

1989

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

EXCISE TARIFF AMENDMENT BILL (No. 2) 1989

EXPLANATORY MEMORANDUM

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

EXCISE TARIFF AMENDMENT BILL 1989

Outline

The main purpose of this Bill is to amend the Excise Tariff Act 1921 ("the Act") to:

- a) incorporate into the Act a previously notified excise tariff proposal which alters the excise duty on naturally occurring liquefied petroleum gas (LPG) with effect from 1 April 1989 in accordance with the Government's long-standing policy of calculating the excise duty on the basis of 60% of the amount by which the realised price for the gas (calculated as a weighted average of the prices received from exports and local sales of LPG) exceeds \$147 per tonne (clause 4);
- b) effect a minor technical amendment to Item 10(A) of the Schedule to the Act to take account of the fact that the Australian Capital Territory has attained self-government (clause 3).

Financial Impact Statement

The Government will not raise any revenue from excise on naturally occurring LPG for the six months from 1 April 1989.

With a zero excise rate to apply from 1 April 1989 total LPG excise receipts for the 1988-89 financial year are estimated at \$11 million compared with receipts of \$19.8 million in 1987-88.

NOTES ON CLAUSES

Short title etc.

Clause 1 provides for the citation of the Act, and identifies the Excise Tariff Act 1921 as the Principal Act for the purposes of this Act.

Commencement

Clause 2 provides for the Act to commence on the day on which it receives the Royal Assent, with the exception of:

- a) clause 3, which shall be taken to have commenced on 1 July 1989, and which amends the Schedule to the Act by omitting from paragraph 10(A)(b) the words "including an Ordinance of the Australian Capital Territory" to reflect the fact that the Australian Capital Territory has attained self-government.
- b) clause 4, which shall be taken to have commenced on 1 April 1989, and which alters the excise duty on naturally occurring liquefied petroleum gas (LPG) from that date.

Amendment of Schedule having effect from 1 July 1989

Clause 3 provides for a minor technical amendment to the Schedule to the Act with effect from 1 July 1989 to reflect the fact that the Australian Capital Territory has attained self-government and therefore its Ordinances should no longer be regarded as laws of the Commonwealth.

- . The effect of the amendment is to remove from paragraph 10(A)(b) of the Schedule the words "(including an Ordinance of the Australian Capital Territory)".
- . The Amendment places any Government Enterprises established by the Australian Capital Territory Government on the same footing as those established under State Legislation ie. those Government Business Enterprises are not eligible to receive concessional rates of duty by reason of being established under that legislation.
- .. in the past few years the Commonwealth has withdrawn this facility from most of its own Government Business Enterprises.

Amendment of Schedule having effect from 1 April 1989

- Clause 4 alters the excise duty on naturally occurring liquefied petroleum gas (LPG) with effect from 1 April 1989 in accordance with the Government's long-standing policy of calculating the excise duty for this product on the basis of 60% of the amount by which the realised price (ie. calculated as a weighted average of the prices received from exports and local sales of LPG during the immediately preceding 6 months) exceeds \$147 per tonne;
- . the effect of the amendment is to decrease the excise rate on LPG from \$6.25 per kilolitre to a rate of Free, reflecting the fact that the excise threshold of \$147 a tonne has not been reached on average over the immediately preceding six months;
 - . since the excise only applies to offshore fields, the only field affected is Bass Strait;
 - . no excise is payable on refinery-produced LPG.