CABINET.

THE BRITISH MERCHANT MARINE.

DRAFT BRITISH SHIPPING (ASSISTANCE) BILL.

Memorandum by the President of the Board of Trade.

1. The Cabinet at their meeting of the 27th June last (26 (34) 9) approved the following proposals laid before it in my Memorandum of 25th June, 1934 (C.P. 161(34)):

(i) That a defensive subsidy, to cost not more than £2 millions and aimed at bringing about the discontinuance of foreign subsidies, should be granted for a year to British ships carrying tramp cargoes, provided that a satisfactory scheme for applying the subsidy is produced by the shipowners incorporating the conditions laid down in the memorandum.

(ii) That consideration should be given to the grant of subsidies in special cases to British liners prejudiced by subsidised foreign competition in particular trades if the grant of financial assistance appears to be the best method of assistance.

(iii) That financial assistance on lines contemplated by the Cabinet Committee should be made available by the Government for a scrapping and building scheme if and when it appears that such a scheme would be used by the shipping industry.

(iv) The preparation in due course of legislation to sanction the grant of a fighting subsidy, the grant of subsidies to liners in special cases, the grant of financial assistance for building and modernising on condition of scrapping (should this be found desirable) and the concession as to fees referred to in the memorandum, and to deal with any other relevant matters.
Subsidy in respect of the carriage of tramp cargoes under tramp conditions.

2. In pursuance of these decisions, the shipping industry has prepared a scheme for applying a defensive subsidy of £2 millions on the conditions laid down in my Memorandum referred to. The scheme will be found in Section 2 of the attached White Paper which it is proposed to lay before the House at the same time as the Financial Resolution which will be necessary before legislation can be introduced.

3. The scheme is the result of several months' effort on the part of the shipowners, in close consultation with my Department, to satisfy the Government's requirements. The scheme represents the greatest measure of compliance with the Government's conditions for a subsidy which can be looked for in the conditions under which tramp shipping at present works. The proposals contain provisions for the better organisation of the industry, which were entirely absent from the original proposals for a subsidy put forward last year by the tramp shipowners; and the proposal for payment of the subsidy at a flat rate per ton, to which general objection was taken, has now disappeared.

4. Having secured the concurrence of the Lord President of the Council and the Chancellor of the Exchequer in the acceptance of the Shipowners' Scheme, I have caused a draft Bill to be prepared giving legislative sanction to the payment of a subsidy for the year 1st January to 31st December, 1935, in respect of the carriage of tramp cargoes under tramp conditions in ships registered in the United Kingdom. A copy of the Bill, which is drafted on the simplest lines, is attached. (See Clauses 1 and 2).

5. Cargo Liner owners will come under the scheme so far as they carry tramp cargoes under tramp conditions, but so far as they carry parcels of tramp cargoes in their ordinary liner business they fear that the scheme will prejudice them.
The Liverpool group of Cargo Liner owners may oppose the scheme - they would probably oppose any scheme of subsidy - and the London group have asked for a further subsidy of £500,000 to "equalise the position" between them and the tramp owners. Apart from the desirability of ascertaining how in fact the scheme will effect the liners it is clear that the grant of such a subsidy to them at the present time would tend to remove their incentive to co-operate in the organisation of the tramp trade. I am meeting on Tuesday, 27th November, representatives of the two groups of Cargo Liner Owners to explain the position.

Scraping and Building Scheme.

6. So far as shipowners are concerned the position has not altered since my Memorandum of June 25 last. There is still little evidence of a favourable reception of such a scheme by shipowners, whose attitude may be strengthened by the reduction which has taken place this year in the quantity of British tonnage laid up.

7. On the other hand it is possible that the attitude of shipowners may change when they know definitely that a tramp subsidy is being paid and that some of them may then be prepared to consider the construction of new tonnage.

8. In these circumstances, and bearing in mind the importance of providing every possible opportunity for the creation of employment, it is for consideration whether provision for a scrapping and building scheme should be included in the present Bill, to be brought into force by an Order of the Board of Trade with the concurrence of the Treasury if and when there is a reasonable prospect of a substantial use of the facilities.

9. A copy of the White Paper issued in July 1934, which sets out the main lines of the proposed scheme, is attached.
for information, and the draft Bill contains appropriate clauses. (See Clauses 3 to 6). But, to make the scheme more attractive, I submit for approval the following alterations:—

(a) That owners be required to scrap only two tons for every ton of new shipping built, and one ton for every ton of existing shipping modernised, instead of three tons in each case as the scheme stands at present.

(b) That owners be allowed to buy ships for scrapping from foreign owners as well as to scrap British ships.

Financial Assistance to Liners in particular trades.

10. I do not propose to suggest at present any legislative provision in respect of a grant of financial assistance in special cases to British liners (vide (ii) of paragraph 1 of this note). No claims are before me in this respect.

Concession in respect of fees paid by the shipping industry.

11. A clause appears in the draft Bill to give effect to the concession approved by the Cabinet (vide (iv) of paragraph 1) in respect of fees paid by the shipping industry (See Clause 8).

12. The points on which a decision is required may be summarised as follows:—

(i) The introduction of the attached draft Bill to grant a subsidy of not more than £2 millions for one year to ships carrying tramp cargoes in accordance with the scheme submitted by the shipowners and to give legislative sanction to the concession as to Fees. (Minor alterations in the draft Bill may be necessary).

(ii) Whether a scrapping and building scheme on the principles indicated in the draft Bill (with the modifications shown in paragraph 9 above) and in the White Paper of July last, should be included in the Bill.

W. R.

W. R. of Trade,
26th November, 1934.
Section 1.

MEMORANDUM ON THE FINANCIAL RESOLUTION.

Tramp Shipping.

1. The Financial Resolution provides the necessary authority for carrying into effect the proposals with regard to tramp shipping outlined in the statement on the shipping position made by the President of the Board of Trade in the House of Commons on the 3rd July, 1934.

2. The amount of the subsidy would not exceed £2,000,000, and would be reduced below this figure if the average level of freight rates during the subsidy year rose above 92 per cent. of the average level in the year 1929 (see paragraph 14 of Subsidy Scheme in Part I of Section 2 of this Paper).

3. The subsidy will be payable for a period of one year and will be subject to withdrawal within that period if the circumstances which led to its introduction were altered. The period proposed is 1st January to 31st December, 1935.

4. It is proposed to appoint a statutory Committee under the name of the Tramp Shipping Subsidy Committee to advise the Board of Trade as to the administration of the subsidy, and in particular to examine claims and to make recommendations to the Board of Trade regarding them.

5. The expenses incurred in the administration of the subsidy scheme by the Board of Trade and the Tramp Shipping Subsidy Committee will be defrayed by the Tramp Subsidy Fund. It is estimated that the total cost of administration will not exceed £10,000.

6. The President of the Board of Trade, in his statement of the 3rd July, announced that before the Government were prepared to introduce legislation in regard to a subsidy it would be
necessary for the shipowners to formulate a scheme satisfactory to the Government which would:

(i) prevent so far as possible the subsidy from being dissipated by the domestic competition of British ships carrying tramp cargoes, and

(ii) ensure that it is effectively directed to securing the greater employment of British tramp shipping at the expense of foreign subsidised shipping.

7. The shipowners have accordingly submitted a scheme to the Government containing proposals for the distribution of the subsidy, and describing the arrangements which they intend to make with a view to promoting the better organisation of the industry and to achieving the objects of the subsidy. The scheme is contained in Section 8 of this Paper. The Government have accepted the scheme as fulfilling the conditions set out in the preceding paragraph.

8. The President of the Board of Trade, in his statement of the 3rd July, 1934, also laid down that the shipowners, through their international organisations, and in any other ways open to them should press upon the shipowners in other maritime countries the framing of proposals tending to adjust the supply of tonnage in the world to the demand and thus to raise freight rates once more to a remunerative level. In order to meet this condition the shipowners are taking steps to secure a meeting of the International Shipping Conference to discuss proposals tending to adjust the supply of world tonnage to the demand.

Scraping and Rebuilding.

9. The Financial Resolution also provides the necessary authority for carrying into effect the proposals for the scrapping and rebuilding or modernising of British cargo vessels which were outlined in the White Paper issued in July 1934 (Cmd. 4647). It is proposed that the scheme should be brought into operation at a date to be fixed by the Board of Trade after the necessary legislation has been passed.

10. Advances made and loans guaranteed for the purpose of building or modernising cargo vessels under the above scheme
would not exceed in the aggregate £10 million (approximately the cost of building 1,000,000 dead weight tons of modern cargo ships), and no advance would be made or guarantee given after the expiration of two years from the date on which the scheme is brought into operation.

11. The estimated cost of administering this scheme is £3,000. Fees charged under the Merchant Shipping Acts.

12. It is proposed that the Bill shall contain provision for the repeal of Section 18 of the Economy (Miscellaneous Provisions) Act, 1926. The result of this repeal will be that the Board of Trade will not be required to fix the fees charged for the survey of ships and other services in connection with the shipping and shipbuilding industries so that the receipts from such fees up to any date from 1st April, 1923 shall be approximately equal to one-half of the aggregate cost of administering the services in respect of which the fees are paid.

13. The maximum limits of the fees fixed in earlier Acts will be restored by the repeal of this Section of the Act of 1926.

---

Section 2.

SHIPOWNERS' SUBSIDY SCHEME.
DEFINITIONS, ETC.

(1) **Eligible Ships.**

The subsidy will be payable only in respect of vessels registered at a port in the United Kingdom which have been British ships since the 1st January, 1934, and new vessels built in the United Kingdom which are completed and registered after that date.

Ships specially constructed for the carriage of oil in bulk, ships with accommodation for more than 12 passengers, and ships with a substantial amount of refrigerated cargo space are not within the scope of the subsidy.

(2) **Eligible Voyages.**

(a) **Character of voyage.**

Vessels falling within the provisions of (1) will qualify for subsidy only in respect of a voyage in the course of which all the cargo carried is carried under charter party.

(b) **Voyages excluded.**

Voyages wholly between ports in the United Kingdom, Irish Free State, the Channel Islands and the Isle of Man are excluded.

(c) **Duration of voyages.**

There may be included in an eligible voyage

(1) time occupied in loading, carrying or discharging cargo.
(ii) time occupied in ballast voyages -
(a) to fetch cargo booked;
(b) to seek cargo in accordance with the
normal custom of the tramp trade;
(c) to pay off crew after discharging cargo;
(iii) time occupied in bunkering for (1) or (ii); and
(iv) time not exceeding 3 days in the voyage
exclusively spent in repairing.

(d) In the event of any dispute arising as to whether a voyage
or any part thereof is an eligible voyage for the purposes of
this scheme, the opinion of the Tramp Shipping Subsidy Committee
shall prevail.

(3) Period in respect of which subsidy is payable.
Payments will only be made in respect of voyages (or parts
of voyages) taking place during a period of one year commencing
1st January, 1935.

METHOD OF APPLICATION FOR SUBSIDY.
(4) Every shipowner desiring to participate in the subsidy
shall register with the Committee his name and a list
(including such particulars as the Committee may require) of the
tramp ships owned by him in respect of which claims for subsidy
may in his opinion arise. Any modifications in the list must
forthwith be notified by him to the Committee. If the
Committee are of opinion that any of the ships included in such
list are not ships in respect of which claims for subsidy may
arise, the list shall be amended accordingly.

(5) Every owner of an eligible ship which during any
quarter of the subsidy year has completed an eligible voyage
must, if he wishes to claim subsidy in respect of that voyage,
make application to the Committee in the manner required by
paragraph (6) within a period of 21 days after the completion
of the voyage.
Every such application shall be in such form and include such particulars and be supported by such evidence as the Committee may direct.

The Committee will consider every application received from an owner in accordance with the preceding provisions and will, having regard to the provisions of the Statute and of this scheme, make such recommendation thereon to the Board of Trade as they may deem proper. The recommendation will be made in such form as the Board may prescribe, and will be accompanied by such vouchers or other evidence as the Board may require.

METHOD OF CALCULATING AND PAYING THE SUBSIDY.

The amount of the subsidy available for distribution among owners will be such sum not exceeding £2 million as may be provided by the Government after the deduction of the expenses incurred in administration. The total sum so available will be distributed in accordance with the following paragraphs (9) to (13) among all owners whose claims are accepted by the Board of Trade on the recommendation of the Committee.

Interim payments will be made in respect of each quarter of the subsidy year, these payments being subject to such adjustment after the end of the year as may be required under paragraph (12) below. The total amount of the quarterly interim payments will be fixed by the Board of Trade after consultation with the Committee.

The subsidy will be calculated on a basis of "ton-days". For each quarter of the year, the number of "ton-days" to be credited to each owner whose applications have been accepted during the quarter will be ascertained. For this purpose the number of gross register tons included in each of the accepted claims will be multiplied by the number of days included in that claim, and the sum of these products will be
taken. The total amount fixed for distribution in the quarter will then be divided among owners in proportion to the number of ton-days credited to each, subject to any adjustments, if necessary, in accordance with paragraph (13).

(12) After the end of the fourth quarter the proportion of the total subsidy for the whole year which is payable to each owner will be calculated by ascertaining the proportion between the total number of ton-days credited to him for the year and the aggregate number of ton-days credited to all owners for the whole year. The necessary adjustments will then be made to ensure that when the total of the interim payments already made is taken into account, the amount received by each owner represents his due proportion.*

(13) If during any quarter of the subsidy year it should appear to the Committee that an undue number of eligible ships which had been laid up are being used for trading and that prejudice is thereby being caused to British shipping, the Committee may recommend that the amounts payable at the end of the quarter should be so adjusted that owners should not receive more in respect of that quarter than they would have received had there been trading in that quarter only such proportion of eligible tonnage as the Committee may recommend.

(14) If in the opinion of the Board of Trade at the end of the subsidy year the average level of freight rates for the year (expressed as an index number representing a percentage) was less than the average for 1929 (represented by 100 per cent.) then the total sum payable by the Treasury for the year will be a sum not exceeding a quarter of a

*Note. In order to meet the eventuality of a refund having to be made by owners as the result of the final adjustments, the forms of claim and payment used for the quarterly interim payments will establish the liability of owners to refund later if so required.
million pounds for every unit per cent. by which the average for the subsidy year is less than the average for 1929, subject to a maximum of £2 million.

The following table shows the working of this paragraph:

<table>
<thead>
<tr>
<th>Index number representing average level of freight rates during subsidy year. (1929 = 100)</th>
<th>Limit of amount of subsidy payable.</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 and above</td>
<td>£2,000,000</td>
</tr>
<tr>
<td>99</td>
<td>£250,000</td>
</tr>
<tr>
<td>98</td>
<td>£500,000</td>
</tr>
<tr>
<td>97</td>
<td>£750,000</td>
</tr>
<tr>
<td>96</td>
<td>£1,000,000</td>
</tr>
<tr>
<td>95</td>
<td>£1,250,000</td>
</tr>
<tr>
<td>94</td>
<td>£1,500,000</td>
</tr>
<tr>
<td>93</td>
<td>£1,750,000</td>
</tr>
<tr>
<td>92 and under</td>
<td>£2,000,000</td>
</tr>
</tbody>
</table>
Memorandum explaining the Constitution and Functions of the Tramp Shipping Administrative Committee and Sub-Committees to be set up by the Shipowners.

1. The Government, laying down certain conditions for the subsidy offered to Tramp Shipping, stated that these involved "a real measure of organisation" of the Tramp Shipping Industry.

2. Such words are necessarily relative and must be interpreted in relation to such an industry as Tramp Shipping. That industry, as is fully appreciated by the Government, is international, competitive, and exceptionally fluid in character. Consequently it has hitherto been comparatively unorganised in the sense that, since its development a century ago, it has been marked by a very high degree of individualism among its members. This individualism belongs both to its nature and to its methods. To introduce the principle of organisation and co-operation into such an industry involves a revolutionary change and must necessarily be somewhat experimental in its early stages. Nevertheless the Tramp Shipowners' Committee are convinced that the measure of organisation desired by the Government is not only a proper condition to their offer of assistance but, if successful, will be of real value to the industry. They have therefore submitted that, for the reasons given, His Majesty's Government should accept a system of co-operation which will be elastic and allow it to grow naturally by trial and error until its more permanent form can be determined by experience, rather than to insist upon an immediate cast iron system which, by being premature, would be imperfect.

General nature of proposals.

3. The main features of the organisation proposed by the Tramp Shipowners' Committee are shown below. It will be seen that they contemplate the establishment by the industry itself of
a "Tramp Shipping Administrative Committee" which might set up sub-committees for particular trades or for special purposes. The Committee would, as its main functions, actively promote co-operation among shipowners in
(a) minimising domestic competition
(b) improving freight rates and conditions; and
(c) promoting as against foreign subsidised competition the fullest possible employment of British tramp shipping.

It is contemplated that the Committee would make Recommendations as to the steps to be adopted by shipowners for achieving these objectives.

**Constitution of Committee.**

4. The Committee would be an elected body composed of twelve members, ten elected by the Tramp Shipowners' Committee of the Chamber of Shipping and two by the Joint Liner Committee of the Chamber of Shipping and Liverpool Steam Ship Owners' Association, who will also have power to withdraw members appointed by them and to fill vacancies if such arise. The Chamber of Shipping will provide the necessary staff and accommodation for the work of the Committee.

**Functions and methods.**

5. It is proposed that the functions of the Tramp Shipping Administrative Committee should include the following -
(a) to promote organised co-operation among owners to maintain and improve freights and by such organised co-operation to promote their interests generally.
(b) to recommend such conditions of charter as in their discretion they think fit;
(c) to confer with Charterers in an effort to increase the employment of British ships.
6. For the purpose of promoting organised co-operation among owners, as provided above, the Administrative Committee would seek to collect and circulate such information concerning world freight markets as would be likely to be of assistance to shipowners.

7. The functions of the Administrative Committee in promoting co-operation among owners would include action -

(i) to co-ordinate the operations of Tramp shipowners by influencing them to maintain an united front against any possible combined operation of shippers to depress freights below an economic level;

(ii) to promote co-operation between tramp and cargo liner owners by mutual consultation, direct representation, or liaison with Liner Conferences with a view to mutual action to maintain and improve rates;

(iii) to co-operate where possible with foreign Shipowners' Organisations, such as the International Shipping Conference and the Baltic and International Maritime Conference.

8. The Administrative Committee would appoint sub-committees or co-ordinating committees for the principal trades such as the Plate and Australian tramp trades and, if necessary, committees at outports; and it might delegate any of its functions to such bodies. The activities mentioned above would be undertaken either by the Administrative Committee itself or through appropriate Sub-Committees as might be most effective. In particular the Administrative Committee would probably delegate to Committees with special knowledge of particular trades the carrying out of the objects described above relating
to co-operation between tramp and liner owners and among tramp owners themselves.

9. Normally, the Committees would be left free to arrange co-operation etc. on the lines suited to each trade (since the conditions vary considerably from trade to trade) but would keep in close touch with and be under the control of the Administrative Committee on matters of general policy.

Co-operation with Tramp Subsidy Advisory Committee.

10. The Tramp Shipowners' Committee understand that a Tramp Subsidy Advisory Committee is to be appointed by the Board of Trade under the provisions of the Tramp Subsidy Act to make recommendations to the Board of Trade regarding the payment of the subsidy. The Tramp Shipping Administrative Committee will co-operate with the Statutory Committee to secure the objects of the subsidy.

Consultation with the shipping industry.

11. The Administrative Committee will throughout have the advantage of the experience of the Industry through consultation, when necessary, with -

(a) the Tramp Shipowners' Committee of the Chamber of Shipping;
(b) the Liner Committee of the Chamber of Shipping;
(c) the Council of the Chamber of Shipping.

12. As, moreover, both the Administrative Committee and the Sub-Committees will be composed of practical shipowners in daily contact with the freight markets and with the general conditions and particular needs of all sections of the industry concerned, these bodies will be thoroughly practical in character and should be able to carry out their functions with the maximum efficiency at the minimum cost of administration.
REPORTS OF WORKING.

13. A report to the President of the Board of Trade on the working of these Committees and on the progress of organization and co-operation in the industry will be made at the end of the first six months of the subsidy year and a further report at the end of the year.

November, 1934.
MERCHANT SHIPPING

Outline of a scrapping and rebuilding or modernising scheme for British Cargo Vessels discussed between the President of the Board of Trade and Representatives of Shipowners and presented in accordance with the President's statement to the House of Commons on 3rd July, 1934

Presented by the President of the Board of Trade to Parliament by Command of His Majesty
July, 1934

LONDON
PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses
Adastral House, Kingsway, London, W.C.2; 120, George Street, Edinburgh 2
York Street, Manchester 1; 1, St. Andrew's Crescent, Cardiff
80, Chichester Street, Belfast
or through any Bookseller
1934
Price 1d. Net.
Cmd. 4647
 outline of a scrapping and rebuilding or modernising scheme for british cargo vessels discussed between the president of the board of trade and representatives of shipowners and presented in accordance with the president's statement to the house of commons on 3rd july, 1934.

1. The scheme contemplates that financial assistance would be granted to british owners to enable them to build new united kingdom tonnage or to modernise existing united kingdom tonnage on condition that they scrapped not less than three times as much united kingdom tonnage of the same general character. The modernising of an existing united kingdom ship would entitle the owner to the same benefits on the same conditions as would apply to the building of a new ship. The scheme would be administered by an expert advisory committee.

2. The scheme would not apply, either in respect of the ships to be built or to be modernised or to be scrapped, to ships carrying more than twelve passengers, ships with a substantial amount of refrigerated cargo space, tankers, ships solely engaged in the coastwise trade and cargo liners engaged in the short sea trades. The scheme would apply to the classes of tonnage known as the united kingdom tramp ships and the united kingdom general cargo liners with the exceptions indicated above. Applicants would have to show that more than half the property in the vessels to be scrapped was in british ownership on 31st march, 1934.

3. A shipowner would be free, within the limits indicated in paragraph 2, to settle the specifications for the work of building or modernising, to select the firm to carry out the work and to make any other necessary arrangements as if the work was being carried out entirely for his own account, subject only to the work being carried out in yards in great britain. The scheme would not apply to ships to be built or modernised in shipyards in northern ireland, since government assistance is available there under the loans guarantee (northern ireland) act.

4. Financial assistance would be given in the form of loans advanced or guaranteed by the treasury. The rate of interest would not exceed 3 per cent. The loans would be repayable within a period of 12 years by equal annual instalments covering capital and interest but the borrower would be entitled to defer the instalments due in either or both of the first two years and to spread their repayment, with interest, over the remainder of the period of 12 years. The borrower would be responsible for all expenses involved.
5. A shipowner desiring to avail himself of the scheme would apply to the Committee for a loan, the amount of which would not exceed the amount of the accepted tender for building or modernising the ship, together with the expenses of the loan. In considering its amount, the Committee would have regard to the money available to the owner from the proceeds of the sale of the tonnage to be scrapped, so far as such money was not subject to prior charges. The loan would be secured by a first mortgage on the ship to be built or modernised.

6. Scrapping would be carried out in the United Kingdom except in cases in which the Committee approved other arrangements. Shipowners would be required to give satisfactory guarantees that ships to be sold to foreign purchasers for scrapping abroad would not be used by the purchasers for trading before they were scrapped. Ships earmarked for scrapping in this country could only be used for trading with the approval of the Committee, the intention being that such ships should cease trading before the new or modernised ship was operating.

7. Shipowners would be required to give satisfactory guarantees not to sell to foreign purchasers ships which had received assistance, until the mortgage had been paid off. The sale of such ships to British owners would be subject to the prior consent of the Committee.
British Shipping (Assistance) Bill.

ARRANGEMENT OF CLAUSES.

PART I.

SUBSIDY IN RESPECT OF TRAMP VOYAGES.

Clause
1. Payment of Subsidy.
2. Tramp Shipping Subsidy Committee.

PART II.

ASSISTANCE TO SHIPOWNERS PROPOSING TO IMPROVE MERCHANT SHIPPING FLEETS.

3. Power to make advances or guarantee loans in respect of approved proposals.
4. Requirements as to vessels in respect of which assistance may be given.
5. Provisions as to loans and advances.
6. Commencement of Part II.

PART III.

MISCELLANEOUS.

7. Supplementary provisions.
8. Repeal of 16 & 17 Geo. 5. c. 9, s. 18.
[25 Geo. 5.] British Shipping (Assistance).

DRAFT
OF A
BILL

To

Make provision for the granting of financial assistance to the owners of ships registered in the United Kingdom in respect of tramp voyages carried out during the year nineteen hundred and thirty-five, and to persons entitled to be owners of British ships in respect of proposals for the improvement of merchant shipping fleets; to provide for the repeal of section eighteen of the Economy (Miscellaneous Provisions) Act, 1926; and for purposes connected with the matters aforesaid.

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I.

SUBSIDY IN RESPECT OF TRAMP VOYAGES.

1.—(1) For the purpose of helping the owners of vessels registered in the United Kingdom to compete with foreign shipping in receipt of subsidies from foreign Governments, the Board of Trade may, subject to such directions as may be given by the Treasury, and in accordance with the advice of an advisory committee (hereinafter referred to as “the Tramp Shipping Subsidy Committee”) pay to the owners of vessels eligible for

A.D. 1934.
subsidy under this Part of this Act such subsidies in respect of tramp voyages wholly or partly carried out within the year nineteen hundred and thirty-five as may be recommended by the Tramp Shipping Subsidy Committee:

Provided that no such subsidies shall be paid in respect of any voyage wholly between ports within the United Kingdom, Irish Free State, Isle of Man and Channel Islands.

(2) The vessels eligible for subsidy under this Part of this Act are vessels to which this Act applies, being vessels registered at a port in the United Kingdom, which have been British ships since the first day of January, nineteen hundred and thirty-four or, in the case of vessels completed after that date, since they were completed, so however, that vessels completed after that date shall not be eligible for subsidy unless they were built in the United Kingdom.

(3) The sums necessary for the payment of subsidies under this section and for the payment of any expenses incurred under this Part of this Act shall be defrayed out of moneys provided by Parliament and shall not exceed in the aggregate two million pounds.

2.—(1) The Tramp Shipping Subsidy Committee shall consist of not more than eight persons appointed by the Board of Trade to advise the Board generally as to the operation of this Part of this Act, and in particular as to the making of payments by way of subsidies under this Part of this Act and the terms and conditions upon which such payments should be made, and in considering any recommendations to be made to the Board under this Part of this Act the Committee shall have regard to the purpose for which the Board are empowered to grant subsidies under this Part of this Act and shall not recommend payment of a subsidy in respect of any tramp voyage if, in the opinion of the Committee, the voyage was undertaken without due regard to the necessity for co-operation in furthering that purpose between owners of British vessels undertaking tramp voyages.

(2) The Board of Trade may appoint secretaries to the Tramp Shipping Subsidy Committee, and the
Committee may employ such officers and servants as the Committee may, with the consent of the Board and of the Treasury, determine; and there shall be paid as part of the expenses incurred under this Part of this Act to the secretaries and to any officers and servants so appointed such salaries and allowances as may be determined by the Board with the approval of the Treasury.

**PART II.**

**ASSISTANCE TO SHIPOWNERS PROPOSING TO IMPROVE MERCHANT SHIPping FLEETS.**

10. If the Board of Trade, after consultation with an advisory committee appointed for the purposes of this Part of this Act by the Board with the concurrence of the Treasury, are satisfied that any proposals submitted to the Board by any person entitled under the Merchant Shipping Act, 1894, to own a British ship, provides for the building or modernization of vessels in respect of which assistance may be given under this Part of this Act and for the demolition of such number of such vessels that the tonnage to be demolished amounts to not less than three times the tonnage of the vessels proposed to be built or modernized, and that the proposals comply in all other respects with the requirements of this Part of this Act, the Board may approve the proposals and upon any such proposals being so approved—

(a) the Board may, with the consent of the Treasury, make an advance to that person for the purpose of enabling him to build or modernize the vessels provided for by the proposals; or

(b) the Treasury may, on the recommendation of the Board give a guarantee for the repayment of the principal of, and interest on, any loan raised for that purpose.

4. (1) No proposals submitted under this Part of this Act shall be approved by the Board of Trade unless the Board are satisfied that all vessels to be demolished, built or modernized in pursuance of the proposals are vessels in respect of which assistance may be given under this Part of this Act and that the proposals contain provisions securing to the satisfaction of the Board—

(a) that the vessels to be demolished in pursuance of the proposals—

---

A 2
Provisions as to loans and advances.

(i) are vessels which have been registered at a port in the United Kingdom since the thirty-first day of March, nineteen hundred and thirty-four, and will remain registered at such a port until demolished;

(ii) will be demolished within the United Kingdom, or with the consent of the Board of Trade outside the United Kingdom in accordance with such conditions as may be imposed by the Board;

(iii) will not, after the date upon which any advance is made or guarantee given under this Part of this Act or such later date as the Board may allow, be used for any trading voyage;

(b) that the vessels to be built or modernized in pursuance of the proposals—

(i) will be built or modernized in Great Britain; and

(ii) will not, while any part of the principal of or interest on, any loan made or guaranteed under this Part of this Act remains outstanding, be sold to any person not so qualified as aforesaid to own a British ship or, without the consent of the Board, to any other person.

(2) The vessels in respect of which assistance may be given under this Part of this Act are vessels to which this Act applies and which are, were, or will be, as the case may be, employed in the carriage of commercial cargoes and not employed mainly in voyages between ports within the United Kingdom, Irish Free State, Isle of Man and Channel Islands, or in maintaining regular services between such ports and ports in the Continent of Europe between the River Elbe and Brest inclusive.

5.—(1) Any advances made under this Part of this Act and the principal of any loans guaranteed under this Part of this Act shall not together exceed in the aggregate ten million pounds, and no such advance shall be made or guarantee given after the expiration of two years from the date of the commencement of this Act.
(2) Any advance made or guarantee given under this Part of this Act shall be made, or given, upon such terms as may be determined by the Treasury, and without prejudice to the generality of this provision such terms shall include the following terms, that is to say:—

(a) that the advance or guarantee shall be secured by a first mortgage on any vessels in respect of which the advance or guarantee is made or given;

(b) that the rate of interest on any advance made or loan guaranteed shall not exceed three per cent. per annum;

(c) that the principal of, and interest on, any advance made or loan guaranteed shall be repayable by instalments within a period not exceeding twelve years.

(3) Such sums as may from time to time be required for the purposes of making any advances under this Part of this Act, or of fulfilling any guarantees given under this Part of this Act shall be charged on and issued out of the Consolidated Fund of the United Kingdom or the growing produce thereof.

(4) For the purpose of providing for the issue of sums out of the Consolidated Fund or of any part of any sum so issued, the Treasury may raise money in any manner in which they are authorised to raise money under and for the purpose of subsection (1) of section one of the War Loan Act, 1919, and any securities created and issued to raise money under this subsection shall for all purposes be deemed to have been created and issued under the said subsection (1).

(5) All sums received by way of interest on advances made under this Part of this Act shall be paid into the Exchequer, and all sums received in repayment of any sum issued out of the Consolidated Fund under this Part of this Act shall be applied in such manner as the Treasury may direct to the redemption of debt.

(6) The Board of Trade shall, before the first day of October in every year, prepare an account in such form and in such manner as the Treasury may direct of the advances made under this Part of this Act, and the
British Shipping (Assistance). [25 Geo. 5.]

A.D. 1934.

PART II
—cont.

sums received by way of interest on, or in repayment of, such advances during the last preceding financial year and the Comptroller and Auditor General shall examine and certify the account and shall lay copies thereof, together with his report thereon, before both Houses of Parliament.

(7) The Treasury shall, as soon as may be after each quarter of each year during which guarantees may be given under this Part of this Act, lay before both Houses of Parliament a statement of the guarantees given under this section during that quarter, and shall so long as any such guarantees are in force lay before both Houses of Parliament in every year within one month after the thirty-first day of March, an account up to that date of the total sums, if any, which have been either issued out of the Consolidated Fund under this Part of this Act or paid in or towards repayment of any money so issued.

6. This Part of this Act shall come into operation upon such date as may be appointed by order of the Board of Trade with the consent of the Treasury.

PART III.

MISCELLANEOUS.

7.—(1) The vessels to which this Act applies are all ships which are neither fishing vessels nor constructed or adapted—

(a) for the carriage of more than twelve passengers; or

(b) for the carriage of oil in bulk; or

(c) in such manner that more than per cent. of the space available for cargo is adapted for refrigerating purposes.

(2) In this Act the expression "tramp voyage" means a voyage in the course of which all the cargo carried is carried under charter party.

(3) If, in connection with the operation of this Act, any question arises—

(a) whether a vessel is a vessel to which this Act applies; or
whether a vessel is eligible for subsidy under Part I of this Act; or

whether any voyage was a tramp voyage, or to the extent of any such voyage, or whether any such voyage was wholly or partly carried out within the year nineteen hundred and thirty-five, or was a voyage wholly between ports within the United Kingdom, Irish Free State, Isle of Man, and Channel Islands; or

whether any vessel is a vessel in respect of which assistance may be given under Part II of this Act,

the question shall be decided by the Board of Trade after consultation with the appropriate advisory committee, and the decision of the Board shall be final.

Anything required or authorised by or under this Act to be done by, to, or before the Board of Trade may be done by, to, or before the President or any Secretary, Under Secretary or Assistant Secretary of the Board or any person authorised in that behalf by the President of the Board.

Section eighteen of the Economy (Miscellaneous Provisions) Act, 1926 (which gives directions to the Board of Trade as to fixing the amount of the fees to be charged under the Merchant Shipping Acts, 1894 to 1923) is hereby repealed.

This Act may be cited as the British Shipping (Assistance) Act, 1934.
British Shipping
(Assistance).

Draft
of a
Bill

To make provision for the granting of financial assistance to the owners of ships registered in the United Kingdom in respect of tramp voyages carried out during the year nineteen hundred and thirty-five, and to persons entitled to be owners of British ships in respect of proposals for the improvement of merchant shipping fleets; to provide for the repeal of section eighteen of the Economy (Miscellaneous Provisions) Act, 1926; and for purposes connected with the matters aforesaid.

CCCXXVI.—A. (2.)

26th November 1934.