

EXPLANATORY STATEMENT

STATUTORY RULES 1988 NO. 22

Issued by the Authority of the Minister for Resources

PETROLEUM EXCISE (PRICES) ACT 1987

PETROLEUM EXCISE (PRICES) REGULATIONS

The Petroleum Excise (Prices) Act 1987 provides for the determination of the prices to be used as the basis for the calculation of crude oil excise from 1 January 1988, in lieu of import parity prices which are no longer determined.

The Act enables the determination of a reference price for crude oil for each month, to be used as the basis for the initial calculation of crude oil excise, and the determination of interim and final volume weighted averages of realised (VOLWARE) prices for sales of excisable crude oil (Bass Strait crude oil) as information on those sales becomes available. When they are determined, the interim and final VOLWARE prices will replace the reference price as the basis for crude oil excise calculations. The oil producers' excise liabilities will be adjusted to reflect liabilities based on the VOLWARE prices. Their final excise liability will be based on the final VOLWARE price.

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The regulations provide for:

- (a) the method of calculating reference prices (regulation 3) in accordance with subsection 5(2) of the Act which specifies that this price must be based on the last interim VOLWARE price that has been determined, adjusted to take account of variations in world crude oil prices and variations in the value of the Australian dollar;
- (b) information to be provided by the oil producers (regulation 4) to enable the determination of VOLWARE prices and for auditing and general administration of the Act; and
- (c) the manner in which transaction prices to be used in determining VOLWARE prices for different types of transactions, such as pipeline sales of oil, and free-on-board (fob) and cost, insurance and freight (cif) sales of oil to be transported by ship, will be calculated (regulation 5).

S.R. No. 367/87