

EXPLANATORY STATEMENT

Statutory Rules 1987 No. 117

Bounty (Ship Repair) (Reservation of Bounty) Regulations

Issued by the Authority of the Minister of State  
for Industry, Technology and Commerce

The Bounty (Ship Repair) Act 1986 (Act No. 128 of 1986), which passed through the Parliament during the 1986 Budget Sittings and is deemed to have come into operation on 10 October 1986, introduce a new assistance regime for certain repair work carried out in Australia on international trading vessels. The new assistance is in the form of a cash-limited bounty of \$6 million over the 3 year period 10 October 1986 - 9 October 1989 payable to registered repairers in respect of eligible repairs on international trading vessels which are carried out pursuant to repair or service contracts, and for which an amount of bounty has been reserved.

The Regulations introduce the reservation of bounty scheme for the purposes of sub-section 12(2) of the Act.

The proposed Regulations are explained in greater details in the attached Schedule.

SR 134/87

## THE SCHEDULE

Regulation 1 is a machinery provision allowing for the citation of the Regulations.

Regulation 2 defines various terms used in the Regulations, including:

"available amount" - which is, at any given time, that amount available for reservation from the limited bounty fund in a particular financial year, after subtracting any amounts paid on valid claims during that year, and previous amounts reserved in respect of service contracts.

"bounty allocation", which means the maximum amount prescribed under Regulation 3 - which is \$30,000; and

"repairer" means either a repairer registered pursuant to section 19 of the Act, or a mere applicant to the scheme who has applied pursuant to sub-section 19(2) of the Act to become a registered repairer for the purposes of the Act and has not had the application refused.

Regulation 3 prescribes \$30,000 as the maximum amount that may be reserved for bounty in respect of service contracts;

- . Sub-section 12(3) of the Act provides that the Regulations may prescribe the maximum amount that may be reserved for the payment of bounty for repairs that are eligible to receive bounty in respect of service contracts. The figure prescribed, \$30,000, is in effect the minimum amount of bounty that can be paid under the Scheme, pursuant to paragraphs 10(3)(e) and (f) and 13( )(0) of the Act.

Regulation 4 permits a repairer to apply to the Comptroller for the reservation of bounty in respect of a claim for bounty at any time before the lodgement of a valid claim for payment of bounty

- . Sub-regulation 4(2) prescribes the formalities required to be followed when lodging the application for the reservation of bounty in respect of a service contract;

Regulation 5 specifies the order in which the Comptroller must deal with applications for the reservation of bounty in respect of a service contract;

- . In effect the Comptroller is required to deal with the reservation applications in the order they are received, thus enacting the 'first come first served' policy of the Act in regards to the reservation of bounty. Subregulation 5(2) provides that where 2 or more applications are lodged on the same day, the application that service period commences earlier than other application will be treated as having been lodged before the other applications.
- . as to payment in respect of claims for bounty (which includes claims for repair contracts), see regulation 10 (below);

Regulation 6 provides that where the Comptroller becomes satisfied that an application made pursuant to Regulation 4 of the Regulations for the reservation of bounty in respect of service contracts has been validly completed, the Comptroller shall accept the application; however

- . if the Comptroller is not satisfied that the applicant has complied with Regulation 4, the Comptroller must refuse the application.
- Subregulation 6(2) requires the Comptroller to inform the applicant in writing of his decision, with Subregulation 6(3) additionally requiring the Comptroller to set out the reasons for refusing any applications.

Regulation 7 sets out the administrative procedures to be followed where a reservation application is accepted pursuant to Regulation 6, as follows:

- . Where the Comptroller accepts an application, and the total amount of bounty already reserved in respect of service contracts exceeds the maximum amount of money available (ie \$6 million) the Comptroller must file the application;

where the Comptroller accepts a claim and the total of the amount of bounty already reserved is less than the maximum amount of money available, an amount of bounty allocation (ie \$30,000) is reserved in the name of the applicant; and

- . where the Comptroller accepts an application which would lead to the total amount of bounty reserved exceeding the maximum amount of money available, the Comptroller is to reserve in the name of the applicant that amount of bounty that is up to and equal to the available amount of bounty. (Subregulation 7(1)).
- . The Comptroller must, as soon as practicable after reserving an amount of bounty for an applicant serve a notice in writing to be served on the applicant, advising the service contract repairer of the reservation and that, if the full amount of bounty has not been reserved, the amount reserved may be subsequently increased to the full amount applied for, depending on the cancellation or variations of other reservations for bounty (Subregulation 7(2) and 7(3)).
- . Similarly, if the Comptroller is obliged to file an application for the reservation of bounty in respect of a service contract, the Comptroller is required to serve a notice on the applicant indicating that, should any reservations of bounty which have had amounts cancelled or varied lead to bounty becoming available for reservation, the amount of available bounty, up to the amount of bounty originally applied for, is to be reserved on behalf of the previously disappointed applicant (Subregulation 7(4)).

Regulation 8 Specifies the circumstances where the Comptroller is required to cancel a reservation of bounty in respect of a service contract.

Regulation 9 Provides that where the reservation of one amount of bounty in respect of a service contract is varied or cancelled, the Comptroller is obliged to increase the reserved amount of bounty of the next applicant who has applied for reservation of bounty and has not had the full amount of bounty reserved, by the amount equal to the amount of bounty no longer subject of a reservation, or the difference between the applicants full bounty allocation and the amount of bounty already registered, whichever is the lesser. Subregulation 9(2) requires the Comptroller to serve a notice on the applicant, informing the person to the change in the reserved amount.



Regulation 10 prescribes the order in which reserved amounts of bounty are to be paid.

- . Sub-regulation 1 provides that bounty is to be paid in the order that claims for bounty, made pursuant to sub-section 14(2) of the Act were received. This includes claims in respect of repair contracts, for which no reservation is required.
- . Sub-regulation 2 provides where an applicant makes a claim for payment for the eligible repair of a ship pursuant to a contract which did not require bounty to be reserved pursuant to these regulations (ie a repair contract) the Comptroller is only obliged to pay the claimant the amount of bounty that is available. Any amount of the claim unpaid is to be deferred.
- . Sub-regulation 10(3) requires the Comptroller to maintain a register listing deferred bounty claims and, should bounty become available the Comptroller is obliged to pay the amount of money that becomes available to the applicant who has had the bounty claim deferred.
- . Sub-regulations 10(4) and (5) require the Comptroller to inform an applicant who has had an application for bounty deferred in writing of the deferral, and prescribes the procedure to be adopted should bounty become subsequently available.

Regulation 11 is a transitional provision deeming that applications for claims of payment for bounty and reservation of amounts of bounty received between the period 10 October 1986 (the date of commencement of the Act) and the commencement date of the Regulations are deemed to have been lodged on the day of commencement of these Regulations.