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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

BOUNTY (SHIPS) AMENDMENT BILL 1993

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Industry, Technology and Regional
Development, the Hon Alan Griffiths MP)

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BOUNTY (SHIPS) AMENDMENT BILL 1993

OUTLINE

This Bill proposes amendments to the *Bounty (Ships) Act 1989* which implement the Government's election commitment of 24 February 1993 to extend the bounty in line with general manufacturing tariffs, so that it is progressively reduced from the current 10% to 5 % by July 1996.

In particular, the amendments:

- i) extend the period to which the Act applies to 30 June 1997 (clause 3 refers);
and
- ii) phase down the bounty rate gradually from 10% to 5% over a 4 year period, rather than an immediate drop of a full 5% currently scheduled for 1 July 1993 (clause 4 refers).

FINANCIAL IMPACT STATEMENT

The measures contained in this Bill are expected to result in a net cost to outlays as follows:

\$6.6 million in financial year 1993-94,
\$6.0 million in financial year 1994-95,
\$16.2 million in financial year 1995-96, and
\$15.0 million in financial year 1996-97.

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NOTES ON CLAUSES

Clause 1 - Short Title etc.

1. This is a machinery clause which provides for the Act to be cited as the *Bounty (Ships) Amendment Act 1993* (subclause (1)) and identifies the *Bounty (Ships) Act 1989* as the Principal Act being amended by this act (subclause (2)).

Clause 2 - Commencement

2. Provides for the Act, with the exception of section 5, to commence on the day on which it receives the Royal Assent (subclause (1)).

3. Subclause (2) provides for clause 5 to be taken to have commenced on 1 July 1989. Clause 5 effects a technical amendment to correct a drafting oversight when amendments to the upper tonnage limit of bountiable vessels was made by Act No 10 of 1990. (Clause note 5 below refers).

Clause 3 - Interpretation

4. This Clause provides for the definition of "the period to which this Act applies" in section 4 of the Principal Act to be extended from 30 June 1995 to 30 June 1997. This extension allows the more gradual phase down of bounty rates (clause 4 refers) to be carried out in line with the phase down in the general manufacturing tariff rate over a 4 year period.

Clause 4 - Rate of Bounty

5. This Clause amends section 10 of the Principal Act to:

- (a) change the date before which the construction or modification of a bountiable vessel must be completed to be eligible for bounty from 1 July 1995 to 1 July 1997 (paragraph (a)); and
- (b) omit paragraph 10(c) which provided for the bounty rate to drop from 10% to 5% on 1 July 1993 and inserts 4 new paragraphs to gradually decrease the rate over a four year period as follows:
 - from 1 July 1993 to 30 June 1994 - 9% (new paragraph (c));
 - from 1 July 1994 to 30 June 1995 - 8% (new paragraph (d));
 - from 1 July 1995 to 30 June 1996 - 7% (new paragraph (e)); and
 - from 1 July 1996 to 30 June 1997 - 5% (new paragraph (f)).

Clause 5 - Registration of persons

6. This clause amends subparagraph 17(6)(d)(ii) of the Principal Act to replace the upper tonnage limit for a shipbuilder to be registered under the Act from 10,000 gross construction tons to 20,000 gross construction tons.

7. This is a technical amendment resulting from a drafting oversight in the *Industry, Technology and Commerce (Amendment) Act 1990* (Act No. 10 of 1990). That Act amended the definition of "bountiable vessel" in subsection 4(1) of the Principal Act to change the upper limit from 10,000 to 20,000 gross construction tons. That amendment took effect from 1 July 1989, the commencement date of the Principal Act.

8. The 1990 Act did not make the corresponding amendment to the registration provision in section 17 which requires an applicant to devote 75% of their activities to vessels of not more than 10,000 gross construction tonnes. This amendment makes the registration criteria consistent with the bounty eligibility criteria and is taken to have commenced on 1 July 1989, the commencement date of the Principal Act.