

1997

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

BOUNTY LEGISLATION AMENDMENT BILL 1996

SUPPLEMENTARY EXPLANATORY MEMORANDUM
(Amendments to be moved on behalf of the Government)

(Circulated by authority of the Minister for Industry, Science and Tourism,
the Honourable John Moore, MP)

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BOUNTY LEGISLATION AMENDMENT BILL 1996
(Amendments to be moved on behalf of the Government)

OUTLINE

The purpose of these amendments is to amend the Bounty Legislation Amendment Bill 1996 to give effect to the Government's decision to extend the operation of the *Bounty (Ships) Act 1989* to 31 December 1997 and to defer the proposed termination of the bounty period under the *Bounty (Books) Act 1986* from 20 August 1996 to 30 June 1997, as announced in a joint statement by the Treasurer and the Minister for Industry, Science and Tourism on 16 December 1996.

The extension of the shipbuilding bounty to 31 December 1997 aligns assistance for the Australian shipbuilding industry with key overseas competitors. In the interim, the Government will closely monitor progress towards implementation of the OECD Shipbuilding Agreement. The Government will review the need for any further extension of the bounty (beyond 31 December 1997) during the second half of 1997.

The deferred termination date for the book bounty will extend the Government's previously announced termination date (ie 20 August 1996) by ten months. This will better take account of contracts already in place at the time of the August 1996 Budget announcement, while preserving a small contribution to the process of fiscal consolidation in 1997-98.

FINANCIAL IMPACT STATEMENT

The financial impact of the proposed amendments against the Bounty Legislation Amendment Bill 1996 is as follows:

Ships Bounty	1996-97	1997-98	1998-99
Cost of Government amendments against the Bill	\$2.22m	\$10.09m	\$1.00m
Book Bounty	1996-97	1997-98	1998-99
Cost of Government amendments against the Bill	\$4.00m	\$3.522m	\$0.00

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NOTES ON AMENDMENTS

Amendment 1

This amendment omits the item 1 of Schedule 1 to the Bill and inserts a new item 1 which amends the definition of *bounty period* in subsection 4(1) of the *Bounty (Books) Act 1986* (the Books Act) to provide that the bounty period ends on 30 June 1997. The new definition does not include any requirements of pre-Budget night commencement of production or the existence of a contract for production on Budget night. All eligible books the production of which is completed by 30 June 1997 will now be eligible for payment of bounty.

Amendment 2

Item 2 - Paragraph 14(4)(d)

This amendment amends item 2 of Schedule 1 to the Bill to alter the amendment to section 14 of the Books Act to introduce an absolute end date of 30 September 1997 (being 90 days after the end of the bounty period proposed in amendment 1) for claims for bounty to be lodged with Customs.

To ensure that the majority of bounty payments for eligible production under this bounty are made as soon as possible after the end of the period for eligible production and the administration of the scheme is wound-up quickly, this amendment will require claims to be lodged with Customs within 12 months after completion of production of bountiable goods, or before 1 October 1997, whichever occurs first.

Amendment 3

For the same reasons detailed for amendment 2 above, this amendment amends section 15 of the Books Act to introduce an absolute end date of 30 September 1997 for bounty claimants to lodge a variation of an initial inadequate claim for bounty.

Amendment 4

This amendment omits item 10 of the Bill, which amended the specification of bounty provision in section 8 of the *Bounty (Ships) Act 1989* (the Ships Act). The amendment removes the previously proposed requirement that to be eligible for bounty the construction or modification of a ship must have commenced before 20 August 1996 or have been the subject of a contract entered into before 20 August 1996.

The amendment also inserts 3 new items into Schedule 1 to the Bill to implement the Government's announced 6 month extension of the Ships Bounty from 30 June 1997 to 31 December 1997. New item 10 amends the definition of *period to which this Act applies* in subsection 4(1) of the Ships Act to provide that period ends on 31 December 1997.

New items 11 & 12 effect a consequential amendment to section 10 of the Ships Act to provide that bounty is payable at a rate of 1.2 x 5% of the amount of eligible costs incurred up until 31 December 1997.