PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

EXCISE AMENDMENT BILL (No. 2) 1979

Date Introduced: 28 May 1979
House: House of Representatives
Presented by: Hon. I. Macphee, representing the Minister for Business and Consumer Affairs

Short Digest of Bill

Purpose

To enable the prescription by regulation of an amount used in the calculation of rebates of excise duty on "parity oil" so that the net excise duty payable can be adjusted regularly complementary to changes in the import parity price.

Background

The Government's policy announced in the 1978-79 Budget provided for an immediate increase in crude oil prices to refineries to import parity but for the extra revenue to be taxed away from oil producers by an increase in excise duty. The duty on all oil was increased from $18.90 per kilolitre to $64.53 as from 16 August 1978 under the Excise Tariff Amendment Act (No. 2) 1978.

However, rebates of duty were provided for under the Excise Amendment Act 1978 to bring the net duty for each category of oil down to the amount just sufficient to increase the price to import parity.

To calculate the rebates, the latter Act provided for the Minister for National Development to determine

(i) the no-rebate price - basically the previous price received by producers plus the new gross rate of duty, and
(ii) the import parity price.

For previous parity oil, including part of Bass Strait production, the rebate was then calculated under new sub-s. 77M(2) as the excess of the new gross rate of duty over $18.90/kilolitre. This meant a rebate of $45.63/kilolitre, the same as the increase in duty, so that the net duty payable remained at $18.90/kilolitre.
Following the OPEC-induced price increases, the Minister declared on 29 December 1978 increased import parity prices for the period 1 January to 30 June 1979. The gross duty on crude oil was increased to $70.98/kl as from 1 January 1979 (to be enacted by the Excise Tariff Amendment Bill 1979). But because the sub-s. 77M(2) rebate for parity oil automatically increases by the same amount, no increase in net duty results and the benefit of the higher price accrues to producers.

However, the Treasurer announced in his statement of 24 May 1979 that the excise duty on parity oil will be increased from 1 July 1979 by the increase in the import parity price that has occurred by then since 31 December 1978, so that the gains from 1 July will accrue to government revenue.

To facilitate the adjustment of the net duty in line with the above and future changes in the import parity price, the rebate calculation is to be altered by this Bill so as to depend on regulations.

Provisions

Clause 3 provides for the rebate calculation in sub-s. 77M(2) to refer to an amount prescribed by regulation rather than to $18.90/kl.