EXCISE TARIFF AMENDMENT BILL (NO. 4) 1980

Date Introduced: 20 August 1980
House: House of Representatives

Purpose

To enact the Excise Tariff Proposals No. 2 (1980) which increased the excise duty on liquified petroleum gas (LPG) from $14 to $41.65 per kilolitre with effect from 18 April 1980.

Background

The increase in duty is designed to tax away from the producers of naturally occurring LPG derived from fields in production as at 17 August 1977, the benefits of the substantial rise in world and domestic LPG prices.

The export price of LPG had increased from $110 per tonne in April 1979 to $301 per tonne for butane and $252 per tonne for propane at the time when the Excise Tariff Proposals came into effect.

The domestic price similarly had increased from $110 per tonne to $205 per tonne as set by an agreement between the Commonwealth Government and the producers of naturally occurring LPG. This maximum agreed domestic price is lower than the export parity price, detailed above, initially recommended by the Prices Justification Tribunal to apply to domestic sales. The present agreed price does not apply to LPG sales to the petrochemical industry or other non-traditional users. The price to these users is set by commercial negotiation and presumably approximates the export parity price.

The previous increase in duty on LPG was authorised by the Excise Tariff Amendment Act (No. 2) 1979.

Revenue raised at the new rates of duty is estimated to be $104m. for 1980-81, an increase of approximately $60m. over the preliminary revenue figure for 1979-80.
Provisions

Clause 2 deems the Act to have come into operation on 18 April 1980.

Sub-clause 3(1) amends item 17(c)(2) of the Schedule to the Excise Tariff Act 1921 to increase the duty on naturally occurring LPG from $14 to $41.65 per kilolitre.

2 September 1980

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