

LEGISLATIVE RESEARCH SERVICE
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

BOUNTY (SHIP REPAIR) BILL 1986

Date introduced: 12 November 1986
House: Senate
Presented by: Senator the Hon. Don Grimes,
Minister for Community Services

DIGEST OF BILL

Purpose

To introduce a bounty for ship repairs for the period 10 October 1986 to 9 October 1989.

Background

The decision to introduce a bounty for ship repairs was announced by the Minister for Industry, Technology and Commerce on 10 October 1986 and followed negotiations within the Shipbuilding Consultative Group which began in 1984.

A central part of the package is an agreement by the relevant unions that the campaign directed at sub-standard ships would cease. Under this campaign, the unions were detaining vessels that failed to comply with health and safety standards and insisting that repairs be completed before allowing the vessel to proceed. In an associated piece of legislation, the Navigation Amendment Bill 1986, the Minister will be given power to detain ships that are seaworthy but conditions on board are clearly hazardous to safety or health. This amendment will reflect the wording of the International Labour Organisation Merchant Shipping (Minimum Standards) Convention, 1976.

Main Provisions

The Bill will be deemed to operate from 10 October 1986 (clause 2).

Clause 4 contains the interpretation provisions. The more important definitions include those for "bounty period" (10 October 1986 to 9 October 1989), "bountiable ship" (a ship of over 6 000 tonnes that is not a vessel of the Royal Australian Navy or engaged solely in coastal

trade) and "eligible repair" (structural repairs, any repair to a ship system, painting, upgrading of accommodation, dry docking or a repair in a class prescribed by regulation) and associates (sub-clause 4(3)).

A repair carried out during a direct voyage between places in Australia or from or back to Australia will be deemed to have been carried out in Australia (clause 5).

Subject to clause 8, the cost of repairs will be the contract price of the repairs (clause 7). Clause 8 will allow the Comptroller to determine the cost of repairs in certain circumstances (i.e. where the Comptroller is unable to verify the cost, or is of the opinion that the cost is incorrect, is unduly high, has been fixed to obtain a higher bounty or has been increased as a result of the influence of a relationship).

Clause 9 will require the bounty to be uniform throughout Australia as is required by paragraph 51(iii) of the Constitution.

The bounty will be payable to registered repairers on eligible repairs carried out on bountiable ships so long as the repair is carried out during the bounty period, is carried out pursuant to a contract which exceed \$100 000 and the bounty is reserved (clause 10).

If the Minister becomes satisfied that a ship is being detained by an organisation of employees, the Minister may declare that the bounty ceases to be payable (clause 11).

Clause 12 will limit the amount of bounty payable for repairs done during the bounty period to \$6 million and will allow regulations to be made relating to the reservation of bounty and the maximum amount that may be reserved.

The rate of bounty will be 30% of the cost of repairs where the cost does not exceed \$400 000 or, where the cost exceeds that amount, \$120 000 and 20% of the difference between the cost of the repair and \$400 000 (clause 13).

Clause 14 deals with claims for payment and requires the repairer to complete the approved form and to lodge it within 3 months of the completion of the repair.

Where the Comptroller satisfied that the claim is correct, the claim is to be approved as soon as practicable (sub-clause 14(3)).

The Comptroller will be given power to vary inadequate claims (clause 15) and excessive claims (clause 16). Clause 17 will give the Comptroller power to recover overpayments of more than \$100 and will also give power not to seek recovery where the overpayment is \$25 000 or less and the Comptroller is satisfied that there was no failure on behalf of the person who lodged the claim and that repayment would be unreasonable or result in undue hardship or that, taking into account the cost of recovery and the amount likely to be recovered, the action would not be justified.

Part IV of the Bill (clauses 19 to 31) deals with administration. The more important provisions are:

- . clause 19 which deals with the registration of repairers. The Minister will be able to refuse to register a person who, on 9 October 1986, was not engaged in the business of carrying on eligible repairs on bountiable vessels if, in the Minister's opinion, such registration would not permit the orderly development of the industry in Australia;

- . clause 21 which will allow the Comptroller to require security in certain circumstances;

- . clauses 23 to 27 which contain the investigation powers;

- . clause 28 which contains a number of offences, including knowingly obtaining or attempting to obtain a bounty that is not payable;

- . clause 30 which will allow for the recovery of payments after conviction for certain offences.

Part V of the Bill (clauses 32 to 37) deals with miscellaneous matters and will require an annual return to Parliament (clause 32); allow certain matters, though not a decision to suspend bounty payments due to a delay resulting from union action, to be appealable to the Administrative Appeals Tribunal (clause 34) and allow the Governor-General

to make regulations under the Bill (clause 37).

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

4 December 1986

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

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