

# WORLD TRADE ORGANIZATION

RESTRICTED

**G/SCM/Q2/AUS/20**

13 August 2001

(01-3997)

**Committee on Subsidies  
and Countervailing Measures**

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## **SUBSIDIES**

Replies to Questions Posed by the UNITED STATES<sup>1</sup>  
Regarding the Updating Notification of AUSTRALIA<sup>2</sup>

### **Printing Industry Competitiveness Scheme**

**Q1.** Under “Trade Effects,” it is stated that “Currently 55 book printing firms have made claims under the scheme and it is estimated that up to 70 firms may qualify for assistance.” Does this include firms which export their products? If so, please indicate the number of firms which export.

#### Reply

The number of participants in the scheme is now 87. The bulk of book production is destined for the domestic market.

**Q2.** What amounts were disbursed under this scheme in 1999?

#### Reply

The disbursements in calendar year 1999 were A\$ 1,119,825.

### **Book Production - Enhanced Printing Industry Competitiveness Scheme**

**Q1.** Please provide the eligibility criteria for receipt of benefits under this programme.

#### Reply

- Book production for the purposes of this program includes companies that undertake one or more of the following processes :
  - typesetting,
  - film preparation,
  - colour separation,
  - platemaking,
  - printing,
  - folding,
  - binding,
  - manufacture of packaging to be sold with the book,
  - packing the book for purposes of transport, or

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<sup>1</sup> G/SCM/Q2/AUS/19

<sup>2</sup> G/SCM/N/60/AUS/Rev.1

- a new methodology or technique recognised as similar to, or a replacement of, one of the above processes (eg graphic artists for books who can be considered a “typesetter on the screen”).
- Activities relating to advertising or promotion of the book are not eligible.
- Project activities must be in relation to book production and encourage innovation in business development, competitiveness, or skills formation. Some examples are:
  - Improved business competencies
  - Improving the efficiency of production systems (excluding consumables and the purchase of capital equipment such as plant and machinery).
  - Improved logistics and distributions systems
  - R & D activities
  - Staff training and skills development
  - Improved supply and value chain relationships
  - Energy efficiency and/or other environmental projects aimed at improving both environmental performance and profitability.

### **Dairy Market Support Scheme**

**Q1. What were the criteria under which aid for this programme was provided to manufacturers?**

#### **Reply**

This scheme terminated on 30 June 2000 and hence it is no longer in operation. This scheme did not grant any assistance to manufacturers of dairy products. Manufacturers paid the levy and dairy farmers were the beneficiaries.

### **Invest Australia: Investment Incentives**

**Q1. Under what terms was investment made under this programme?**

#### **Reply**

The criteria for investment incentives are:

- The investment would not be likely to occur in Australia without the incentive
- The investment provides significant net economic benefits through:
  - substantial increase in employment
  - substantial business investment
  - significant boost to Australia’s R&D capacity
  - significant benefit to, or investment by other industries, either users or suppliers (cluster investment)
  - ensuring that it does not involve substitution of existing production capacity which would provide an unfair advantage over competing projects
- the investment complements Australia’s areas of competitive advantage
- the investment is viable in the long term without subsidy
- the incentives are open to foreign and domestic investors
- the quantum of project specific assistance takes into consideration the availability of other assistance from the Commonwealth or State and Territory governments

**Q2. Please provide the amounts given under this. How were these amounts determined?**

Reply

In terms of the incentive notified in Australia's updating notification (G/SCM/N/60/AUS/Rev.1 of 19 December 2000), the A\$30 million licence agreement will give the Commonwealth Government access to proprietary Gas-to-Liquids technology. The Government also approved a \$40 million loan to support further research, development and demonstration work to commercialise the GTL fuel technology in Australia. The technology will significantly enhance Australia's options for meeting the demand for clean fuels in the future and improving Australia's existing scientific and technical capacity.

**Automotive Competitiveness and Investment Scheme (ACIS)**

**Q1. On what basis are 'eligible' imports determined?**

Reply

Eligible imports are either new motor vehicles under 3.5 tonnes or components used in the production of motor vehicles under 3.5 tonnes.

**Q2. Please provide more information concerning how eligible production, eligible investment in plant and equipment, and eligible investment in research and development are determined.**

Reply

Participants earn incentives in the form of ACIS credits for undertaking eligible production of motor vehicles and eligible investment in plant and equipment and R&D. ACIS credits earned by participants can be used to pay customs duty on eligible imports.

There are four categories of participants in ACIS: motor vehicle producers (MVPs), automotive component producers (ACPs), automotive machine tool or tooling producers (AMTPs) and automotive service providers (ASPs).

**MVPs** can claim ACIS credits equal to:

- 25 per cent of the value of production of vehicles under 3.5 tonnes, engines and engine components, multiplied by the automotive tariff rate
- 10 per cent of the investment in approved plant and equipment

Where MVPs produce components, tools or services for a third party (including a parent company), the MVP can claim ACIS credits equal to:

- 25 per cent of the investment in approved plant and equipment
- 45 per cent of the investment in approved research and development

**ACPs, AMTPs and ASPs** can claim ACIS credits equal to:

- 25 per cent of the investment in approved plant and equipment
- 45 per cent of the investment in approved research and development

**Eligible Plant and Equipment under ACIS includes:**

- production equipment, including computer software and hardware
- plant and equipment used to undertake R&D

But does not include:

- general purpose buildings, such as warehouses
- second-hand plant and equipment

**Eligible Research and Development under ACIS includes:**

- basic and strategic research
- industrial and engineering design
- re-engineering of existing products and processes
- building and testing of prototypes

**Pharmaceutical Industry Investment Programme (PIIP)**

**Q1. Please provide further information concerning what type of products are “nominated products supplied to the Pharmaceutical Benefits Scheme.” Are all products that are nominated accepted?**

**Reply**

The nominated products are prescription pharmaceuticals for which there is a clear case of prices being suppressed below the European Union average as a result of the government exercising its monopsonistic purchasing power through the Pharmaceutical Benefits Scheme. Companies are required to provide Inter-Continental Medical Statistics (IMS) data to show that the product (or its equivalent) is available in the (ten) nominated markets and to compare the Australian price with the average price in six European countries. In cases where it is not possible for companies to provide prices from six of the ten nominated countries, the Administering Body of the program will have the flexibility to negotiate with the company concerned to determine an EU average price. To date, companies have nominated only products which have met these criteria, so all products that have been nominated have been accepted.

**Shipbuilding Bounty**

**Q1. Under what criteria is aid under this programme provided? What are considered to be ‘eligible costs’?**

**Reply**

Under the *Bounty (Ships) Act 1989*, shipbuilders must register for the bounty annually and at least 75 per cent of vessel construction must be bountiable. Bountiable vessels are vessels between

150 and 20,000 gross construction tons, but does not include vessels constructed for the Commonwealth or for export to New Zealand.

Payment is made at 3 per cent of the eligible cost, which are the construction costs of the vessel. Registered shipbuilders are also entitled to the payment of a benefit, at the rate of 50 per cent of eligible R&D, up to an amount equal to 2 per cent of eligible costs.

#### **Textiles, Clothing and Footwear Strategic Investment Programme (TCF SIP) Scheme**

**Q1. To what percentage of eligible expenditures are benefits under this programme limited?**

Grants for new plant and equipment/buildings must not exceed 20 per cent of eligible expenditure. Grants for research and development including innovative product development must not exceed 45 per cent of eligible expenditure. Special grants for second hand plant and equipment for restructuring initiatives in TCF dependent communities must not exceed 20 per cent of eligible expenditure. Special miscellaneous grants for ancillary activities relating to restructuring initiatives in TCF dependent communities must not exceed 20 per cent of eligible expenditure.

**Q2. What are considered to be eligible expenditures?**

Reply

Sections 15, 23–25 and 30 of the TCF (SIP) Scheme (available at [www.isr.gov.au/industry/tcf](http://www.isr.gov.au/industry/tcf)) prescribe what is eligible expenditure. In summary, eligible expenditure relates to activities involving the acquisition or construction of new TCF plant or equipment; acquisition or construction of new buildings or alterations to existing buildings; upgrading existing TCF plant or equipment to comply with environmental legislation; acquisition of new computer hardware or software of the development of new computer software; R&D activities; and product development activities.

**Q3. Can all TCF entities register for the scheme?**

Reply

An entity that intends to make a claim for a grant relating to new plant and equipment/buildings, research and development or TCF production, and that carries on, or proposes to carry on, an eligible TCF activity can apply to be registered for the TCF (SIP) Scheme.

**Q4. Is this scheme limited in any way by production or export levels?**

Reply

The overall limits on grant entitlements are 5% of sales of the entity's eligible TCF products in the income year preceding the claim year. Section 85 of the TCF (SIP) Scheme refers (see [www.isr.gov.au/industry/tcf](http://www.isr.gov.au/industry/tcf)).

#### **Tasmanian Wheat Freight Subsidy**

**Q1. How is it determined which interstate transporters will receive funding under this programme (i.e., what are the eligibility criteria)?**

Reply

An annual grant of A\$1.2 million has been provided to Tasmania to fund the Tasmanian Wheat Freight Scheme (TWFS). The TWFS is administered by the Tasmanian Government under Commonwealth terms and conditions. These provide for the grant to be distributed on an equitable basis between persons incurring freight costs, unloading costs or wharfage associated with bulk and container shipments of wheat from the mainland to Tasmania.

**New South Wales Industries Assistance Fund**

**Q1. What are considered to be “strategic” investment areas?**

Reply

“Strategic” investment areas are those that are considered to offer significant opportunities in the Australian market and include, as outlined in G/SCM/N/60AUS/Rev.1 of 19 December 2000, information technology, finance and call centres.

**Q2. What types of aid are provided under this programme?**

Reply

The types of aid that may be available under this scheme include facilitation assistance with local regulations and approvals and location of potential sites. Financial assistance may be considered in special circumstances and may take the form of contribution to State taxes; facility establishment costs; relocation costs; contributions to common user infrastructure; skills training; and contribution to feasibility/technical skills.

**New South Wales Regional Business Development Scheme**

**Q1. When did this fund begin?**

Reply

The Regional Business Development Scheme commenced in 1989.

**Q2. What forms of aid are available, and how is it decided which form of aid will be used?**

Reply

The forms of aid that may be available under this scheme include facilitation and financial assistance. The financial assistance might include a grant for expansion of existing premises/facilities; location feasibility analysis; business planning and technical consultancy assistance; plant and equipment/key personnel removal costs; skills training; contribution towards infrastructure costs such as improving public road access to the site, etc; offset to local government charges; contribution to regional opportunities investigation; contributions to payroll and land taxes and stamp duty. The form of assistance is at the sole discretion of the Minister or his delegate but generally within the above types and related to the specific requests from the applicant.

**Northern Territory Industry and Business Assistance**

**Q1. What are the criteria to receive assistance under this programme?**

Reply

(a) For privately owned business:

- For new industry in the Northern Territory, a business should clearly display that there are benefits for Territorians in terms of job creation, up-skilling, and wider economic benefits. Emphasis is on assisting businesses which are unique and not in competition with other providers in the Northern Territory.
- For established businesses, a business must be a profitable and ongoing concern, have a turnover of A\$300,000 per annum and be Northern Territory based and able to employ Northern Territory residents. Emphasis is placed on providing information, funding and development services to enhance business performance, profitability and employment levels.

(b) For peak industry and business associations and organisations:

- For non-profit organisations recognised as the peak representative body for their industry sectors and/or organisations involved in business development which can clearly display that Territorians will benefit from financial support for the organization. Grants are generally based on the amount of operational shortfall anticipated in a financial reporting year.
- For organizations which can clearly display that Territorians would benefit in general through the provision of sponsorship assistance, eg business awards.

**Q2. What industries have received assistance from this programme?**

Reply

For the reporting period FY 1999-2000, the following industry sectors received assistance under the above programmes.

- Information Technology
- Tourism and tourism services
- Mining and mining services
- Business services
- Personal services
- Forestry
- Manufacturing and manufacturing services
- Retail, wholesale and supply
- Educational
- Arts and culture
- Regional development
- A variety of industry associations.

**Queensland Investment Incentives Scheme (QIIS)**

**Q1. It is stated that assistance under this programme has been offered to the food industries. By this are you referring to the agricultural sector (i.e., farmers) or to the processed food sector or both?**

Reply

Assistance is only available to food processing companies and only where such firms meet specific eligibility requirements.

**Q2. Are all food enterprises and industries eligible for aid under this programme? Does level of production or production activity influence which entities are eligible for assistance under this programme?**

Reply

Not all food companies would be eligible for assistance. Projects that do receive assistance must comply with all eligibility criteria under QIIS. Many areas (especially commodity areas) would be ineligible for assistance on the basis of inequity or possible detriment to other businesses in Queensland (that are not in receipt of incentives). Level of production does not influence eligibility.

**Queensland Industry Development Scheme**

**Q1. Under what criteria is assistance under this programme offered?**

Reply

To be considered for funding under QIDS, the applicant must meet the following eligibility criteria. Eligible applicants must:

- Be an established firm, or group of firms operating in Queensland;
- Have a demonstrated level of business success and the capacity to implement and sustain development projects;
- Demonstrate project outcomes of net economic benefit to Queensland;
- Be committed to the expansion of the business into new and different markets or be a part of a supply chain involved in expansion into new and different markets; and
- Be able to match any approved funding on a dollar-for-dollar basis.

**Q2. What agricultural sectors received assistance under this scheme?**

Reply

While assistance would not normally be provided for agricultural production, on-farm value-adding activities in all agricultural sectors may be eligible where they meet the above criteria.

**Tasmania Investment Attraction Programme**

**Q1. Are all enterprises and industries eligible to receive assistance under this programme?**

Reply

The programme is open to all enterprises and industries.

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