

EXPLANATORY STATEMENT

Select Legislative Instrument 2008 No. 27

Issued by the authority of the
Minister for Employment and Workplace Relations

Seafarers Rehabilitation and Compensation Levy Act 1992

Seafarers Rehabilitation and Compensation Levy Amendment Regulations 2008 (No. 1) (the Regulations)

The *Seafarers Rehabilitation and Compensation Levy Act 1992* (the Levy Act) imposes a levy on seafarer berths on prescribed ships. The purpose of the levy is to finance the Safety Net Fund (the Fund) established under the *Seafarers Rehabilitation and Compensation Act 1992* (the Seafarers Act). The Fund exists to meet the compensation claims of seafarers under the Seafarers Act where their employer cannot be identified or otherwise cannot meet its obligations.

Subsection 7(1) of the Levy Act provides that the Governor-General may make regulations prescribing the rate of the levy. The *Seafarers Rehabilitation and Compensation Levy Regulations 2002* currently prescribe a levy rate of \$35 per seafarer berth.

The Regulations reduce the levy rate to \$15 per seafarer berth, in accordance with a recommendation from the Seafarers Safety, Rehabilitation and Compensation Authority (the Seacare Authority).

In accordance with the requirements of subsection 7(2) of the Levy Act the Minister for Employment and Workplace Relations (the Minister) has consulted with the Seacare Authority. The Seacare Authority is a representative body comprising both employer and employee representatives. The Minister is satisfied that the Fund has adequate financial reserves for the purposes of its prudential management. The Seacare Authority advises that, in February 2008, the balance of the Safety Net Fund exceeded \$1.22 million, which is greater than the upper target reserve of \$846,000 recommended by actuaries as necessary to meet the Fund's present and estimated future liabilities under the Seafarers Act. As the latter sum is the upper target reserve recommended by actuaries as necessary to meet the Fund's present and estimated future liabilities under the Seafarers Act, the Seacare Authority has advised that a reduced levy of \$15 per seafarer berth would be sufficient to meet the Fund's administration costs.

The Regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulations commence on 1 April 2008.