PETROLEUM PRODUCTS PRICING BILL 1981

Date Introduced: 27 May 1981
House: House of Representatives
Presented by: Hon. J.C. Moore, Minister for Business and Consumer Affairs

Short Digest of Bill

Purpose

To establish a Petroleum Products Pricing Authority with authority to inquire into prices and price increases for petroleum products.

Background

Following the Review of Commonwealth Functions, the so-called "Razor Gang", the Government decided to "de-regulate" the private sector and leave greater scope for private decision-making. As part of this decision it intends to abolish the Prices Justification Tribunal (PJT) which had the function of monitoring prices charged by companies. The abolition of the PJT is provided for in the Commonwealth Functions (Statutes Review) Bill 1981, also introduced on 27 May. However, the one function of the PJT which will remain is the power of surveillance over prices charged by the petroleum products industry. These powers will be given to the Petroleum Products Pricing Authority to be established under the present Bill. Petroleum prices have, of course, been quite a controversial issue over the past few years.

Main Provisions

Clause 5 establishes the Petroleum Products Pricing Authority to be headed by the new position of Commissioner for Petroleum Products Pricing. This person is to be appointed by the Governor-General and may be the person who holds the office of full-time member of the Temporary Assistance Authority. Appointment is for a period of five years (clause 6). Clause 11 allows the Minister to appoint one or more Associate Commissioners for particular inquiries. Provision is made for the disclosure of financial interests, resignation and termination of appointments by Commissioners and Associate Commissioners (clauses 12, 13 and 14 respectively). The Commissioner is empowered to convene meetings of the Authority at such times...
and places as he thinks necessary. Certain other provisions are also made for the holding of meetings (clause 15).

Part III relates to the functions of the Authority. Under sub-clause 16(1), the functions of the Authority are to conduct inquiries into and make reports to the Minister about the prices of petroleum products and services (i.e. services related to the production or supply of petroleum products). Sub-clause 16(2) specifies that an inquiry is to be either a prices justification inquiry or an inquiry into circumstances related to prices. Inquiries may be initiated by the Minister (sub-clause 16(3) and (4)) or the Authority may initiate prices justification inquiries as it sees fit, subject to the Minister's approval. Sub-clause 16(5) specifically requires the Authority to give "due regard" to an adequate level of company profitability.

Clause 17 empowers the Minister to require the Authority to conduct an inquiry, specifying the product(s) and/or companies to be investigated. In other than a prices justification inquiry, the Minister may also give directions to the conduct of an inquiry (sub-clause 17(4)). The Minister may specify a time limit for enquiries (sub-clause 17(5)). The Minister may also direct the Authority to give special consideration to a specified matter or matters (clause 18).

Sub-clauses 19(1) and (2) makes it an offence for a declared company to increase its price unless the company has notified the Authority, and, either the prescribed period of 21 days has elapsed, the Authority has stated that it does not intend holding an inquiry, or the Authority has specified a lower price and the company has accepted the lower price within 7 days. Similar provisions apply to the prices charged for new products or services, or for products or services offered in new areas at prices higher than elsewhere (sub-clause 19(3)). A fine of up to $10,000 is provided for an offence against these notification requirements (sub-clause 19(4)). After giving notice to the Authority, and before it holds an inquiry, the company may reduce its notified price (sub-clause 19(5)). The Authority may increase the prescribed period beyond 21 days (sub-clauses 19(7) and (8)). But if the Authority decides to hold an inquiry the prescribed period is the shorter of the time taken to issue a report to the company or a specified time period. That specified time is 3 months and 14 days unless the Authority is of the opinion that it has been given insufficient information to complete its inquiry within that time (sub-clause 19(9)), in which case it may specify a further period it requires (sub-clause 22(2)). Sub-clause 10 requires the company to advise the Authority of its new price(s) within 14 days of it receiving the
report. (Otherwise the company is liable to a penalty up to $1,000 under sub-clause 19(11)). The Authority in turn is required to make the price public within a further 14 days (sub-clause 19(10)).

Clause 20 specifies that while an inquiry is in progress a company shall not increase its price before the earlier of either the time it takes to receive the Authority's report or 4 months and 14 days, or longer if the Authority believes it has been given insufficient time to complete its inquiry (penalty $10,000). After receiving the report the company must notify the Authority of its new price within 14 days (penalty $1,000) and the Authority is required to make that price public within a further 14 days.

Clause 21 allows for interim price increases. Companies may apply for interim price increases and these may be granted for the duration of the inquiry or may later be revoked by the Authority.

Where the Minister initiates an inquiry the Authority is required to notify the relevant companies, advertise the nature of the inquiry, and complete and report on the inquiry within 3 months in the case of inquiries into price increases, or the setting of new prices, and within 4 months otherwise (clause 22). Clause 24 allows any person to apply to give evidence or make submissions to the inquiry but applications will not be granted if the person does not have a substantial interest in the matter. Clause 25 provides for the procedure of inquiries which may be made public at the discretion of the Authority, but subject to any direction by the Minister. Clauses 26 and 27 respectively provide for the powers to obtain information and take evidence.

Clause 34 provides for the staffing of the Authority by people employed under the Public Service Act 1922.

Clause 38 allows any ongoing PJT work on petroleum products to be transferred to the Authority.

For further information, if required, contact:

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