

1990

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

NORTHERN PRAWN FISHERY VOLUNTARY ADJUSTMENT SCHEME  
LOAN GUARANTEE AMENDMENT BILL 1990

EXPLANATORY MEMORANDUM

(Circulated by authority of the  
Minister for Primary Industries and Energy,  
the Honourable John Kerin MP)

NORTHERN PRAWN FISHERY VOLUNTARY ADJUSTMENT SCHEME  
LOAN GUARANTEE AMENDMENT BILL 1990

GENERAL OUTLINE

The purpose of this Bill is to amend the Northern Prawn Fishery Voluntary Adjustment Scheme Loan Guarantee Act 1985. The amendments are designed to alter the operation of the current Voluntary Adjustment Scheme and allow a higher Government guarantee against commercial loans. These amendments will facilitate the implementation of an enhanced buy back scheme which constitutes the first stage of a restructuring package which will reduce capacity in the fishery by almost fifty percent by 1 April 1993.

2. Many operators in the Northern Prawn Fishery (NPF) have been in financial difficulty in recent years and there is general agreement in the industry that there needs to be a significant reduction in fishing effort to restore the industry to profitability.

3. The restructuring package, which was developed following detailed consultation with industry representatives and individual operators, includes an enhanced buyback scheme and, if necessary, a compulsory reduction of units will be introduced to ensure the reduction target is achieved on 1 April 1993. The restructuring package should lead to a significant increase in profitability for those operators who remain. This would enable the Government to collect a community return based upon the additional profits generated.

4. The amendments reflect the new \$40,900,000 loan guarantee level and provide for an additional redeployment payment to encourage operators to remove boats from the fishery.

FINANCIAL IMPACT STATEMENT

5. The proposals put forward in the amendment should not affect Government expenditure and will have no staffing implications for the Department of Primary Industries and Energy.

NOTES ON INDIVIDUAL CLAUSES

Clause 1: Short title

6. The Bill will be called the Northern Prawn Fishery Voluntary Adjustment Scheme Loan Guarantee Amendment Act 1990.

Clause 2: Commencement

7. This clause provides commencement on the day on which the Act receives Royal Assent.

Clause 3: Guarantee of certain loans

8. In this clause an additional subparagraph is added after section 5 (1)(a)(i) of the Principal Act whereby an additional redeployment payment can be made to unit holders who elect to remove boats from the fishery.

9. This payment is to encourage unit holders to leave the fishery and compensate them for the expected loss in selling a specialised prawn boat on other markets.

10. This clause also provides for an increase in the government loan guarantee to an aggregate of \$40,900,000.



9 780644 219860