

1983

THE PARLIAMENT OF THE COMMONWEALTH
OF AUSTRALIA

HOUSE OF REPRESENTATIVES

EXCISE TARIFF AMENDMENT BILL (NO.2) 1983

EXPLANATORY MEMORANDUM

(Circulated by Authority of the Minister for Industry and
Commerce, Senator the Honourable John N. Button, MP)

OUTLINE

The Excise Tariff Amendment Bill (No.2) 1983, which proposes to amend the Excise Tariff Act 1921 has two main purposes:

- (i) to introduce new provisions into the Principal Act which will have the effect of automatically indexing certain traditional excise duty rates at six monthly intervals; and
- (ii) to introduce new provisions into the Principal Act to provide for a revised excise system for crude oil produced from fields discovered before 18 September 1975.

Indexation of certain traditional excise duty rates was introduced from Budget night and is designed to maintain the real value of excise collections.

The excises will rise gradually in line with inflation as wages and other income increase.

This bill provides for indexation to automatically occur on 1 February and 1 August of each year, based on the CPI increase for the prior two quarters of each period as published by the Australian Statistician.

Provision is made however, for the Minister to notify in the Gazette a commencement date for indexation, if the CPI is not published by the Statistician in time for indexation to operate on 1 February or 1 August. Provision is also made to require the Minister to publish in the Gazette the new substituted excise rates after each indexation adjustment.

The revised excise system for crude oil provides for increases in excise rates as the annual production from a field increases. Provision is made for the relevant excise duty rates to be adjusted automatically in accordance with movements in the import parity price of Bass Strait crude oil.

Provision is also made for the system to cater for more than one import parity price change in a financial year as well as for fields which commence production in a financial year.

The new provisions are designed to ensure the systematic collection of excise duty on crude oil during a financial year (analogous to the PAYE provisions in the income tax legislation).

The import parity price of Bass Strait crude oil is to be determined by the Minister for Resources and Energy and published in the Gazette with such determinations to be subject to disallowance.

The other provisions in the Bill propose to enact outstanding Excise Tariff alterations which have had effect from 1 July 1983, 23 August 1983 and 9 September 1983.

NOTES ON CLAUSES

Clause 1

Formal

Clause 2

Commencement provisions -

- (i) clauses 1, 2 and 3 containing the short title, commencement provisions and indexation of certain traditional excise duty rates, are to operate from the date of Royal Assent;
- (ii) clauses 4, 5 and 8 containing the revised excise system for crude oil, Excise Tariff alterations effective from 1 July 1983, and a provision consequent upon the revised excise system for crude oil, are to be deemed to operate from 1 July 1983;
- (iii) clause 6 containing the discretionary excise tariff alterations introduced in the 1983 Budget is to be deemed to operate from 8pm on Budget night, i.e. 23 August 1983; and
- (iv) clause 7 containing the Excise Tariff alterations effective from 9 September 1983, relating to non-diplomatic Trade Commissioners, is to be deemed to operate from 9 September 1983.

Clause 3

Inserts new provisions into the Principal Act to provide for the indexation of certain traditional excise duty rates at six monthly intervals -

- Proposed section 6A(1)

defines certain terms for the purposes of the section and in particular defines the term 'index number' in relation to a quarter to mean the All Group Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Australian Statistician in respect of the quarter. The definition of the term 'relevant rate' has the effect of excluding from indexation:

- (a) crude oil, which is subject to movements in the Bass Strait import parity price (as to which see clause 4);
- (b) liquefied petroleum gas, which is to remain subject to discretionary alterations based on domestic and export price; and

(c) coal, which is not the subject of a revenue duty as the excise duty is collected for the purposes of the coal miners long service leave and coal research trust funds;

- Proposed section 6A(4)

provides for the defined traditional excise duty rates to be multiplied by the factor ascertained in accordance with section 6A(5), on 1 February and 1 August of each year and for the new rates to be calculated to the decimal places set out in paragraph 6A(4)(b);

- Proposed section 6A(5)

contains the formula for determining the factor by which the excise duty rates are to be multiplied on 1 February and 1 August of each year;

- Proposed section 6A(6)

provides for the Minister to publish in the Gazette a new commencement day for indexation where it is not possible to alter the excise duty on either 1 February or 1 August by reason of a delay in the publication of an index number for the appropriate previous quarter; and

- Proposed section 6A(8)

places an obligation upon the Minister to notify the altered excise duty rates in the Gazette, as soon as practicable after the day of alteration.

Clause 4

Inserts new provisions into the Principal Act to provide for a revised excise system for crude oil produced from fields discovered before 18 September 1975 -

- Proposed section 6B(1)

defines certain terms for the purposes of the section;

- Proposed section 6B(2)

provides that the amount of excise duty in respect of crude oil is to be ascertained by reference to the area where it is produced and the prescribed division of a financial year during which the oil is entered for home consumption;

- Proposed section 6B(3)

sets out the way in which the amount of duty in respect of relevant oil produced from a particular area and entered for home consumption in a particular prescribed division of a financial year, is to be calculated;

- Proposed section 6B(4)

is the formula for determining the quantity of crude oil for which the notional duty is calculated for the purposes of section 6B(3);

- Proposed section 6B(5)

is the calculation for determining the amount of notional duty in respect of a quantity of oil referred to in section 6B(4);

- Proposed section 6B(6)

is the formula to determine the amount of notional duty in respect of a quantity of oil referred to in section 6B(4) where there is a variation in the import parity price for Bass Strait crude oil in a financial year;

- Proposed section 6B(7)

sets out the relevant percentages for the purposes of determining the notional duty under sections 6B(5) and 6B(6);

- Proposed section 6B(8)

provides for the calculations under sections 6B(5) and 6B(6) to be corrected to one decimal place;

- Proposed section 6B(9)

is the formula for determining the notional duty in respect of relevant oil in respect of a production area where production commences after the beginning of a financial year;

- Proposed section 6B(11)

provides for the Minister for Resources and Energy to determine the import parity price of Bass Strait crude oil. Such determination is to be published in the Gazette;

- Proposed section 6B(12)

sets out certain factors which the Minister for Resources and Energy may have regard to when determining the import parity price for the purposes of section 6B(11); and

- Proposed section 6B(13)

provides that the determinations made for the purposes of section 6B(11) are to be subject to disallowance.

Clause 5

proposes to enact excise tariff alterations which have had effect from 1 July 1983. Such alterations apply to aviation gasoline, aviation kerosene, motor spirit, diesel fuel and LPG.

Clause 6

proposes to enact excise tariff alterations which have had effect from 8pm on Budget night (i.e. 23 August 1983). Such alterations apply to refined petroleum products, fortifying spirit, tobacco products, fusel oil, amylic alcohol, cigarette papers, tubes, matches and playing cards. The alterations to refined petroleum products and fortifying spirit which were made subsequent to Budget night are also given effect to by this clause.

Clause 7

proposes to enact excise tariff alterations which have had effect from 9 September 1983. These alterations remove the excise duty concessions for non-diplomatic Trade Commissioners.

Clause 8

amends the Schedule to the Excise Tariff Act 1921 as a consequence of the new provisions for crude oil proposed by clause 4.