

# Joint Select Committee on Australia's Clean Energy Future Legislation

## ANSWERS TO QUESTIONS ON NOTICE

### Treasury Portfolio

Clean Energy Bill 2011 and related bills

Wednesday, 21 September 2011

#### Question: 1

#### Topic: Vehicle Size

**Mrs GASH:** Could you define a heavy vehicle?

**Dr Kennedy:** A vehicle of size 4½ tonnes.

**Mrs GASH:** That is what you are classing as a heavy vehicle. So anything other than that will be charged the tax?

**Dr Kennedy:** No it will not. To be crystal clear, in these bills there is no effective carbon price to be applied to those vehicles. As the chair directed me a moment ago, the government has announced a policy around those heavy vehicles but in these bills there is no effective carbon price be applied to those vehicles.

**Mr WINDSOR:** A heavy vehicle is anything over 4½ tonnes. A light vehicle commercial is under 4½ tonnes.

**Mrs GASH:** I understand that, but you said there will be no carbon tax on heavy vehicles.

**Dr Kennedy:** In these bills that is correct.

**Mr Gallagher:** I confirm Dr Kennedy's summary of how the vehicles are to be treated. The legislation specifically excludes from the fuel tax credit reductions the industries that were announced that would be excluded—agriculture, fisheries and forestry. It also specifically excludes fuel for use in a heavy on-road vehicle as described, which is the gross vehicle mass of more than 4½ tonnes. The legislation contains a specific exclusion.

**Dr Kennedy:** If I could just follow on; that is a very important point I missed and that Mr Gallagher has brought up, Mr Windsor. Off-road use of fuels for agricultural emissions also has no effective carbon price. That is excluded, as Mr Gallagher outlined.

**Senator CORMANN:** We have had this discussion in a different inquiry. Can you give us an exhaustive list of all the fuel uses that will have an effective carbon price imposed on them? You describe it in a generic sense as off-road fuel use, but could you provide us with an exhaustive list of which off-road fuel use will have an effective carbon price imposed on it through this legislation?

**CHAIR:** Can we put that notice? Would that be all right?

**Senator CORMANN:** Only to give an indication now. Is it something that is long and difficult to provide, or is it something—

**CHAIR:** I honestly do not know, that is why I am asking.

**Dr Kennedy:** It is contained within the bills. Mr Gallagher, do you want to list them off quickly?

**Mr Gallagher:** The legislation operates, as I mentioned, by specific exclusion, which implies that everything else is in or subject to fuel tax credit reductions. Page 12 House of Representatives

**Senator CORMANN:** Yes, sure. What is in? I am keen to get from you a list of all the things that you envisage for off-road fuel use which will have an effective carbon price imposed on them through this legislation, whether it is by implication or by explicit inclusion.

**Mr Gallagher:** Other than those exempted industries, all other industries will be impacted.

**Senator CORMANN:** Such as?

**Mr Gallagher:** Mining, construction—

**Ms Quinn:** Rail, shipping, aviation—

**Senator CORMANN:** So, on notice, you are going to give us an exhaustive list of everything that you envisage—

**Mr Gallagher:** Yes

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Answer:

Proposed section 43-8 of *Fuel Tax Act 2006* which is inserted by the Clean Energy (Fuel Tax Legislation Amendment) Bill 2011 will provide for a reduction in fuel tax credits that businesses in general are entitled to for their fuel use. The section will also provide for a number of specific exemptions from the reduction. The exemptions include fuel used by the agriculture, forestry and fishing industries and fuel used in heavy on-road vehicles (gross vehicle mass of more than 4.5 tonnes). Consequently, other than those exemptions, if a business is entitled to fuel tax credits then those credits will be subject to the reduction.

Most business are entitled to fuel tax credits. As an indication, Table 14.2 of *Taxation Statistics 2008-09* published by the Australian Taxation Office provides a list of fuel tax credits paid, by industry, for recent years. The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register. The list is:

Agriculture, forestry and fishing;  
Mining;  
Manufacturing;  
Electricity, gas, water and waste services;  
Construction;  
Wholesale trade;  
Retail trade;  
Accommodation and food services;  
Transport, postal and warehousing;  
Information media and telecommunications ;  
Financial and insurance services;  
Rental, hiring and real estate services  
Professional, scientific and technical services;  
Administrative and support services;  
Public administration and safety;  
Education and training;  
Health care and social;  
Arts and recreation services; and  
Other services and other.

With the exception of the agriculture, forestry and fishing industries, businesses in these industries which are entitled to fuel tax credits will be subject to a reduction in those credits for their off-road fuel use.