The information contained in document L/3513/Add.3 (July 1971) should be supplemented as follows:

Shipbuilding Temporary Assistance Programme

The Shipbuilding Temporary Assistance Programme was devised to help maintain employment in Canadian shipping industry until the domestic shipbuilding market strengthens. The Programme will provide shipbuilding grants for ships, construction of which did not commence before 27 November 1970 and on which contracts are signed not later than 29 June 1972. Construction is to be completed on or before 31 October 1975. Shipbuilding grants for eligible ships not exceeding 25,000 tons gross tonnage will be up to 17 per cent of approved cost and for eligible ships exceeding 25,000 tons gross tonnage up to 14 per cent of approved cost. Assistance will continue at these levels until 30 September 1971 and at reducing levels thereafter until 29 June 1972 at which time it is scheduled to be discontinued entirely on new contracts. The Programme is designed to be a temporary measure only.

APPROPRIATION ACT No. 3, 1970

Shipbuilding Temporary Assistance Programme Regulations

P.C. 1970-2198

22 December 1970

His Excellency The Governor General in Council, on the recommendation of the Minister of Industry, Trade and Commerce, pursuant to Appropriation Act No. 3, 1970, is pleased hereby to make the annexed Regulations Respecting the Granting of Assistance to Stimulate Employment in Shipbuilding.
REGULATIONS RESPECTING THE GRANTING OF ASSISTANCE TO
STIMULATE EMPLOYMENT IN SHIPBUILDING

Short Title

1. These Regulations may be cited as the Shipbuilding Temporary Assistance Programme Regulations.

Interpretation

2. In these Regulations,

"approved cost" of an eligible ship means the cost of the eligible ship determined by the Minister pursuant to sub-section 6(3);

"completed" in relation to an eligible ship means that a certificate of registry has been issued for the ship;

"contract" means an agreement in writing between a shipbuilder and a shipowner for the construction of one or more vessels that provides for the deposit of at least 5 per cent of the contract price or at least 5 per cent of the price of the first vessel in the case where more than one vessel is included in the contract;

"contract date" means the later of

(a) the date on which a contract is signed by both parties, and

(b) the date on which a deposit is paid by a shipowner to a shipbuilder;

"contract price" means the amount payable by a shipowner to a shipbuilder under the terms of a contract;

"eligible ship" means a vessel that is declared by the Minister, pursuant to sub-section 4(3) to be an eligible ship for the purposes of these Regulations;

"gross tonnage" has the same meaning as in the Canada Shipping Act;

"maximum approved cost" of an eligible ship means the maximum amount determined by the Minister pursuant to sub-section 6(5);

"Minister" means the Minister of Industry, Trade and Commerce;

"proceeds of disposition" has the meaning assigned to that phrase in paragraph 20(5)(c) of the Income Tax Act;

"shipbuilder" means a citizen of Canada or a company incorporated in Canada that is engaged in Canada in the business of building ships in Canada;
"shipbuilding grant" means the amount payable to a shipbuilder in respect of an eligible ship pursuant to these Regulations; and

"vessel" means a commercial or scientific vessel that is of at least 500 tons gross tonnage.

Payment of Shipbuilding Grant

3. (1) Where money is voted by Parliament for the purpose of shipbuilding grants for the construction of vessels, a shipbuilding grant may be paid in respect of an eligible ship

(a) the construction of which did not commence before 27 November 1970;
(b) the contract date applicable to which is not later than 29 June 1972; and
(c) that is completed on or before 31 October 1975.

(2) Where an eligible ship is completed later than 31 October 1975 owing to causes beyond the control of the shipowner and shipbuilder, the Minister may, in his discretion, declare the ship to have been completed on a date earlier than the day on which it was completed.

(3) The amount of a shipbuilding grant shall be determined in accordance with section 6 and may, subject to these Regulations, be paid in accordance with an agreement entered into pursuant to section 4.

4. (1) Where an application for a shipbuilding grant is made in respect of a vessel, the Minister may, subject to any terms or conditions established by the Treasury Board and subject to sub-section (2), enter into an agreement with the shipowner and the shipbuilder thereof, providing for the payment of a shipbuilding grant.

(2) No agreement shall be entered into pursuant to sub-section (1) until the Minister has

(a) declared the vessel referred to in the application for a shipbuilding grant to be an eligible ship; and

(b) determined the maximum amount of the approved cost of that eligible ship, pursuant to sub-section 6(5).

(3) Subject to sub-section (4), where the Minister is satisfied that the vessel referred to in the application for a shipbuilding grant is to be constructed in Canada by a shipbuilder and is to be registered in a country other than Canada, the Minister may declare the vessel to be an eligible ship.

(4) Before declaring a vessel to be an eligible ship the Minister shall consider

(c) the benefits to Canada through the use of Canadian materials and components;
(b) the ability of the shipbuilder to carry out the terms of the contract without having to over-expand his facilities in relation to anticipated long-term demand;

(c) the continuing availability of facilities to meet domestic requirements for ship construction and repair;

(d) the positive effects of the contract on the long-term competitive status of the shipbuilder and of the Canadian shipbuilding industry; and

(e) the market development implications of the contract.

5. An application for a shipbuilding grant shall be in the form prescribed by the Minister and shall be made within sixty days of the contract date or within such longer time as the Minister may allow.

Amount of Shipbuilding Grant

6. (1) The shipbuilding grant for an eligible ship of not more than 25,000 tons gross tonnage shall be an amount not exceeding

(a) 17 per cent of the approved cost when the contract date applicable to the eligible ship is not later than 30 September 1971;

(b) 16½ per cent of the approved cost when the contract date applicable to the eligible ship is within the period commencing 1 October 1971 and ending 31 December 1971;

(c) 16 per cent of the approved cost when the contract date applicable to the eligible ship is within the period commencing 1 January 1972 and ending 31 March 1972; and

(d) 15½ per cent of the approved cost when the contract date applicable to the eligible ship is within the period commencing 1 April 1972 and ending 29 June 1972.

(2) The shipbuilding grant for an eligible ship of more than 25,000 tons gross tonnage shall be an amount not exceeding

(a) 14 per cent of the approved cost when the contract date applicable to the eligible ship is not later than 30 September 1971;

(b) 13½ per cent of the approved cost when the contract date applicable to the eligible ship is within the period commencing 1 October 1971 and ending 31 December 1971;

(c) 13 per cent of the approved cost when the contract date applicable to the eligible ship is within the period commencing 1 January 1972 and ending 31 March 1972; and
(d) 12\(\frac{1}{2}\) per cent of the approved cost when the contract date applicable to the eligible ship is within the period commencing 1 April 1972 and ending 29 June 1972.

(3) Subject to sub-section (5), the Minister shall, before paying the balance of a shipbuilding grant, pursuant to an agreement entered into under section 4, determine the cost of the eligible ship in respect of which the payment is to be made for the purpose of calculating the balance of the grant, which cost shall be the lower of

(a) the maximum approved cost; and

(b) the amount obtained by an audit of costs pursuant to paragraph 7(b).

(4) Where,

(a) an amount equal to the whole or any part of the proceeds of disposition of any vessel described in sub-section 20(12) of the Income Tax Act is used by a person for replacement in accordance with sub-paragraph (a)(i) of that sub-section, the approved cost of the replacement shall, if the replacement is an eligible ship in respect of which a shipbuilding grant is to be paid under these Regulations, be reduced by an amount equal to the amount used for replacement; or

(b) a vessel is acquired as a replacement under such circumstances that the Minister may pay out all or any part of a deposit under sub-section 20(16) of the Income Tax Act, the approved cost of such replacement shall, if the replacement is an eligible ship in respect of which a shipbuilding grant is to be paid under these Regulations, be reduced by the amount that bears the same relationship to the proceeds of disposition of the vessel disposed of as the amount that may be paid out by the Minister under sub-section 20(16) of the Income Tax Act bears to the amount of the deposit described in that sub-section.

(5) The Minister shall, before entering into any agreement under these Regulations, determine the maximum amount of the approved cost, which maximum amount shall not exceed the amount obtained by dividing the contract price of the eligible ship by:

(a) 0.830 when the shipbuilding grant is to be paid under paragraph (1)(a);

(b) 0.835 when the shipbuilding grant is to be paid under paragraph (1)(b);

(c) 0.840 when the shipbuilding grant is to be paid under paragraph (1)(c);

(d) 0.845 when the shipbuilding grant is to be paid under paragraph (1)(d);

(e) 0.860 when the shipbuilding grant is to be paid under paragraph (2)(a);
(f) 0.865 when the shipbuilding grant is to be paid under paragraph (2)(b);
(g) 0.870 when the shipbuilding grant is to be paid under paragraph (2)(c);
(h) 0.875 when the shipbuilding grant is to be paid under paragraph (2)(d).

7. Every agreement entered into pursuant to these Regulations shall provide for:

(a) payment of a shipbuilding grant by progress payments not exceeding in the aggregate 80 per cent of the shipbuilding grant, calculated on the basis of the maximum approved cost, before the eligible ship is completed, and the balance of the shipbuilding grant, after the eligible ship is completed and an audit has been made as provided in the agreement;

(b) the making of an audit by the Audit Services Bureau, Department of Supply and Services, which audit shall exclude profit from the determination of approved cost;

(c) an undertaking by the shipbuilder to use in the construction of the eligible vessel, Canadian materials, components and equipment when they are available and internationally competitive; and

(d) such other matters as the Minister considers necessary or appropriate to protect the interests of Her Majesty or to carry out the purposes and provisions of these Regulations.

Powers of Minister

8. The Minister may for the purposes of these Regulations:

(a) authorize persons to sign agreements for him;

(b) investigate the financial responsibility of a shipowner or shipbuilder and such other matters as he considers necessary to determine questions relating to eligibility or approved cost; and

(c) prescribe forms and make rules relating to an application for the payment of shipbuilding grants.