

## EXPLANATORY STATEMENT

Subject -                *Shipping Reform (Tax Incentives) Act 2012*  
                              Subsection 10(5) Specifications of kinds of vessels

Subsection 10 (5) of the *Shipping Reform (Tax Incentives) Act 2012* (the Act) provides that the Minister may, by legislative instrument, specify:

- (a)                    kinds of vessels that are to be excluded vessels; and
- (b)                    kinds of vessels that are not to be excluded vessels.

The Act forms part of the Government's *Stronger Shipping for a Stronger Economy* reforms by establishing eligibility criteria for access to taxation concessions designed to revitalise Australia's shipping industry. The Act commenced operation on 1 July 2012.

Section 10 of the Act defines a vessel eligible for the tax concessions. Vessels need to be over 500 gross tonnes and registered in either Australia's Primary or International shipping registers. Additionally, vessels will not be eligible if they fall within the list of excluded vessels in subsection 10(4). The list aims to confine the concession to the so-called blue water fleet, those vessels participating in the international trade task.

The instrument refines the list of excluded vessels by allowing into the tax incentives six additional vessels which operate as part of the blue water fleet.

The instrument commences on the 1 July 2012 to allow eligible vessels to benefit from the concessions for tax payable for the current financial year. As such it does not contravene subsection 12(2) of the *Legislative Instruments Act 2003*.

The Act does not specify conditions that need to be satisfied before the power to make the instrument may be exercised.

Consultation regarding the instrument was conducted as part of the consultation process undertaken for the development of the *Stronger Shipping for a Stronger Economy* reform package of which the Act formed a substantial part.

The specification is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The OBPR confirmed that a RIS was not required for this Instrument. The OBPR reference is ID 14877.

Authority: Subsection 10(5) of the *Shipping Reform (Tax Incentives) Act 2012*

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## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

The legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Overview**

The *Shipping Reform (Tax Incentives) Act 2012* (the Act) effects elements of the Government's *Stronger Shipping for a Stronger Economy* reform by establishing eligibility criteria for access to taxation concessions designed to revitalise Australia's shipping industry.

The legislative instrument refines the list of excluded vessels under subsection 10 (4) by specifying kinds of vessels that are not to be excluded vessels under the Act.

### **Human rights implications**

This legislative instrument does not engage any of the applicable rights or freedoms because the instrument is of a minor or machinery nature.

### **Conclusion**

This legislative instrument is compatible with human rights as it does not raise any human rights issues.