

INDUSTRY ASSISTANCE PROGRAMS, SUBSIDIES AND INCENTIVES

155. Hon Jim Scott to the Parliamentary Secretary representing the Minister for State Development

Will the Minister detail what industry assistance programs, subsidies and incentives are made available by the State Government to -

- (a) manufacturing industries;
- (b) mineral exploration/extraction industries;
- (c) agricultural processing industries; and
- (d) farming sector?

Hon KEN TRAVERS replied:

I am advised:

DEPARTMENT OF INDUSTRY AND TECHNOLOGY

- (a) The Department of Industry and Technology provides both financial and non-financial assistance to businesses involved in the manufacture of goods or trading of goods or services.

Non-financial assistance includes:

- maintenance and development of overseas trade networks;
- provision of market advice, focussing on the areas of environment and bio-industries, energy, information and communication technologies, oil and gas, marine and defence;
- development of international aid market opportunities;
- provision and management of common-user infrastructure;
- promotion of on-line technologies and industry training;
- advice to potential investors, including the 'On-line WA Single Doorway' and
- efficient public sector procurement services which can be accessed by local manufacturers.

As part of the Government's review of the public sector, schemes formerly administered by the Department of Commerce and Trade were suspended in 2001 pending review. The Department of Industry and Technology is responsible for the management of those schemes where there is a remaining administrative or financial obligation. Those schemes for which there are continuing obligations are:

- Western Australian Innovation Support Scheme (WAISS).
- Industry Incentive Scheme (IIS).
- WA Business Council And Industry Association Market Development Scheme.
- Industry Association Executive Support Scheme.

Government has provided significant funding for financial assistance to manufacturing businesses under the South West Industry Assistance Scheme and the Native Timber Furniture Industry Support Scheme.

- (b) The Department of Industry and Technology has no specific industry assistance programs for the mineral exploration/extraction industries.
- (c) The Department of Industry and Technology and the Department of Agriculture jointly administer the Western Australian Dairy Industry (Processing) Incentive Scheme. Applications for this scheme are now closed. Applications have also closed for the Meat Industry Strategic Development Scheme.
- (d) The Department of Industry and Technology has no specific industry assistance programs for the farming sector.

DEPARTMENT OF MINERAL & PETROLEUM RESOURCES

It is assumed the Hon Member's question relates to direct financial assistance. Accordingly the response below does not reflect the services, advice and information available to the community at no or low cost designed to encourage investment in the resources sector and ensure Western Australia can effectively compete in a highly competitive international market.

There are no 'over the counter' programmes or assistance schemes that operate to provide financial assistance for mineral exploration and extraction industries. In particular circumstances assistance may be provided if long-term public benefits can be demonstrated. Specific information is provided below:

Royalty Relief

A number of existing projects have applied for royalty relief due to particular economic circumstances. Relief criteria are set by Cabinet.

Relief is provided by way of a reduction of royalty payments up to a set percentage and determined on a quarterly basis. To qualify, the operation must demonstrate that it has negative cashflows due to circumstances beyond the operator's control. Periodic reviews are conducted to determine if the relief should continue or if the relief recipient can commence to pay outstanding royalties at the full rate.

In addition, specific royalty concessions on a commodity basis are currently in place in response to particular circumstances.

#### Royalty Deferral

In circumstances where a mineral producer cannot meet royalty obligations by the due date and Cabinet's relief criteria are not met, the Minister for State Development can approve deferral arrangements. The royalty payer must however demonstrate that it has negative cashflows and does not have the funds to pay the full royalty obligation on the relevant due date. In these cases a schedule of royalty payments over an agreed period is approved to recover unpaid royalties as quickly as possible.

#### Common User Infrastructure

Government recognises that the financial cost upon a resource project establishing in a greenfield area void of basic infrastructure can be significant. It can also be unreasonable for a 'pioneering' project to be forced to meet the entire cost of putting in place such infrastructure in addition to its own project specific requirements. The Government will consider, on a case by case basis, funding of or contributing to common or multi user infrastructure that will facilitate resource (and other associated) development.

#### State Agreements

State Agreements contain clauses that have financial ramifications on parties to the Agreement. Contemporary Agreements are not considered to be a means of providing industry assistance, subsidies or incentives. This is because individual clauses should not be considered in isolation from the overall Agreement which packages the rights and obligations of both the State and proponent(s).