaculture Group Pty Ltd for a processing facility (box 5.2).

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| Box 5.2 Tasmanian Jobs and Growth Package |
| The Tasmanian Jobs and Growth Package includes funding for a number of already planned projects that are intended to support the economic development of Tasmania. Recipients of the funding are businesses and business groups, community organisations, local councils and education facilities.  Business and business groups  Around $52 million has been allocated to 21 individual businesses and business groups. For example, Ta Ann Tasmania Pty Ltd is to receive $7.5 million for a plywood mill, SFM Forest Products is to receive $5 million for its ‘hydrowood’ project, Caterpillar Elphinstone Pty Ltd is to receive $5 million for advanced manufacturing development, Tassal Group Limited is to receive $3.85 million for a fish protein and oil facility and Huon Aquaculture Group Pty Ltd is to receive $3.5 million for the construction of a processing facility.  Community organisations  Almost $3.4 million has been allocated to five community groups and community projects. For example, the Macquarie House Catalyst Project is to receive $3 million, the Australian Fly Fishing Museum $261 000 and the Sandy Bay Sailing Club $60 000.  Local councils  Around $18.8 million has been allocated to five local councils. For example, the Launceston City Council is to receive $6 million for redevelopment of the North Bank Precinct and Clarence City Council is to receive $5 million for the Kangaroo Bay Community and Economic Development Project.  Education facilities  $16.5 million has been allocated to two education facilities. The University of Tasmania is to receive $13 million for Sense-T stage 2 development and Guildford Young College is to receive $3.5 million for a creative arts link building.  Other measures  $15.5 million has been allocated to two Australian Government measures. These comprise $11 million allocated for an Innovation and Investment Fund and $4.5 million for a Regional Tourism Package. |
| *Source*:Truss (2013). |
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## 5.6 Broadcasting and communications

Since May 2013, the Australian Government has made several announcements regarding broadcasting and communications policies and related activities.

### Government response to the Convergence Review and Finkelstein Inquiry

In March 2013, the then Minister for Broadband, Communication and the Digital Economy announced the Australian Government’s response to the Convergence Review and Finkelstein Inquiry (Conroy 2013a). A number of the announced measures were implemented through the *Broadcasting Legislation Amendment (Convergence Review and Other Measures) Act 2013* (Cwlth) (the ‘Convergence Review Act’) and the *Television Licence Fees Amendment Act 2013* (Cwlth) (the ‘Licence Fees Act’).

The Convergence Review Act made changes to Australian content requirements for commercial television broadcasters by introducing new Australian content quotas for digital multichannels and introducing greater flexibility in the use of multichannels to fulfil existing content sub-quotas. This Act also capped at three the number of commercial television broadcasting licences that may be allocated in each relevant licence area. The Licence Fees Act implemented a permanent 50 per cent reduction to the licence fees paid by commercial television broadcasters, which followed previous temporary reductions to licence fees that were provided by way of rebates of between 16.5 and 50 per cent of license fees between 2009‑10 and 2011‑12.

### Digital Enterprise, Digital Local Government and Digital Business Kit programs

In May 2013, the then Australian Government announced an additional $12.9 million of funding for Digital Enterprise and Digital Local Government programs. The funding has delivered an extra 22 Digital Enterprise services that are intended to help small and medium enterprises and not-for-profit organisations to improve the way that they do business and deliver services online, and provide for the roll out of an additional 15 Digital Local Government projects (Conroy 2013b).

In May 2013, the then Australian Government opened applications for the Digital Enterprise – Virtual Advisor program (Conroy 2013b). This new online component of the Digital Enterprise program has been operating since November 2013 and is intended to assist Aboriginal and Torres Strait Islander businesses in regional and remote communities to improve their online presence and competitiveness.

In May 2013, the then Australian Government also announced that it would provide funding of $5 million for the Digital Business Kit program*.* The program has funded nine peak bodies to develop and promote sector-specific Digital Business Kits to help small and medium enterprises take advantage of high-speed broadband and engage in the digital economy (Conroy 2013c).

### National Strategy for Cloud Computing

In May 2013, the Australian Government released the National Strategy for Cloud Computing. The strategy is intended to open up the annual $5 billion Australian Government expenditure on ICT to cloud computing by requiring federal government agencies to consider cloud services for new IT purchases. It is also intended to promote the benefits of cloud computing to small businesses, not-for-profit organisations and local government (Conroy 2013d).

## 5.7 Other industry assistance developments

### Tourism

#### Passenger Movement Charge

In October 2013, the Australian Government confirmed that the Passenger Movement Charge on travellers will be frozen at its existing level for the full term of the current Parliament (Robb 2013). The action is intended to make Australia a more competitive destination for international travellers.

### Small business

#### Taxation measures for small businesses

In June 2013, the then Australian Government announced a number of taxation measures worth $5.2 billion that are intended to help small businesses (those with turnover of less than $2 million):

* a $6500 instant write-off for purchases of new equipment (Swan 2013a);
* an immediate deduction for the first $5000 of motor vehicle purchases (Swan 2013a); and
* the ability to ‘carry back’ losses to offset past profits (as recommended by the Henry Review) (Swan 2013b).

These changes were to apply from 2012‑13 onwards.

The Australian Government has announced its intention to repeal these three measures. A Bill containing provisions to repeal the measures was introduced into parliament on 13 November 2013.

### Infrastructure

#### Tax concession for designated major infrastructure projects

In July 2013, a new tax loss measure for designated major infrastructure projects commenced. Under this measure, the Infrastructure Coordinator can designate projects eligible for the tax concession, with a prerequisite that a project has been assessed as ‘Ready to Proceed’ on Infrastructure Australia’s Priority Project List (Albanese and Bradbury 2013).

### Transport (Qantas)

#### Foreign ownership restrictions

The *Qantas Sale Act 1992* (Cwlth) limits foreign ownership of Qantas Airways Limited to 49 per cent. It also stipulates a 35 percent limit for all foreign airline shareholdings combined, and that a single foreign entity can hold no more than 25 per cent of the airline’s shares. These restrictions potentially disadvantage Qantas.

In March 2014, the Australian Government announced that it will move to a single regulatory framework for all Australian international airlines (Abbott and Hockey 2014). According to the announcement, the Government will introduce legislation to remove the foreign ownership restrictions and conditions that apply to Qantas’ business operations contained in Part 3 of the *Qantas Sale Act 1992* (Cwlth) It is intended that the legislation will provide additional flexibility for Qantas that is consistent with other airlines based in Australia.

#### Request for unsecured loan and debt guarantee

At a press conference on 5 March 2014, the Prime Minister stated that Qantas had asked the Australian Government to assist the airline through a $3 billion unsecured loan and a short term debt guarantee, and announced that the Government had rejected the request (ABC 2014b).