Date introduced: 22 August 1985
House: Senate
Presented by: Senator the Hon. Donald Grimes, Deputy Leader of the Government in the Senate and Minister for Community Services

DIGEST OF BILL

Purpose

To terminate the subsidy currently payable to certain uses of liquified petroleum gas (LPG).

Background

LPG comprises the higher volatility hydrocarbon gases propane and butane. It may either be produced from natural gas or as a petroleum refinery by-product. The gases become liquid under pressure and are used for domestic and commercial uses and, to a lesser degree, as a transport fuel.

The Liquified Petroleum Gas (Grants) Act 1980 (the Principal Act) was introduced to provide a subsidy to certain users of LPG. The subsidy was intended to protect eligible users from fluctuations in the price of LPG and was initially available to schools, householders and non-profit residential type institutions for a period of 3 years. The range of eligible users was extended later in 1980 to include commercial and industrial users in areas not served by natural gas. Subsequent amendments to the Principal Act in 1982 and 1984 restricted the subsidy payable, to commercial and industrial users, to the first 500 or 1000 tonnes of LPG used depending on the use and time of usage. The 1982 amendments also extended the subsidy scheme until 28 March 1984 while the 1984 amendments extended the scheme until 31 March 1987.

The rate of subsidy remained constant at $80 per tonne from March 1980 to March 1984. From March 1984 a revised method for calculating the subsidy was introduced.
Under the new method, which was related to movements in the Consumer Price Index and the wholesale price of LPG, the rate of subsidy fell to $20.31 per tonne from March to October 1984, then to $19.97 per tonne from October 1984 to April 1985 before rising to $21.03 per tonne for the period after 1 April 1985.[1]

As part of the Treasurer's statement on Government expenditure savings, delivered on 14 May 1985, it was announced that the subsidy would cease from 30 September 1985. This Bill implements that decision.

**Main Provisions**

Clause 3 amends section 3 of the Principal Act to insert a new termination date for the subsidy. The clause will omit the date 31 March 1987 and substitute 30 September 1985.

Clause 5 makes it clear that all subsidy schemes are to cease by 1 October 1985 and that no subsidies will be payable for LPG sold or delivered on or after 1 October 1985.

**Remarks**

The Government estimates that the termination of the subsidy scheme will save $3.5 million for the remainder of the 1985/86 financial year and $6.8 million in the full, 1986/87 financial year.[2]

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


Commonwealth of Australia 1985

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