

1984

THE PARLIAMENT OF THE COMMONWEALTH

OF AUSTRALIA

SENATE

LIQUEFIED PETROLEUM GAS (GRANTS) AMENDMENT BILL 1984

EXPLANATORY MEMORANDUM

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

OUTLINE

The purpose of this Bill is to amend the Liquefied Petroleum Gas (Grants) Act 1980 to extend the operation of the Liquefied Petroleum Gas (LPG) subsidy scheme to 31 March 1987 in a modified form.

The subsidy was introduced for three years in 1980 to alleviate sharp price increases in LPG and to encourage conversion to more readily available alternative fuels such as natural gas and electricity. In 1982 a revised version of the scheme was extended for 12 months until 28 March 1984.

This Bill proposes to extend the scheme for a further 3 years to counteract possible future sharp increases in the price of LPG which would be faced by consumers if the subsidy were withdrawn.

Eligibility for the subsidy will remain unaltered. However, the rate of subsidy will in future be calculated in accordance with a formula based upon a wholesale price for LPG as determined by the Minister for Resources and Energy.

Proposed section 6A(4) in Clause 5 of the Bill sets out the factors to be taken into account by the Minister for Resources and Energy in determining that wholesale price.

The Minister for Resources and Energy is required to publish in the Gazette the wholesale price as determined by him in respect of each relevant period. The determination is to be tabled before both Houses of Parliament and is subject to disallowance.

The rate of subsidy for the period 28 March 1984 to 30 September 1984 will be \$20.31 per tonne. For each subsequent six monthly period commencing on 1 April and 1 October each year the subsidy rate is to be calculated by subtracting from the wholesale price, as determined by the Minister for Resources and Energy for the six monthly period, the amount that was the subsidized price of the LPG for the preceding six monthly period adjusted in accordance with the change in the fuel and light component of the CPI for the latest available six month period prior to the adjustment date.

The Minister for Industry and Commerce is required, under Clause 4 of the Bill, to notify in the Gazette the rates of subsidy applying after 1 October 1984.

NOTES ON CLAUSES

- Clause 1 Short title. Identifies the Liquefied Petroleum Gas (Grants) Act 1980 as the Principal Act.
- Clause 2 Commencement to be the date of Royal Assent.
- Clause 3 Extends the operation of the Principal Act for 3 years until 31 March 1987.
- Clause 4 Remakes paragraph 6(7)(b) of the Principal Act to -
- . provide that the payments to be made by the State during the extended period of the Act in respect of LPG sold by a registered distributor for eligible use shall be at the rate determined in accordance with proposed section 6A (as to which see Clause 5); and
 - . require the Minister to notify in the Gazette, for the information of the public, the subsidy rates applicable for the six monthly periods commencing on 1 April and 1 October each year.
- Clause 5 Inserts a new section 6A into the Principal Act to provide for the ascertainment of the subsidy rates. The rates are to be -
- (a) for LPG sold on or before 28 March 1984 - \$80.00 per tonne;
 - (b) for LPG sold between 29 March 1984 and 30 September 1984 - \$20.31 per tonne; and
 - (c) for LPG sold during each subsequent 6 monthly period commencing on 1 October 1984 - the rate to the nearest cent ascertained in accordance with the formula $A - (B - C) D$ where:
 - A is the approved wholesale price per tonne in relation to that LPG i.e. the wholesale price per tonne as determined by the Minister for Resources and Energy under proposed sub-section 6A(3);
 - B is the previously approved wholesale price per tonne of LPG sold immediately before the commencement of the period concerned;
 - C is the subsidy rate per tonne in respect of LPG sold on the day immediately preceding the commencement of the period concerned; and

- D is an index number as defined in proposed sub-section 6A(9), calculated to three decimal places.

Proposed sub-section 6A(3) provides for the Minister for Resources and Energy to, by written instrument, determine the wholesale price for the purposes of the letter A in the formula, having regard to the factors set out in proposed sub-section 6A(4).

Proposed sub-sections 6A(5) to 6A(8) provide for certain provisions of the Acts Interpretation Act 1901, the Statutory Rules Publications Act 1903 and the Evidence Act 1905 to apply to the determinations made by the Minister for Resources and Energy under Clause 5. These provisions will require, amongst other things, for the determinations to be notified in the Gazette, to be tabled before both Houses of the Parliament and to be subject to disallowance. Proposed sub-sections (9) to (11) relate to the index number referred to in the letter D in the formula.

Proposed sub-sections 6A(12) to (14) provide for the Minister for Resources and Energy to delegate by written instrument his powers under proposed section 6A to officers of his Department.

- Clause 6 Remakes the formula set out in paragraph 7(7)(b) of the Principal Act as a consequence of the proposed new subsidy rate ascertainment in Clause 5 above. The formula in paragraph 7(7)(b) of the Act is the means by which the subsidy in respect of reticulated gas is calculated.

Proposed sub-section 7(8) sets out the new relevant periods for the purposes of payments under paragraph 7(7)(b) of the Principal Act; provides for the apportionment of the quantities in respect of claims for payments, if such claims fall partly within one relevant period and partly within another relevant period and defines the prescribed amount for the purposes of the letter A in the remade formula.

- Clause 7 Amends section 7A of the Principal Act to -

- (i) correct a number of errors in that section (sub-clause 1). Sub-clause 3 provides for those corrections to operate from 22 October 1982 i.e. the commencement of the Liquefied Petroleum Gas (Grants) Amendment Act 1982 which inserted section 7A into the Principal Act; and

- (ii) make consequential amendments to the references to "consumption periods" in section 7A as a result of the extension of the subsidy until 31 March 1987. The current provisions specify two consumption periods i.e. the period of 12 months commencing on 1 October 1982 and the period commencing on 1 October 1983 and ending on 28 March 1984. The new provisions will provide for six consumption periods and these are set out in Clause 7(2)(c) of the Bill. The allowable quantities of gas for those consumption periods are set out in Clause 7(2)(d).

Clause 7(2)(e) has the effect of continuing the validity of determinations made by the Minister in pursuance of sub-section 7A(7) of the Principal Act in respect of the allowable quantities of gas for which a corporation is entitled to claim subsidy payments.

Clause 7(2)(f) amends sub-sections 7A (19) and (20) of the Principal Act to bring these provisions into line with section 84 of the Trade Practices Act as proposed to be amended. The provisions deal with the conduct of directors, servants or agents of corporations who are eligible for the subsidy payments.

Clause 8 Provides for the existing schemes formulated pursuant to paragraph 6 and 7 of the Principal Act to be deemed to be amended to reflect the proposed amendments to sections 6(7)(b) and 7(7)(b) of the Principle Act as proposed by this Bill.

