<u>EXPLANATORY STATEMENT</u>

<u>STATUTORY RULES 1989 NO 352</u>

Issued by the Authority of the Minister of State for Resources.

<u>PETROLEUM EXCISE (PRICES) ACT 1987</u>

<u>PETROLEUM EXCISE (PRICES) REGULATIONS (AMENDMENT)</u>

The proposed Regulations will provide for VOLWARE prices to be calculated at the end of 1989 by removing sub-section 4 (c) from Section 5 of the Regulations. The VOLWARE price as explained in Section 7 (3) of the Act is "...the volume weighted average of realised prices for that month".

Provision is made in the legislation for the deduction from the 'relevant delivery price' of a 'credit allowance' to derive the transaction price. The Regulations at Sub-Sections 5(2), 5(3), and 5(4) describe the method for determining the credit allowance. When the number of credit days allowed is in excess of 15, a credit allowance is deducted to determine the transaction price.

Under circumstances at the end of the year there are four situations which could arise but the Regulations only cover three. The Regulations cover the situations where:

. the effective credit day and the due date for payment are in <u>the same year</u>;

. the effective credit day is in one year, the due date for payment is in the immediately <u>succeeding</u> year and the number of credit days allowed under the contract that occur in the first of those years is <u>no more than 15</u>; and

. the effective credit day under the contract is in one year (first year), the due date for payment under the contract is in the immediately <u>succeeding</u> year, the number of credit days allowed under the contract that occur in the first year is <u>more than 15</u>, <u>and</u> one of those years is a <u>leap year</u>.

The situation which is not covered in the Regulations is that of:

. the effective credit day under the contract is in one year (first year), the due date for payment under the contract is in the immediately <u>succeeding</u> year, the number of credit days allowed under the contract that occur in the first year is <u>more than 15</u>, and <u>neither of these years is a leap year</u>.

SR No. 372/89