

1991

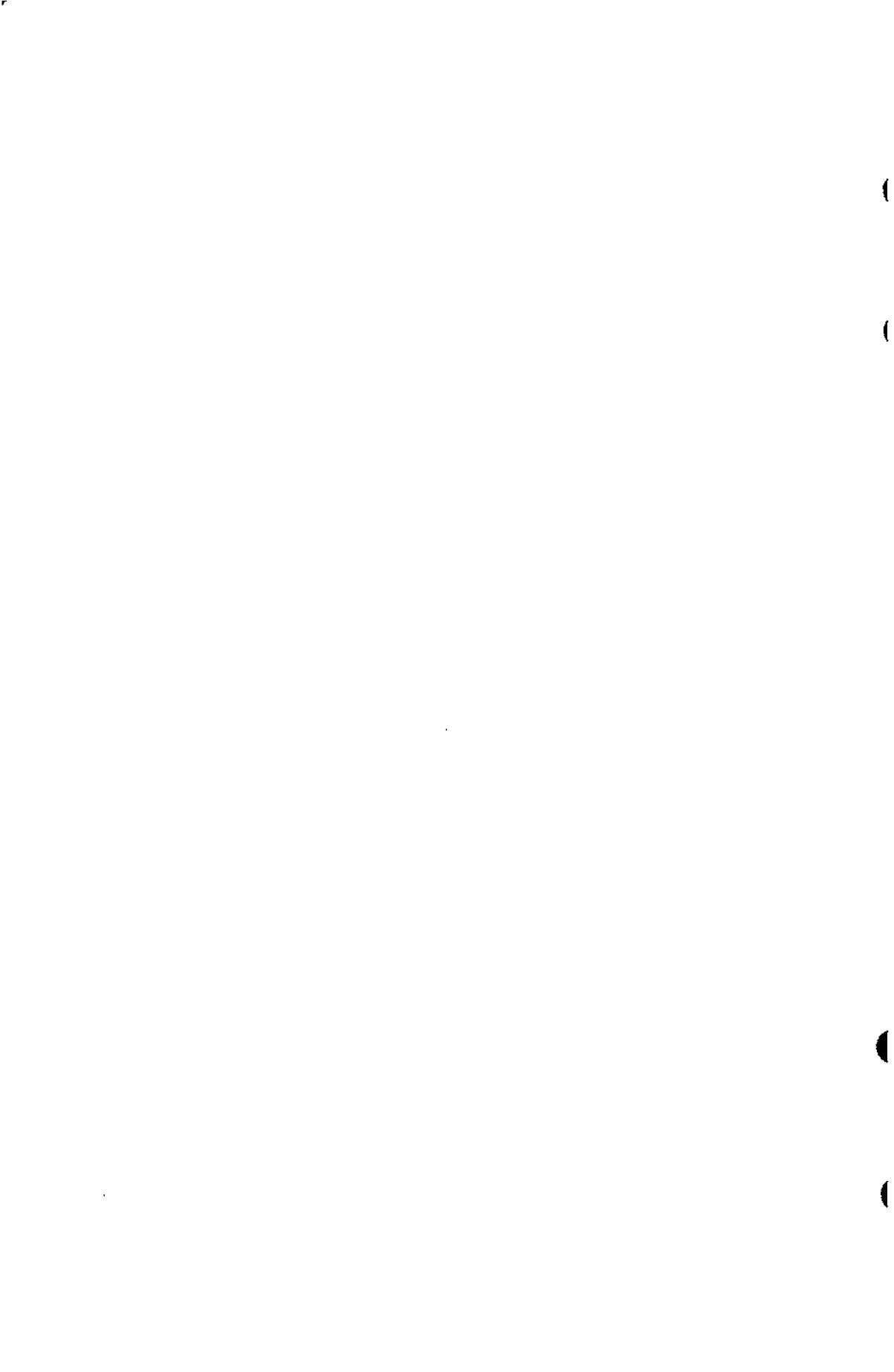
THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

EXCISE TARIFF AMENDMENT BILL 1991

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Industry,
Technology and Commerce, Senator the Honourable John N. Button)



EXCISE TARIFF AMENDMENT BILL 1991

OUTLINE

The main purpose of this Bill is to amend the Excise Tariff Act 1921 ("the Act") to incorporate into the Act two previously notified excise tariff alterations which:

- a) increase the excise duty payable on naturally occurring liquefied petroleum gas (LPG) for the period 1 April 1991 to 1 July 1991 in accordance with the Government's long standing policy of calculating the excise duty on the basis of 60% of the amount by which the realised price of the gas (calculated as a weighted average of the prices received from exports and local sales of LPG during the immediately preceeding 6 months) exceeds \$147 per tonne (Clause 4);
 - . As from 1 July 1991, the excise on naturally occurring LPG has been replaced by a resource rent tax (Act No. 80 of 1991 refers). Transitional arrangements in that Act provide that excise collected since 1 July 1990 on naturally occurring LPG is offset against the producer's tax liability under the resource rent tax legislation;
- b) reduce the excise duty payable on gasoline for use in aircraft (Avgas) with effect from 1 July 1991 following the Civil Aviation Authority's (CAA) decision to withdraw its rescue and firefighting service from capital city secondary airports. That part of the excise duty on Avgas which is calculated as an offset against the cost of providing the rescue and firefighting service has therefore been removed (Clause 3).

Financial Impact Statement

a) Liquefied Petroleum Gas

The increase in the excise rate for naturally occurring LPG is estimated to result in an increase of \$9.4 million in excise receipts for the three months commencing 1 April 1991.

b) Gasoline for use in Aircraft

Nil; the reduction in the rate of excise and customs duty on gasoline for use in aircraft will reduce the Commonwealth revenue by approximately \$340,000 for 1991-92. Money appropriated to the Civil Aviation Authority will reduce by that amount so therefore there will be no net financial impact.

EXCISE TARIFF AMENDMENT BILL 1991NOTES ON CLAUSESShort title etc.

Clause 1 provides for the citation of the Act, and identifies the Excise Tariff Act 1921 as the Principal Act for the purposes of this Act.

Commencement

Clause 2 provides for the Act to commence on the day on which it receives the Royal Assent with the exception of:

- a) Clause 3, which shall be taken to have commenced on 1 July 1991, (the date of commencement of Excise Tariff Proposal No. 2 of 1991) and which alters the duty on gasoline for use in aircraft from that date;
- b) Clause 4, which shall be taken to have commenced on 1 April 1991, (the date of commencement of Excise Tariff Proposal No. 1 of 1991) and which alters the excise duty on naturally occurring liquefied petroleum gas from that date.

Amendment of Schedule having effect from 1 July 1991

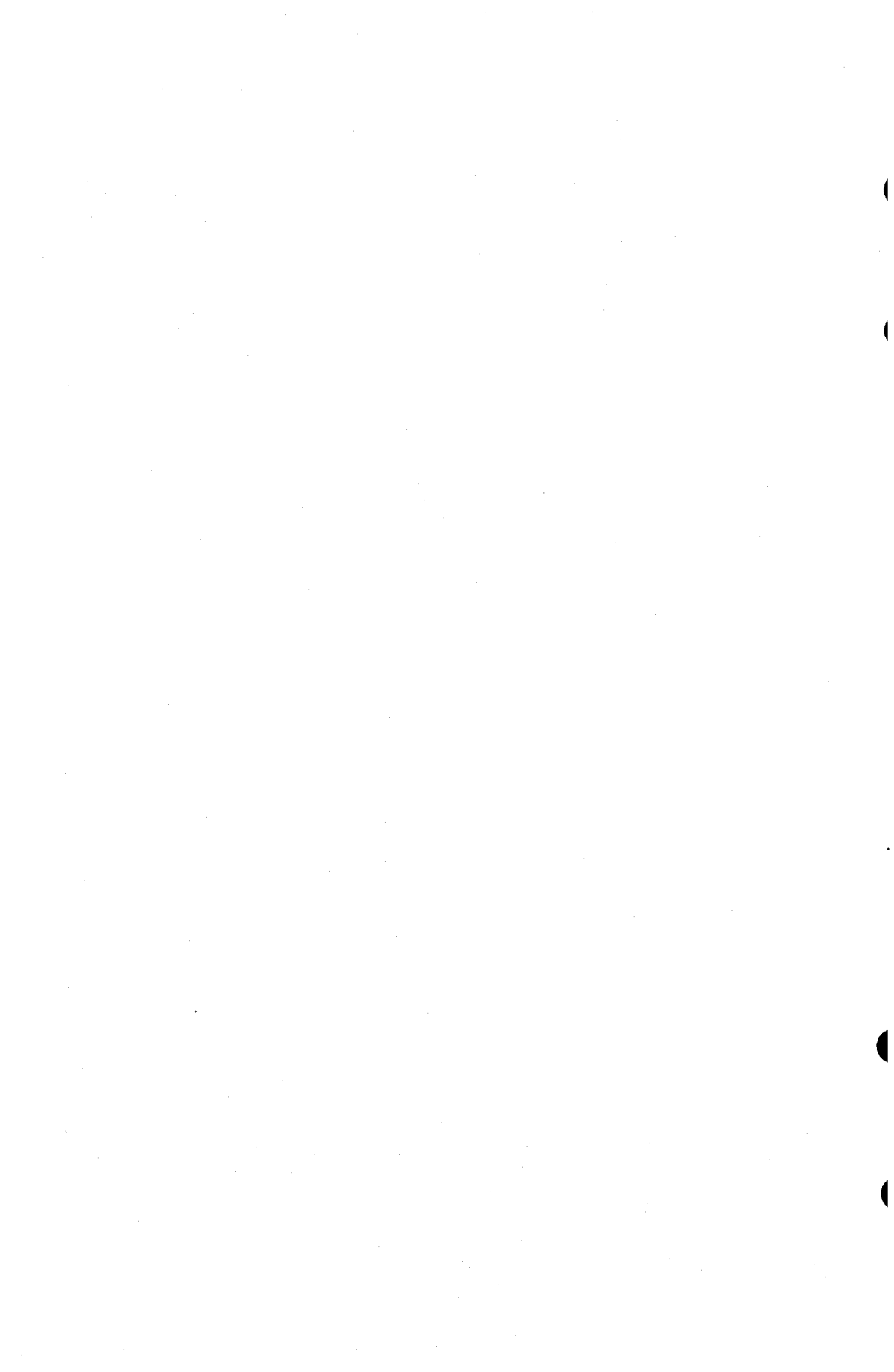
Clause 3 reduces the excise duty payable on gasoline for use in aircraft (Avgas) with effect from 1 July 1991 following the Civil Aviation Authority's (CAA) decision to withdraw its rescue and firefighting service from capital city secondary airports. That part of the excise duty on Avgas regarded as an offset against the cost of providing the rescue and firefighting service has therefore been removed;

- . the effect of the amendment is to decrease the excise rate on Avgas by 0.321 cents per litre, from \$0.27395 per litre to \$0.27074 per litre;
- . the secondary airports affected are Archerfield in Brisbane, Bankstown in Sydney, Essendon and Moorabbin in Melbourne, Parafield in Adelaide and Jandakot in Perth;
- . the CAA's decision to withdraw its rescue and firefighting services from 6 secondary airports followed a comprehensive review of existing Rescue and Firefighting Services (RFF) arrangements which involved input from the aviation industry, local authorities, metropolitan fire brigades and the Federal Airports Corporation;

- . the excise tariff alteration was notified in Excise Tariff Proposal No. 2 of 1991, which was tabled in the House of Representatives on 21 August 1991.

Amendment of Schedule having effect from 1 April 1991

- Clause 4 increases the excise duty payable on naturally occurring liquefied petroleum gas (LPG) for the period 1 April 1991 to 1 July 1991 in accordance with the Government's long standing policy of calculating the excise duty for this product on the basis of 60% of the amount by which the realised price (calculated as a weighted average of the prices received from exports and local sales of LPG during the immediately preceding 6 months) exceeds \$147 per tonne;
- . As from 1 July 1991, the excise on naturally occurring LPG has been replaced by a resource rent tax (Act No. 80 of 1991 refers). Transitional arrangements in that Act provide that excise collected since 1 July 1990 on naturally occurring LPG is offset against the producer's liability under the resource rent tax legislation;
 - . the effect of this amendment is to increase the excise rate on LPG from \$5.78 per kilolitre to \$35.94 per kilolitre;
 - . the increase in the excise rate for the period 1 April 1991 to 1 July 1991 reflects the higher export prices received for LPG as a result of the Iraq - Kuwait conflict;
 - . the excise tariff alteration was notified in Excise Tariff Proposal No. 1 of 1991, which was tabled in the House of Representatives on 9 April 1991.



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