

WORLD TRADE ORGANIZATION

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Committee on Subsidies
and Countervailing Measures

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SUBSIDIES

New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures

NEW ZEALAND

The following communication, dated 31 July 2003, has been received from the Permanent Mission of New Zealand.

The following notification covers the 2002/2003 financial year (FY) and has been drawn up on the basis of the data supplied by the delivery agencies. The amount of assistance is given in US dollars (based on the trade-weighted average annual exchange rate for the 2002/2003 FY).

The information provided in this report is for transparency purposes in order to clarify the operation of programmes or measures. In accordance with Article 25.7 of the Agreement on Subsidies and Countervailing Measures (ASCM), notification does not in any way prejudice the legal status, nature or effects of government assistance programmes under the ASCM and GATT 1994, including as to whether or not the programmes notified are specific within the meaning of the ASCM.

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I. BIZ ENTERPRISE AWARDS1. Period covered by the notification

FY 2002/2003

2. Policy objective and/or purpose

The objective is to assist innovative firms and entrepreneurs to build capability to test and develop early-stage business concepts and projects, by providing funding to employ expertise and advice.

The awards are intended to assist businesses, entrepreneurs and start-up companies with the development of well-defined business projects or concepts. The project/concept should be advanced to the stage where its commercial potential has been established. The project/concept must be directed at the development of the commercial production of goods or services and must fit in to the following eligible categories of assistance: business development and financial planning, marketing strategies, e-commerce or e-business strategies, product design and development, business or operational excellence or environmental management.

3. Background and authority

Ministerial scheme provided for under the Industry New Zealand Act 2000.

4. Form of assistance

Grant funding available for up to 50 per cent of total costs of the qualifying project, up to a maximum of \$10,440 (including GST) per applicant per year.

5. To whom and how assistance is provided

Businesses with less than or equal to 20 full time equivalent staff, or a turnover of less than or equal to \$2,610,000 million per financial year, are eligible.

6. Total expenditure

	2002/2003
TOTAL	\$1,468,386

7. Duration

There is no fixed duration for the programme.

II. BUSINESS GROWTH FUND

1. Period covered by the notification

FY 2002/2003

2. Policy objective and/or purpose

To make specialist expertise and information available to more firms in order to improve their management capability and lift their potential. The Business Growth Fund is aimed at enhancing the management and organizational capability of small and medium-sized firms.

The type of costs funded under this programme are for services such as strategic and business planning, expansion of operational capabilities and activities, design and technical advice, systems improvements, marketing assistance.

The most common utilised forms of specialist expertise and information are strategic planning, financial planning, human resource planning, and systems and operations improvement.

3. Background and authority

Provided for under the Industry New Zealand Act 2000

4. Form of assistance

Grant funding of up to 50 per cent of costs of the qualifying project, to a maximum of \$52,200 (including GST) of projects that aim to help businesses implement strategies for business growth.

5. To whom and how assistance is provided

Businesses (or groups of businesses) with less than or equal to 100 full time equivalent staff and/or an annual turnover of less than or equal to \$26,100,000 million are eligible.

6. Total expenditure

	2002/2003
TOTAL	\$5,285,250

7. Duration

There is no fixed duration for the programme.

III. STRATEGIC INVESTMENT FUND

1. Period covered by the notification

FY 2002/2003

2. Policy objective and/or purpose

The objective is to identify and facilitate major investment opportunities in relation to business expansion or the location of new business in New Zealand.

The criteria applying to the Strategic Investment Fund are that the potential investment:

- Involves net new investment of at least \$26,100,000 over five years, and/or is able to create 200 new jobs in five years;
- Would not occur in New Zealand without support from the Fund;
- Complements New Zealand's areas of competitive advantage;
- Has no negative competitive consequences domestically; and
- Would involve a high level of clear spill-over benefits.

The Fund provides grants for pre-feasibility and feasibility studies so that potential investors can quantify substantial investment opportunities. The criteria for eligibility are:

- Assessment of the commercial viability of the proposed investment;
- Outline of how the investment will be funded; and
- Demonstration that the proposed study would be unlikely to proceed without government support.

The Strategic Investment Fund can also underwrite assistance provided through other government programmes for significant investment projects. In effect this acts as a guarantee of funding for significant projects where this funding is sought from other government programmes.

In addition, the Fund can provide cash grants for significant projects where funding from other government programmes is inappropriate or where the programmes do not fit with the project's requirements. The criteria for eligibility for cash grants is the same as for pre-feasibility and feasibility studies outlined above.

3. Background and authority

Provided for under the Industry New Zealand Act 2000.

4. Form of assistance

Assistance can take two forms:

- grants for up to 50 per cent of costs of feasibility studies up to a maximum of \$52,200 (GST included);

- guarantees of assistance considered on a case by case basis but facilitating access to other government funding programmes to a maximum of \$2,610,000 per project but not exceeding \$522,000 per annum.

5. To whom and how assistance is provided

Potential investors from New Zealand and overseas are eligible as are New Zealand and overseas companies intending to set up projects in New Zealand.

6. Total expenditure

	2002/2003
TOTAL	\$2,074,950

7. Duration

There is no fixed duration for the programme.

IV. REGIONAL PARTNERSHIPS PROGRAMME

1. Period covered by the notification

FY 2002/2003

2. Policy objective and/or purpose

To work in partnership with local authorities and other representative local groups to support regional development efforts.

3. Background and authority

Provided for in the Industry New Zealand Act 2000

4. Form of assistance

Financial support through the provision of grant funding, facilitation support through administrative engagement.

Funding is provided in three components for regions:

- up to \$52,200 for the development of local and regional economic development strategies and for undertaking strategic audits (these identify valuable local resources from which regions can develop sustainable local competitive advantage), including pre-engagement support for building local partnerships;
- up to \$52,200 per year for assisting capability building (i.e. building local capacity to implement the regional economic development strategy) at the regional level in developing and implementing the strategies, including pre-engagement support for building leadership capability; and

- up to 75 per cent of costs to a maximum of \$1,044,000 per initiative per region per strategy cycle for major regional initiatives linked to the strategy for growth.

5. To whom and how assistance is provided

Grants are available to governance groups only (not to individual enterprises). Governance groups are established by regions to drive economic development. They include representation from local authorities, iwi (indigenous tribal groups), business and industry leaders and community organizations.

6. Total expenditure

	2002/2003
TOTAL	\$8,755,700

7. Duration

There is no fixed duration for the programme. Strategy cycles must be at least 3 years duration.

V. GRANTS FOR PRIVATE SECTOR RESEARCH AND DEVELOPMENT SCHEME

1. Period covered by the notification

FY 2002/2003

2. Policy objective and/or purpose

The scheme's objective is to increase the level of new private sector research and development investment above that already undertaken by firms in the ordinary course of business.

3. Background and authority

Provided for in the Foundation for Research, Science and Technology Act 1990.

4. Form of assistance

Grant of up to 33 per cent of the costs incurred in undertaking an approved research and experimental development project, to a maximum of \$52,200 (including GST).

5. To whom and how assistance is provided

Small and medium sized firms with an annual turnover of less than \$26,100,000 per year. Proposals must involve a level of technological sophistication or risk that take the firm beyond its ordinary course of business. Proposals likely to be undertaken regardless of the success of the application would not meet the appraisal criteria for this programme.

6. Total expenditure

	2002/2003
TOTAL	\$7,725,600

7. Duration

There is no fixed duration for the programme. Most projects are completed within one year of approval.

VI. TECHNOLOGY FOR BUSINESS GROWTH SCHEME

1. Period covered by the notification

FY 2002/2003

2. Policy objective and/or purpose

The scheme is intended to foster research and development, technological learning and technological innovation in technologically capable firms by encouraging the undertaking of projects beyond those that would be initiated in the ordinary course of business.

3. Background and authority

Provided for in the Foundation for Research, Science and Technology Act 1990.

4. Form of assistance

Funding is available for up to 50 per cent of the research and experimental development costs, up to a maximum of \$1,044,000, (funding ranged from \$13,050 upwards) incurred by a firm undertaking an approved research and development project.

5. To whom and how assistance is provided

The scheme is intended to foster research and development, technological learning and technological innovation in technologically capable firms. Technologically capable firms are those firms that, in the foundation's view, have developed a comprehensive set of competencies in the area of technological innovation and recognise that research, science and technology capability is fundamental to sustained competitive advantage.

The scheme's objectives are to:

- foster research and development, technological learning and technological innovation within firms; and
- support projects that may enhance a firm's technological capability and may enable firms to move towards high-tech, high-value markets.

Research and Development projects for this scheme are required to meet the following criteria. They should:

- (i) have a clear link to a business strategy focused on developing new markets for high-value, technology-based products, processes or services with reasonable commercial potential;
- (ii) be unlikely to proceed without the scheme's support;

- (iii) be technology-based projects undertaken in a “learning by doing” model; and
- (iv) have the potential to create an enduring increase in technological capability in the firm.

The objectives of the scheme are:

- (i) to foster research and development, technological learning and technological innovation within firms; and
- (ii) to support projects that may enhance a firm's technological capability and may enable firms to move towards high-tech, high-value markets.

Achievement of the objectives is assessed with annual monitoring and accountability reports that show the extent of progress towards objectives.

6. Total expenditure

	2002/2003
TOTAL	\$13,676,400

7. Duration

There is no fixed duration for the programme. The focus is on shorter-term projects, i.e. less than one year, although longer-term projects may be approved.

VII. BEACHHEADS PROGRAMME

1. Period covered by the notification

November 2002 – end of FY 2003

2. Policy objective and/or purpose

The Beachheads programme aims to lower some of the initial fixed costs for companies looking at establishing a local presence abroad. It does this by encouraging the sharing of the costs of office space and in-market sales/marketing staff across a number of businesses.

3. Background and authority

Provided for in the New Zealand Trade Development Board Act 1988.

4. Form of assistance

The Beachheads Programme offers qualifying New Zealand companies access to two business models:

- (a) shared lower-cost office facilities, including hot-desking (internet access and meeting rooms when visiting the market) at a beachheads site. Assistance is available up to 50 per cent rental subsidy for up to one year; or

- (b) shared office facilities at a beachheads site with a Business Development Manager (BDM) providing sales and marketing support. Companies subscribe annually for hours of BDM time, hot-desking and business networking support. Assistance is available up to 50 per cent of the subscription cost for up to two years.

5. To whom and how assistance is provided

Access is dependent on at least five companies agreeing to share the facility, subject to this requirement, the programme is available to all sectors on a first-come first-served basis. Companies pay an annual subscription, covering up to 50 per cent of the running costs and some services of the beachheads facility, with Trade and Enterprise covering the balance. Additional services are charged for at a cost.

6. Total expenditure

	2002/2003
TOTAL	\$1,044,000 (Total budget per annum Note: project commenced Nov 02)

7. Duration

There is no fixed duration for the programme as a whole but support provided to each participant is for a maximum of 2 years.
