EXCISE TARIFF AMENDMENT BILL 1978

Date Introduced: 12 April 1978
House: House of Representatives
Presented by: Hon. W. Fife,
Minister for Business and Consumer Affairs

Short Digest of Bill

Purpose

To ensure that condensate which is supplied to a refinery, not comingled with crude oil is subject to the production levy of $3 per barrel (i.e. $0.0189 per litre).

Provisions

This Bill amends sub-item 17(B) of the Schedule to the Excise Tariff Act 1921 so that condensate marketed as prescribed by Departmental by-laws is not subject to duty. All other sales of condensate will be subject to an excise duty of $0.0189 per litre (sub-clause 3(1)).

The excise changes were effective from 1 a.m. (Australian Capital Territory time) on 18 November 1977 (clause 2 and sub-clause 3(2)).

Background

Following the 1965 Tariff Board Report on Crude Oil, 8 September 1965, the Minister for Trade and Industry announced the Government policy for absorption of Australian crude oil. Basically imported crude was to be subject to a one penny per gallon import duty if the importing company did not accept their share of higher priced local crude oil. Local crude was to be shared on the basis of the importer's share of total Australian imports of refinery feedstocks and for refined products.

In January 1970 the allocation of indigenous crude oil was changed from an import base to a sales base. It was then allocated pro rata for all fields to all refiner/marketers in proportion to their sales of Category A refined products (these cover range of aviation gasoline to industrial diesel fuel).

The Minister for National Resources announced an alteration to the Government's Crude Oil Absorption Policy on 14 October 1977. Condensate was to be considered part of Australian crude oil and priced
accordingly. This meant that it was now advantageous for refineries to use indigenous condensate if possible. It also meant that gas fields had a ready market for condensate. This has helped the economics of some isolated gas fields.

In the 1977/78 Budget Speech the Treasurer announced an increase in the production levy on crude oil from $2 to $3 per barrel. He specifically excluded condensate marketed separately from a crude oil stream from the levy and said such condensate could be sold at commercially negotiated prices. As some gas fields have no crude oil content they have been selling their condensate to local refineries, avoiding the excise which fulfilling their requirements on refinering indigenous crude oil. This Bill imposes the excise on such condensate.