LIQUEFIED PETROLEUM GAS (GRANTS) BILL 1980

Date Introduced: 17 April 1980
House: House of Representatives
Presented by: Hon. R.V. Garland, Minister for Business and Consumer Affairs

Short Digest of Bill

Purpose

To provide for grants to be made to the States to enable the States to pay, to registered distributors of Liquified Petroleum Gas (LPG), a subsidy of $80 per tonne on LPG sold to householders, non-profit residential type institutions and schools over a period of three years.

Background

In a Press Statement, dated 8 April, 1980, the Minister for National Development and Energy announced changes to the Government's LPG policy. Following an agreement made between the Commonwealth Government and the producers of naturally occurring LPG, and a directive from the Government to the Prices Justification Tribunal (PJT) to give special consideration to reducing the refinery price of LPG, the new price of LPG for both Bass Strait LPG and ex-refinery LPG was set at $205/tonne. This price is $47/tonne less than the price of propane as decided by the PJT in January 1980. This new reduced price will not, however, apply to the petrochemical industry or other non-traditional users of LPG. The price to these users will be determined by commercial negotiation.

The Government decided in January this year that they would introduce a temporary scheme of assistance to household users of LPG (see Press Statement, Minister for National Development and Energy, 24 January, 1980). This provides for a third temporary tier in the pricing structure for LPG. The new price arrangements, together with the $80/tonne subsidy, mean an effective price for household usage of $125/tonne. It is this part of the policy that is covered by this Bill. It is estimated that the cost of the subsidy scheme will be about $60m over the three years it will be operating. This will be more than fully recouped by increases in the excise tariff on LPG that were announced on 17 April 1980 in the House of Representatives.
Main Provisions

Clause 4 provides for payments to be made to each State of an amount equal to the amounts paid by that State to distributors of LPG for the purposes of this subsidy scheme. Clause 5 authorizes the Minister to formulate a scheme for the purposes of this Act. Clause 6 sets out the necessary requirements for a scheme which includes the rate of subsidy of $80/tonne to be made by States to registered distributors of LPG for eligible use over the period to which the Act applies. Clause 3 defines "eligible use", "period to which this Act applies" and a number of other words for the purpose of the legislation. "State" is defined to include the Northern Territory.