

Legislative Research Service  
Department of the Parliamentary Library

## Transport and Communications Legislation Amendment Bill (No. 2) 1989

Date Introduced: 2 November 1989

House: House of Representatives

Portfolio: Transport and Communications

### Digest of Bill

#### Purpose

The Bill will amend a number of Acts administered by this portfolio. The main amendments will allow the Minister to determine the procedures for the testing and inspection of motor vehicles; extend the availability of grants for certain new ships and modifications to certain existing ships; allow on the spot fines for vehicle overloading offences; and allow the Minister to charge for the investigation of interference to radio and television program reception.

#### Background

Australian shipping has undergone major structural change in recent years. The Crawford Report, *Revitalisation of Australian Shipping* (1982), indicated that only 3% of Australia's international trade was being carried out by Australian ships. The Crawford Committee examined subsidies provided to foreign shipowners which had enhanced their competitiveness during a period of global downturn in shipping. Until the time of the Report, investment allowances existed for Australian ships employed in coastal trades, but not for ships in overseas trade. The *Income Tax Assessment Act Amendment Act (No. 5) 1983* gave effect to the major recommendations in the Report to extend the investment allowance to ships not trading solely on the Australian coast and provided for a depreciation deduction for eligible new, Australian owned, crewed and operated ships. A direct link was created between taxation incentives and crewing levels in that the allowance would be payable only where reduced crewing levels were implemented and maintained.

In response to faster reductions occurring in overseas crewing levels, a change in the Australian depreciation regime, and the phasing out of the investment allowance, the Government established a mission of shipowners, union, and government officials to recommend on new shipboard personnel policies and work practices. The findings of the mission led in 1986 to the establishment of the Maritime Industry Development Committee (MIDC) who's recommendations included a new crewing regime and further government assistance to encourage investment in new ships. In December 1986, the Government endorsed the recommendations of the MIDC Report and in 1987 introduced the *Ships (Capital Grants) Act*. The Act provides a taxable grant of 7% of the purchase price of

eligible newly constructed vessels or newly acquired second hand vessels of less than 5 years age. The grant is also available to cover the modification cost of certain ships which have undergone extensive modification. Ships eligible for the capital grant have to be Australian owned and registered trading ships of at least 60 metres length, capable of being crewed at levels specified in the Act, and engaged in carrying passengers or cargo. Excluded are pleasure craft, harbour craft, offshore industry supply vessels and fishing vessels. The maximum crew numbers for a ships owner to get a grant is 21 for tankers on overseas voyages and other ship types such as bulk carriers and container ships; 23 for tankers on domestic voyages; and as prescribed by the regulations for other categories. The scheme, which commenced on 1 July 1987, ends on 30 June 1990 in relation to modifications to existing ships, and 30 June 1992 for new ships.

In November 1988, the Government established the Shipping Reform Task Force (the Task Force) to develop a strategy for further improvement in the efficiency and competitiveness of Australian shipping. In April 1989, the Task Force presented its Report, titled, *Report of Shipping Reform Task Force*. The Task Force's recommendations included that the Government extend the assistance provided under the *Ships (Capital Grants) Act 1987* for at least five years to ensure that Australian shipowners can continue to compete equally with overseas operators. The Task Force also recommended, that the capital grant scheme should be extended to cover any modifications to existing ships required to allow operation with smaller crews.<sup>1</sup>

In June 1989, the Government endorsed the recommendations of the Task Force and announced that it would extend the capital grant scheme for new ships till 30 June 1997 and till 30 June 1992 for any modifications to existing ships.<sup>2</sup>

## **Main Provisions**

### **Amendments to the *Broadcasting Act 1942***

Clause 19 provides that the Minister may make charges for the investigation of interferences with the reception of radio and television programs.

### **Amendments to the *Interstate Road Transport Act 1985***

Paragraph (a) of clause 24 will allow a person who has committed an overloading offence to pay, as an alternative to prosecution, an on-the-spot fine. The maximum penalty that may be prescribed will be a fine of \$200 for individuals and \$3000 for corporations.

### **Amendments to the *Motor Vehicle Standards Act 1989***

A new section 9 will be substituted into the Act by clause 27 that will allow the Minister, subject to disallowance by Parliament, to set certain testing and bookkeeping procedures that manufacturers and importers will have to follow when deciding whether road vehicles and vehicle components comply with the national standards.

The current provision dealing with the issue of compliance plates will be repealed and a new provision inserted to allow this to be determined by regulation (clause 28).

Clause 29 provides that the Minister may withdraw a person's authority to put compliance plates on vehicles where satisfied that they have failed to observe procedures under section 9 (see clause 27 above).

Clause 31 provides that a person may, subject to Ministerial approval, import a non-standard road vehicle, a road vehicle that does not have a compliance plate or a non-standard prescribed vehicle component. The Minister may attach conditions to an approval.

#### **Amendments to the *Ships (Capital Grants) Act 1987***

Clause 53 provides that a grant is payable to a shipowner who makes structural or equipment changes (modifications) to their ship principally for purposes of enabling it to operate with less crew. To be eligible for the grant, the ship has to have been an Australian registered trading ship at all times between 1 July 1989 and completion of the modifications. A grant will not be payable unless the shipowner has remained the owner at all times since the modification; the ship is in commission; the ship has been an Australian trading ship at all times while it has been in commission after the modification; at least one crew member has been engaged for the ship after the modification and the crewing level is consistent with the Shipping Industry Reform Program; and the shipowner intends to remain the owner for at least 3 years after the payment of the grant and to operate the ship with crewing levels consistent with the Shipping Industry Reform Program.

Clause 54 provide that the availability of grants for new ships will be extended from 30 June 1992 to 30 June 1997 and that a grant will not be payable for the modification of a ship if the modification was completed after 30 June 1992.

Clause 55 provides that grants may be payable for the modification of a ship even if the modification was done outside Australia.

The amount of grant payable for the modification of a ship will be 7% of the cost of the structural or equipment changes (clause 56).

A new section 18 will be substituted into the Act by clause 58 that will allow the Secretary to determine the amount that will be taken to be the price paid for a new or second hand ship, or cost of a conversion or modification for which a shipowner has made a claim for a grant, where the Secretary thinks that the price or cost claimed, for example, is incorrect; has been fixed to obtain a larger grant; has been increased through collusion between the seller and purchaser; or is excessive having regard to guidelines set by the Minister. In setting the amount that will be taken to be the price paid for a new or second

hand ship, or the cost of conversion or modification, the Secretary is to consider the guidelines and may consider the prices of comparable ships etc.; any independent valuation; and any other matters the Secretary thinks appropriate. The Minister may, subject to disallowance by Parliament, set guidelines for the circumstances in which an amount claimed is excessive and the way in which the Secretary is to determine the amount that will be taken to be the price paid for a new or second hand ship, or the cost of a conversion or modification.

Recipients of grants for modifications will have to lodge a report with the Secretary, within a month of the year of receipt of the grant and after each of the next two years, that states whether or not the ship was operated during the year with a different number of crew from that of the first crew engaged after the modifications and provide certain information where the ship has operated with a different number of crew (clause 60).

## References

1. *Report of Shipping Reform Task Force*, April 1989, p. 12.
2. *Parliamentary Debates, House of Representatives Daily Hansard*, 1 June 1989, p. 3456.

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

21 November 1989

Bills Digest Service  
Legislative Research Service

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 1989

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.