

EXPLANATORY STATEMENT

Select Legislative Instrument 2012 No. 189

Issued by authority of the Assistant Treasurer

Excise Act 1901

Excise Amendment Regulation 2012 (No. 2)

Section 164 of the *Excise Act 1901* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The purpose of the amending Regulation is to amend the *Excise Regulations 1925* (Principal Regulations) to provide manufacturers and suppliers of liquefied petroleum gas (LPG) and liquefied natural gas (LNG) for non-transport use with extended reporting and payment arrangements for their excise obligations. The excise system is being used to impose an equivalent carbon price on these fuels for one year and excise became payable from 1 July 2012 as part of the *Clean Energy Future* legislation package.

These arrangements for LPG and LNG businesses were announced in a press release issued by the Assistant Treasurer on 19 June 2012.

Standard excise accounting, reporting and payment arrangements are for weekly accounting with the required reports and payment due before the end of the next business day. The amending Regulation prescribes that manufacturers and suppliers of LPG and LNG for non-transport use will have to account for their excise obligations over a one calendar month period with reporting and payment for each month required on or before the last day of the third following calendar month. These excise accounting, reporting and payment arrangements for manufacturers and suppliers of LPG and LNG for non-transport use will end on 30 June 2013. After this, the carbon price will be applied directly using the carbon pricing mechanism and excise will no longer be used to apply an equivalent carbon price.

The amending Regulation complements recent amendments to the Principal Regulations which imposed excise at an amount equivalent to the carbon price on LPG and LNG for non-transport use.

The Regulation is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulation operates retrospectively in relation to the excise liabilities incurred by manufacturers and suppliers of LPG and LNG for non-transport use between 1 July 2012 and 30 June 2013.

The retrospective application of the amending Regulation will not adversely affect the rights of suppliers and manufacturers of LPG and LNG for non-transport use as it will extend the accounting period and due payment date. The changes amount to a significant easing of the compliance effort required by these businesses. Without the

retrospective application of the changes, manufacturers and suppliers of LPG and LNG for non-transport use will be subject to the standard weekly payment regime for their excise liabilities arising between 1 July 2012 and the commencement of the Regulation. There will be no additional administrative burden as the arrangements use existing systems.

The Government decision to provide these concessions was in response to industry calls for support during the transition period.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

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This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The purpose of the Legislative Instrument is to provide manufacturers and suppliers of liquefied petroleum gas (LPG) and liquefied natural gas (LNG) with a one month accounting period and a further three months to report and pay their excise obligations.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.