

**Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Innovation, Science, Research and Tertiary Education Portfolio  
Additional Estimates Hearing 2012-13  
13 February 2013

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

**TOPIC:** Industry and Innovation Statement

**REFERENCE:** Written Question – Senator Bushby.

**QUESTION No.:** AI – 164

1. What is the precise basis of the claim made by Ms Gillard and Mr Combet during the public launch of the Industry and Innovation Statement that the flagged changes to the Australian Industry Participation system would “add somewhere between \$1.6 billion to \$6.4 billion of economic activity per year”, and on what date(s) were they respectively provided with this advice? How was this formally modelled, by whom and when?
2. From what date will each of the programs listed on page xv of the so-called ‘A Plan for Australian Jobs’ document respectively start operation?
3. Of the four ASL who were dedicated to working on the Statement within the Department, does each of them have past experience in the private sector? If not, how many have previously worked in the private sector – and, for each of these people, please list what specific private sector experience they possess and the length of time they spent in that role (or roles)?
4. Did any other individuals and/or organisations from outside the public service, and/or from outside the membership of the Prime Minister’s Manufacturing Taskforce, contribute in any way to the development of the Industry and Innovation Statement? If so, please list each of these individuals and/or organisations, explain their contribution to the Statement, and indicate how much they received in remuneration and any other benefits.
5. Various financial commitments are listed on page xv of the ‘A Plan for Australian Jobs’ document released by the Government on 17 February 2013. In relation to these commitments:
  - (a) How is the \$98.2 million nominated for the ‘Opening up opportunities through Australian Industry Participation’ item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? How much of this \$98.2 million is new spending, and how much of it has been drawn from spending commitments already made for existing programs? If any of this expenditure draws upon previously-made commitments to existing programs, which programs are these and how much money does it involve in each case? Please also indicate how much of the money is due to be spent by (i) 12 August 2013 and (ii) 14 September 2013.
  - (b) How is the \$27.7 million nominated for the ‘Strengthening Australia’s Anti-Dumping and Countervailing System Reforms’ item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? Does this figure of \$27.7 million incorporate the \$24.4 million of funding for changes to anti-dumping arrangements already announced by the Government on 4 December 2012? If so, what accounts for the difference between the \$24.4 million and \$27.7 million? Please also indicate how much of the money is due to be spent by (i) 12 August 2013 and (ii) 14 September 2013.

- (c) How is the \$238.4 million nominated for the 'Industry Innovation Precincts' item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? How much of this \$238.4 million is new spending, and how much of it has been drawn from spending commitments already made for existing programs? If any of the expenditure draws upon previously-made commitments to existing programs, which programs are these and how much money does it involve in each case? Please also indicate how much of the money is due to be spent by (i) 12 August 2013 and (ii) 14 September 2013. Please also provide a full, categorised breakdown of how the \$238.4 million will be spent, including an indication of the total remuneration that will be provided to board members of each of the precincts. Please also indicate whether there has already been spending on the Food Precinct and, if so, how much – and where in Melbourne this precinct will be located. Please also indicate whether there has already been spending on the Manufacturing Precinct and, if so, how much.
- (d) How is the \$9.9 million nominated for the 'Expediting Clinical Trials Reform in Australia' item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? How much of this \$9.9 million is new spending, and how much of it has been drawn from spending commitments already made for existing programs? If any of this expenditure draws upon previously-made commitments to existing programs, which programs are these and how much money does it involve in each case? Please also indicate how much of the money is due to be spent by (i) 12 August 2013 and (ii) 14 September 2013.
- (e) How is the \$378.6 million nominated for the 'Venture Australia' item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? How much of this \$378.6 million is new spending, and how much of it has been drawn from spending commitments already made for existing programs? If any of this expenditure draws upon previously-made commitments to existing programs, which programs are these and how much money does it involve in each case? Was the *Sydney Morning Herald* correct when it reported in an article about the Industry and Innovation Statement titled 'Creative accounting props up jobs and budget', on 19 February 2013, that the Government regards the entire sum of \$378.6 million as an equity fund and that it will therefore remain "off-budget"?
- (f) How is the \$27.7 million nominated for the 'Enterprise Solutions Program' item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? How much of this \$27.7 million is new spending, and how much of it has been drawn from spending commitments already made for existing programs? If any of this expenditure draws upon previously-made commitments to existing programs, which programs are these and how much money does it involve in each case? Please also indicate how much of the money is due to be spent by (i) 12 August 2013 and (ii) 14 September 2013.
- (g) How is the \$5.6 million nominated for the 'Manufacturing Leaders Group' item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? Does this figure of \$5.6 million incorporate the \$4 million of funding for such a group already announced by the Government as part of the 2012-13 Portfolio Additional Estimates Statements? If so, what accounts for the difference between the \$4 million and \$5.6 million? Please also indicate how much of the money is due to be spent by (i) 12 August 2013 and (ii) 14 September 2013.
- (h) How is the \$5.6 million nominated for the 'Services Leaders Group' item specifically allocated over each of the financial years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17? How much of this \$5.6 million is new spending, and how much of it has been drawn from spending commitments already made for existing programs? If any of this

expenditure draws upon previously-made commitments to existing programs, which programs are these and how much money does it involve in each case? Please also indicate how much of the money is due to be spent by (i) 12 August 2013 and (ii) 14 September 2013.

## ANSWER

1. Analysis was undertaken by Department of Industry, Innovation, Science, Research and Tertiary Education as part of the Regulation Impact Statement 'Strengthening Australian Industry Participation' which is published on [www.ris.finance.gov.au](http://www.ris.finance.gov.au).
2. Opening up opportunities through Australian Industry participation will commence 1 July 2013. The Strengthening Australia's Anti-Dumping and Countervailing System Reforms are to be progressively implemented from 1 July 2013, subject to the passage of necessary legislation and the completion of certain administrative processes by the Australian Customs and Border Protection Service to support the announced reforms.

Both the Manufacturing Precinct and the Food Precinct are expected to be operational from mid 2013.

The remaining eight Industry Innovation Precincts will be selected during 2013 and will be operational in 2014.

Work on implementing the Expediting Clinical Trials Reform in Australia initiative commenced immediately after the announcement.

Venture Australia will begin operation in the 2013-14 financial year.

The Enterprise Solutions Program is anticipated to begin in September 2013.

Manufacturing Leaders Group appointments are from 30 November 2012 – 30 November 2015.

The first meeting of the Services Leaders Group is expected to occur in May 2013.

3. The Department does not collect this type of information.
4. Rod Glover Consulting was engaged by the Department to provide policy advice and writing services relating to the Industry and Innovation Statement. The contract value was \$77,000 (GST inclusive). In addition, the Department met the costs of his airfares, accommodation and ground transport (taxis, airport parking) totalling \$12,034 (GST inclusive).
5. Spending initiatives under A Plan for Australian Jobs, except the Administered Capital component of the Venture Australia initiative, are offset by changes to the R&D Tax Incentive. Information about these changes is available here:  
<http://www.aussiejobs.innovation.gov.au/programs/Pages/RD-Tax-Incentive-changes.aspx>

The Venture Australia initiative comprises of \$350 million of Administered Capital for the new round of the Innovation Investment Fund. In accordance with accounting standards, this

investment is not treated as an expense and therefore does not affect the underlying cash balance of the Budget.

(a) The \$98.2 million for the Opening Up Opportunities through Australian Industry Participation is allocated in the following financial years:

- 2012-13: \$1.8 million
- 2013-14: \$21.7 million
- 2014-15: \$19.7 million
- 2015-16: \$27.8 million
- 2016-17: \$28.1 million

(Figures may not add to \$98.2 million due to rounding.)

(b) The \$27.7 million in funding for the anti-dumping reforms is to be allocated over each of the nominated financial years as follows:

- 2012-13: \$0.0 million
- 2013-14: \$8.2 million
- 2014-15: \$6.4 million
- 2015-16: \$6.7 million
- 2016-17: \$6.5 million

(Figures may not add to \$27.7 million due to rounding).

The \$27.7 million figure incorporates the \$24.4 million in additional funding for Australia's anti-dumping system announced on 4 December 2012. The remaining funding is to implement the additional reforms outlined in the fact sheet attached to that announcement, namely:

- Removal of the mandatory consideration of lesser duty in complex cases (including where a number of Australian small and medium sized enterprises are being injured).
- Clarification of the application of retrospective duty and changes to import declaration requirements.
- Introduction of a new review mechanism.
- Improvements to the Infringement Notice Scheme.
- Additional resourcing for the International Trade Remedies Adviser to assist Australian small and medium sized enterprises participate in Australia's anti-dumping system.

As the funding associated with the reforms to Australia's anti-dumping system will be provided to the Australian Customs and Border Protection Service, questions relating to the funds due to be spent by 12 August and 14 September 2013 should be directed to the Attorney-General's portfolio.

(c) The \$238.4 million figure for Industry Innovation Precincts is allocated in the following financial years:

- 2012-13: \$2.9 million
- 2013-14: \$35.4 million
- 2014-15: \$58.6 million
- 2015-16: \$63.3 million
- 2016-17: \$78.3 million

(Figures may not add to \$238.4 million due to rounding).

The amount of funding that will be committed in 2013-14 and beyond will be dependent on negotiations that are currently being undertaken for the announced Precincts or that will be undertaken once the other eight Precincts have been selected.

A categorised breakdown of the \$238.4 million (in ‘\$000) is as follows (note figures have been rounded):

|  | <b>2012-13</b> | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>Total</b> |
|--|----------------|----------------|----------------|----------------|----------------|--------------|
| <b>Administered</b>  | <b>1.5</b>     | <b>32.6</b>    | <b>56.1</b>    | <b>61.1</b>    | <b>76.1</b>    | <b>227.4</b> |
| <i>Industry Innovation Precincts</i>   | 1.5            | 17.6           | 26.1           | 26.1           | 26.1           | 97.4         |
| <i>Industry Collaboration Fund (including the Industry Innovation Network)</i> |                | 15.0           | 30.00          | 35.0           | 50.0           | 130.0        |
|  |                |                |                |                |                |              |
| <b>Departmental</b>  | <b>1.3</b>     | <b>2.8</b>     | <b>2.5</b>     | <b>2.2</b>     | <b>2.2</b>     | <b>11.0</b>  |
| <b>Total</b>   | <b>2.9</b>     | <b>35.4</b>    | <b>58.6</b>    | <b>63.3</b>    | <b>78.3</b>    | <b>238.4</b> |

The remuneration of the board members of each Precinct will be a matter for each Precinct to determine within its operational budget, as approved by the Minister based on the recommendations of the National Precinct Board.

As at 13 February 2013, \$1,125 (GST exclusive) had been spent on the Food Precinct.

No announcement has been made on the location of the Precinct in Melbourne. The Government will work with the Precinct participants and potential hosts to determine a suitable physical location for the Food Precinct in Melbourne.

As at 13 February 2013, \$442 (GST exclusive) had been spent on the Manufacturing Precinct.

(d) The \$9.9 million (rounded from \$9.85 million) for the Expediting Clinical Trials Reform in Australia is allocated in the following financial years:

- 2012-13: \$0.3 million
- 2013-14: \$3.5 million
- 2014-15: \$2.5 million
- 2015-16: \$2.3 million
- 2016-17: \$1.2 million

(Figures may not add to \$9.9 million due to rounding.)

At least \$0.3 million is due to be spent by 14 September 2013. A portion of the \$3.5 million allocated to the 2013-14 financial year may also have been spent by those dates.

(e) Venture Australia’s allocations over the forward estimates are as follows:

- 2012-13: \$0.0 million
- 2013-14: \$1.9 million

- 2014-15: \$11.4 million
  - 2015-16: \$21.1 million
  - 2016-17: \$30.6 million
- (Figures have been rounded.)

\$378 million has been allocated to Venture Australia. Of the \$378 million, \$350 million comprises Administered Capital for the new round of the Innovation Investment Fund. This capital will be invested through fund managers to obtain equity positions in start-up companies. In accordance with accounting standards, this investment is not treated as an expense and therefore does not affect the underlying cash balance of the Budget. This treatment is the same approach that has been taken in the previous three rounds of the Innovation Investment Fund since the program's inception in 1998.

(f) The \$27.7 million for the Enterprise Solutions Program is allocated in the following financial years:

- 2012-13: \$0.0 million
  - 2013-14: \$2.3 million
  - 2014-15: \$7.7 million
  - 2015-16: \$10.2 million
  - 2016-17: \$7.5 million
- (Figures may not add to \$27.7 million due to rounding)

No grants are expected to be provided by 12 August 2013, or 14 September 2013. Departmental expenditure is estimated up to \$300,000 in the period 1 July to 14 September 2013. It is not possible to identify what proportion of these funds would be specifically spent as at 12 August 2013 and 14 September 2013. This is because the funding relates to activities that will continue beyond the specified time frame and cannot be broken down over the requested interval.

(g); The \$5.6 million for the Manufacturing Leaders Group includes the \$4.0 million included in the Portfolio Additional Estimates Statement. The \$5.6 million is allocated in the following financial years:

- 2012-13: \$0.7 million
  - 2013-14: \$1.0 million
  - 2014-15: \$1.1 million
  - 2015-16: \$1.3 million
  - 2016-17: \$1.6 million
- (Figures may not add to \$5.6 million due to rounding)\_

\$0.7 million is allocated for the Manufacturing Leaders Group in the financial year 2012-13 and \$1 million is allocated for 2013-14. No commitments against this funding have yet been made.

\* Note figures have been rounded.

(h) The \$5.6 million for the Services Leaders Group is allocated in the following financial years:

- 2012-13: \$0.3 million
- 2013-14: \$1.1 million
- 2014-15: \$1.2 million
- 2015-16: \$1.5 million
- 2016-17: \$1.6 million

(Figures may not add to \$5.6 million due to rounding).

There have been no previous spending commitments or budget announcements relating to the Services Leaders Group.

\$0.3 million is allocated for the Services Leaders Group in 2012-13.

As at 28 February 2013, no commitments have been made for the spending of any of the 2013-14 Services Leaders Group budget allocation.