Excise Tariff Amendment Bill (No. 2) 1989

Date Introduced: 25 October 1989
House: House of Representatives
Portfolio: Industry, Technology and Commerce

Digest of Bill

Purpose
To remove the excise duty payable on offshore liquefied petroleum gas (LPG) and the exemption from excise duty of A.C.T. government business enterprises.

Background
Australia's demonstrated reserves of LPG are associated with crude oil and natural gas and were estimated in March 1988 to be around 54 million tonnes. These reserves occur in three main areas. They are associated with crude oil and natural gas in the Gippsland and Cooper/Eromanga Basins, and with natural gas in the Carnarvon/Bonaparte Basins. Australian LPG markets are currently supplied by naturally occurring production and from refineries. Refinery production amounts to approximately 600 000 tonnes per annum. Production of naturally occurring LPG is approximately 2.1 million tonnes per annum. Production of naturally occurring LPG in excess of domestic requirements is exported by Bass Strait producers from Port Bonython near Whyalla. In addition the Wesfarmers LPG extraction plant at Kwinana in Western Australia, which commenced operation in 1988, has the capacity to extract 150 000 tonnes of LPG per annum from the North – West Shelf – Perth domestic gas stream. This is sufficient to supply all of Western Australia's LPG requirement as well as making the State a significant exporter (e.g. Japan has contracted to buy 130 000 tonnes of LPG per annum from Wesfarmers).

Offshore production of LPG is subject to excise duty. The excise rate is calculated as 60% of the amount by which the realised price for naturally occurring LPG exceeds $147 a tonne. The realised price is calculated as a weighted average of the prices received from exports and local sales of LPG in the relevant six month period prior to the determination. The current level of excise on LPG is $15.39 per kilolitre.

Main Provisions
Clause 3 will remove the exemption from excise duty of any government business enterprises established by the A.C.T. Government. This means that
A.C.T. government business enterprises, like non-government commercial enterprises and most Commonwealth government business enterprises, will be liable for excise duty on domestically produced excisable goods which they use. The amendment will have effect from 1 July 1989 (clause 2).

Clause 4 will remove the excise duty payable on offshore LPG. The amendment will have effect from 1 April 1989 (clause 2).

For further information, if required, contact the Economics and Commerce Group.

1 December 1989

Bills Digest Service
Legislative Research Service

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

© Commonwealth of Australia 1989

Except to the extent of the uses permitted under the Copyright Act 1968, no part of this publication may be reproduced or transmitted in any form or by any means, including information storage and retrieval system, without the prior written consent of the Department of the Parliamentary Library. Reproduction is permitted by Members of the Parliament of the Commonwealth in the course of their official duties.