

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

SHIPPING GRANTS LEGISLATION BILL 1996

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Transport and
Regional Development
the Honourable John Sharp MP)

SHIPPING GRANTS LEGISLATION BILL 1996

OUTLINE

This Bill repeals the *International Shipping (Australian-resident Seafarers) Grants Act 1995*, with effect from 1 July 1996, and amends the *Ships (Capital Grants) Act 1987* to bring forward the existing sunset provision from 30 June 1997 to 30 June 1996.

The International Shipping (Australian-resident Seafarers) Grants Act provides a taxable grant to eligible employers who employ Australian-resident seafarers on Australian operated ships predominantly engaged in international trading. The amount of grant is equal to the notional income tax payable on the earnings of the seafarers serving on the ship. The grant scheme commenced with effect from 1 July 1995. An employer who qualifies for the grant for the whole, or part, of the period up to and including 30 June 1996 will be able to claim the grant entitlement and be paid after 1 July 1996.

The Ships (Capital Grants) Act provides a taxable grant of 7 per cent of the purchase price of a new ship, which is crewed by Australian-resident seafarers at or below the maximum crew level specified under the Act.

The Bill contains three clauses and a schedule. The clauses set out the short title and commencement date of the proposed Act. The schedule contains the detailed provisions in relation to the two Acts affected by the Bill.

FINANCIAL IMPACT STATEMENT

The budgetary cost of the International Shipping (Australian-resident Seafarers) Grants Act was estimated to be \$59 million in the 5 years to 30 June 2000. As grant entitlements to 30 June 1996 are estimated to be \$19 million, the repeal of the Act will result in savings of some \$40 million on the original estimate.

The early termination of the Ships (Capital Grants) Act will result in savings of approximately \$12 million.

NOTES ON CLAUSES

Clause 1: - Short title

This clause provides for the proposed Act to be cited as the *Shipping Grants Legislation Act 1996*.

Clause 2 - Commencement

This clause provides for the proposed Act to commence on the day on which it receives the Royal Assent, with the exception of items 1 and 2 of Schedule 1 which are taken to have commenced on 1 July 1996.

Clause 3 - Schedules

This clause provides that each Act specified in a schedule to the proposed Act is amended or repealed as set out in the Schedule concerned, and that any other item in a Schedule has effect according to its terms.

Schedule 1

Schedule 1 sets out the provisions relating to the repeal of the International Shipping (Australian-resident Seafarers) Grants Act and the amendment to the Ships (Capital Grants) Act.

Item 1 - The whole of the Act

This item provides for the repeal of the International Shipping (Australian-resident Seafarers) Grants Act.

Item 2 - Continued application of Act

Sub-item (1) provides for any entitlements accrued under the International Shipping (Australian-resident Seafarers) Grants Act up to and including 30 June 1996 to be paid despite the repeal of the Act.

Sub-item (2) provides for the expressions used in this item to have the same meanings as in the International Shipping (Australian-resident Seafarers) Grants Act.

Sub-item (3) provides that this item does not affect the application of section 8 of the *Acts Interpretation Act 1901* in relation to the repeal of the International Shipping (Australian-resident Seafarers) Grants Act. Section 8 of the Acts Interpretation Act provides, among other things, for any right, privilege, obligation or liability acquired, accrued or incurred under a repealed Act not to be affected by the repeal, unless the contrary intention appears.

Item 3 - Paragraph 9(1)(b)

This item replaces "1997" in paragraph 9(1)(b) of the Ships (Capital Grants) Act with "1996". The effect of this is that a grant will not payable under that Act in respect of a ship that is delivered to the shipowner, or registered in Australia, after 30 June 1996.



9 780644 345484