

LEGISLATIVE RESEARCH SERVICE
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

BOUNTY AND SUBSIDY LEGISLATION AMENDMENT BILL (NO. 2) 1986

Date introduced: 22 October 1986
House: House of Representatives
Presented by: Hon. Barry Jones, M.P., Minister
Assisting the Minister for Industry,
Science and Technology

DIGEST OF BILL

Purpose

To provide a limit on funds that may be expended under the Bounty (Ships) Act 1980 for work completed in the period 1 July 1986 to 30 June 1989, to remove the distinction between work for domestic and export purposes, to reduce the rate of bounty for non-prescribed bountiable vessels where construction commenced in the period 1 January 1988 to 30 June 1989, to reduce other bounties by 20 per cent and to make a number of administrative changes to a range of bounty Acts.

Background

This is an omnibus Bill that amends a number of bounty Acts. The major amendments relate to the following areas.

The Bounty (Ships) Act 1980 was introduced to implement new assistance arrangements for ships over 150 gross tons constructed or modified in Australia. As with other bounty schemes, the assistance is aimed at encouraging the industry in Australia and allowing people to compete with overseas shipbuilders without the general cost increases that are associated with tariffs. Under the Act, a bounty ranging from approximately 29 per cent of the cost of construction in 1980 to 20 per cent of that cost in 1986, was payable. The rate for modification is a flat 20 per cent. A limit on the funds that may be used in relation to vessels constructed or modified for export was included and bounties for such vessels were not payable when this amount had been exceeded. In 1983-84, \$26.7 million was paid out under the scheme to assist in the construction of approximately 84 ships in 1984-85. In 1985-86 the scheme cost \$39.8 million.[1]

In the 1986-87 Budget speech, the Treasurer announced that "All production bounties other than those applying to fertilisers and shipbuilding are to be reduced by 20 per cent from tonight, saving \$43 million. There will be a phased reduction in the shipbuilding rate from 25 per cent to 20 per cent." [2]

Main Provisions

Amendments to the Bounty (Ships) Act 1980

The conditions that must be satisfied before a bounty will be payable will be added to by clause 5 which will amend section 6 of the Bounty (Ships) Act 1980 (the Principal Act). Under proposed sub-section 6(3BA), bounty will not be payable on work completed after 1 July 1986 unless the bounty is reserved under proposed section 6B (see below). In addition, under proposed sub-section 6(3BB) a bounty will not be payable on work completed after 1 July 1986 unless a contract between the shipbuilder and another exists and the shipbuilder is not the owner of the vessel, or the work was under way on 28 August 1986.

A new section 6B will be inserted into the Principal Act by clause 7. The proposed section will set the maximum amount of bounty that may be paid over a number of years. The yearly maximums are \$42 million for 1986-87, \$45 million for 1987-88 and \$45 million for 1988-89. For the period 1 July 1989 to 30 June 1991 the difference between \$144 million and the amount paid in the previous years. (i.e. a minimum of \$12 million) may be paid for vessels constructed or modified prior to 30 June 1989. (proposes sub-section 6B(1)). If the funds available are not sufficient to meet approved bounties in a year, the Comptroller-General may defer payment and determine the order of payment. However, if in the final period the funds are not sufficient to cover the approved bounties, the Comptroller-General will be able to determine the order of payment and, when the available funds have been exhausted, no further bounties will be payable. (proposed sub-sections 6B(4) and 6B(5)). The proposed section will also remove the distinction relating to the limit of bounty payments between vessels constructed or modified for export or domestic use.

Proposed sub-section 6B(2) will allow regulations to be made relating to the reservation of amounts available. Reservations may be made in excess of \$144 million although funds are not immediately available. (proposed sub-section 6B(3)). Finally, if Parliament does not appropriate funds for the payment of bounties, no bounty will be payable. (proposed sub-section 6B(7)).

The rate of bounty where construction was commenced between 1 January 1988 and 30 June 1989 will remain at 20 per cent for prescribed bountiable vessels and be reduced to 15 per cent for other vessels. (clause 8 which will amend section 7 of the Principal Act).

Sections 9 and 9A of the Principal Act will be amended to reduced the time for lodgement of a claim or a variation from 12 months after completion to 6 months. (clauses 9 and 10).

The minister is not to register premises or shipbuilders unless, in the Ministers opinion, such registration would permit the orderly development of the industry in Australia. (clauses 11 and 12 which will amend sections 10 and 10A of the Principal Act respectively).

Clause 14 deals with transitional provisions. Even though work has been commenced by 28 August 1986, a bounty will not be payable unless an application for reservation has been made within three months of the day on which the regulations relating to reservation have come into force.

Amendments to other Acts

Clause 15 will amend a number of bounty Acts as set out in Schedule 1 to the Bill. The amendments contained in the Schedule will reduce the rate of bounty on most bountiable goods by 20 per cent to implement the recent Budget decision. This amendment will be deemed to have operated from 20 August 1986. (sub-clause 2(2)).

Clause 16 will also amend a number of Acts as set out in Schedule 2. The amendments relate to administration and correct a number of discrepancies between the various bounty Acts and streamline procedures and administration.

The major amendments relate to who may be appointed as authorised officers under a number of the Acts (which will be restricted to officers of a relevant Department or Authority); the various provisions for the adjustment of claims and accounting periods.

For further information, if required, contact the Economics and Commerce Group.

23 February 1987

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

References

1. Budget Papers No.1 1983-84 p.194, 1984-85 p.203, 1985-86 p.237 and 1986-87 p.236.
2. 1986-87 Budget Speech p.18.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

© Commonwealth of Australia 1986

Except to the extent of the uses permitted under the Copyright Act 1968, no part of this publication may be reproduced or transmitted in any form or by any means, including information storage and retrieval system, without the prior written consent of the Department of the Parliamentary Library. Reproduction is permitted by Members of the Parliament of the Commonwealth in the course of their official duties.

