Date Introduced: 4 May 1983
House: House of Representatives
Presented by: Hon. J. Brown, M.P., Minister Assisting the Minister for Industry and Commerce

Short Digest of Bill

Purpose

To enact several changes in excise tariffs, including Budget measures announced on 17 August 1982. The changes apply to beer, petroleum, certain petroleum products, LPG, and certain manufactured tobacco products.

Background

Provisions in the respective legislation permit changes to be made at any time to customs tariffs and excises, by introduction of Proposals into the House of Representatives or notification of the changes in the Gazette. Alterations thus made are later enacted by legislation.

The 1982/83 Budget, introduced on 17 August 1982, imposed increased taxes on beer and tobacco products. Excise duties, on home production, rose by approximately 15 per cent for beer and 20 per cent for tobacco products, with corresponding increases in customs duties for imported products. The changes in excise were estimated to yield $113 million from beer and $98 million from tobacco in 1982-83, and $155 million and $125 million respectively in a full year.

The 1982/83 Budget proposed replacement of the excise exemption on diesel for off-road use with a rebate scheme. The inclusion of diesel for off-road use in the excise tax base was estimated to yield an additional $161 million in 1982/83 and $176 million in a full year.

Other excise changes which would be enacted by the present Bill, apply to stabilized crude petroleum oil. Excise Tariff Proposals No.3 (1982), introduced into the House of Representatives on 24 August 1982, increased the
excise rate from $186.26 to $205.97 per kilolitre, to apply from 1 July 1982. The increase was in line with the import parity pricing scheme for Australian crude. The Proposal also increased the excise duty on naturally occurring liquified petroleum gas (LPG) to establish a new wholesale price.

Excise duties on crude oil and LPG were again increased by Excise Notice No.2 (1982), published in the Gazette on 30 December 1982 to apply from 1 January 1983. The new duty rates were $227.13 per kilolitre and $36.63 per kilolitre respectively.

A developing glut in world oil markets led in early 1983 to a drop of $US5 per barrel in the marker price for Saudi Arabian light. Although devaluation of the Australian dollar lessened the impact on Australian parity prices, the Government reduced the price of Australian crude by $1.79 per barrel from 1 April 1983, corresponding to a reduction in excise from $227.13 to $216.11 per kilolitre.

Although the Bill contains enacting provisions for several successive excise rates, enactment of now superseded rates is necessary for validation of excise collection during the relevant period.

Outline

The Bill contains six sections. Clauses 3 to 6 respectively contain tariff amendments commencing on each of four commencement dates, as provided for in clause 2. For each clause, subclause (2) sets out the transitional provisions for imposition of the amended tariff during the period of its application.

Main Provisions

Clause 3 (commencing 7 July 1982) imposes rates of $205.97 and $25.97 per kilolitre for stabilised crude petroleum oil and naturally occurring LPG respectively.

Clause 5 (commencing 1 January 1983) increases those rates to $227.13 and $36.93 respectively.

By clause 6, the rate in respect of crude oil only (paragraph 17(A)(2)) is reduced to $216.11 per kilolitre, with effect from 1 April 1983.

Changes set out in clause 4, to apply from 8 p.m. on 17 August 1982, substitute increased duty rates for certain tobacco products, implement excise liability for all
diesel fuel, and increase the rate of such duty from $0.05155 per litre to $0.06155.

For further information, if required, contact:

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