

**Senate Standing Committee on Environment and Communications**  
**Legislation Committee**  
Answers to questions on notice  
**Environment portfolio**

**Question No:** 69  
**Hearing:** Additional Estimates  
**Outcome:** Outcome 7  
**Programme:** Renewables Projections & Governance Division  
**Topic:** Carbon Tax - Heavy Vehicles  
**Hansard Page:** 46  
**Question Date:** 24 February 2014  
**Question Type:** Spoken

**Senator Ruston asked:**

Senator RUSTON: Okay. One of the things I am particularly interested in and was of great concern when it was announced by the former government was the suggestion that, if the carbon tax were to be retained, it would in due course be applied to heavy road vehicles. Do you have any figures around the costs to transport should the carbon tax apply to heavy vehicle use?

Dr Kennedy: I do not in front of me. Again, I am very happy to take that on notice. It is a matter of public record that it was the previous government's policy to extend coverage to heavy vehicles.

Senator RUSTON: Okay. I ask only because it continues to resonate out in the community because the carbon tax has not been repealed. Do you have the figures for the total costs of the financial grants and assistance programs that were introduced by the previous government—the compensation package that sat alongside the carbon tax?

Dr Kennedy: I do not. Apologies for not having that information with me. Those programs were across government, so I would need to talk to colleagues in the minister's department about bringing together a table that showed the costs of all the programs across government. But certainly that information is available, and I apologise for not having it here. I can bring it together for you. Within our own department the main conversation mechanisms involved the issue of free permits for emissions-intensive trade-exposed firms, for example, and compensation for emissions-intensive generators—payments that have already been paid and which, of course, will cease once repeal takes effect. But there were many other programs. From memory, the initial clean energy plan had around 43 separate elements administered by 12 different departments and agencies. I can bring that together for you.

**Answer:**

Under the existing carbon tax legislation, fuel use by heavy on-road vehicles (defined as vehicles greater than 4.5 tonnes) and light on-road vehicles is not subject to a carbon price.

The previous Government announced in July 2011 that an effective carbon price on fuel (by reducing fuel tax credits) would apply from 1 July 2014. However, legislation to make this change has not been enacted.

The Treasury's estimate of the effect of applying a carbon price to heavy on-road vehicle fuel use, as published in *Securing a clean energy future: The Australian government's climate change plan* (2011), was approximately \$510 million for 2014–15. This modelling was based on the fixed carbon charge of \$25.40 per tonne for 2014–15. No other modelling has been done by the Treasury of the impacts of applying a carbon price specifically to heavy on-road vehicles.

The budgeted costs of the financial grants and assistance programmes introduced as part of the previous Government's Clean Energy Future package are provided in the fiscal tables below. The tables are sourced from pages 40-41 of the Revised Explanatory Memorandum to the *Clean Energy Bill 2011*. These amounts may have differed upon implementation, or as a result of subsequent policy changes.

Any updates to these figures are the responsibility of the individual agencies responsible for implementing each programme.

**Fiscal Table 1: Plan for a clean energy future**

	Fiscal Impact (\$m)				Fwd Est's.
	2011-12	2012-13	2013-14	2014-15	
<b>Revenue from the sale of units</b>	<b>0</b>	<b>7,740</b>	<b>8,690</b>	<b>9,190</b>	<b>25,620</b>
<b>Revenue from the application of carbon price via other measures<sup>1</sup></b>	<b>0</b>	<b>290</b>	<b>320</b>	<b>320</b>	<b>930</b>
<b>Fuel tax credit reductions<sup>2</sup></b>	<b>0</b>	<b>570</b>	<b>70</b>	<b>70</b>	<b>710</b>
<b>Household assistance measures</b>	<b>-1,534</b>	<b>-4,230</b>	<b>-4,809</b>	<b>-4,830</b>	<b>-15,403</b>
Assistance for low- to middle-income households	-1,470	-4,125	-4,672	-4,700	-14,967
Increases in transfer payments <sup>3</sup>	-1,470	-775	-2,302	-2,380	-6,927
Tax reform	0	-3,350	-2,370	-2,320	-8,040
Low Carbon Communities - redesign and extension	-5	-39	-83	-90	-217
Other household energy efficiency measures <sup>4</sup>	-7	-13	-15	-13	-48
Household assistance implementation	-51	-54	-39	-28	-172
<b>Support for jobs</b>	<b>-26</b>	<b>-3,017</b>	<b>-3,475</b>	<b>-3,773</b>	<b>-10,291</b>
Jobs and Competitiveness Program	0	-2,851	-3,059	-3,312	-9,222
Clean Technology Program <sup>5</sup>	-19	-142	-245	-312	-717
Increased small business instant asset write-off	0	0	-100	-100	-200
Regional structural adjustment	0	-10	-50	-30	-90
Other business energy efficiency measures <sup>6</sup>	-7	-15	-21	-19	-62
<b>Clean Energy Finance Corporation<sup>7</sup></b>	<b>-2</b>	<b>-21</b>	<b>-467</b>	<b>-455</b>	<b>-944</b>
<b>Energy security and transformation<sup>8</sup></b>	<b>-1,009</b>	<b>-1</b>	<b>-1,003</b>	<b>-1,042</b>	<b>-3,054</b>
<b>Land and biodiversity measures</b>	<b>-69</b>	<b>-131</b>	<b>-506</b>	<b>-489</b>	<b>-1,194</b>
Carbon Farming Initiative	0	-47	-65	-81	-193
Biodiversity Fund	-37	-35	-250	-251	-572
Carbon Farming Futures Program	-31	-30	-113	-102	-276
Carbon Farming Initiative Non-Kyoto Carbon Fund	0	-1	-50	-47	-97
Regional Natural Resource Management Planning	0	-13	-23	-4	-40
Other land and biodiversity measures <sup>9</sup>	-1	-5	-5	-4	-16
<b>Governance</b>	<b>-78</b>	<b>-90</b>	<b>-106</b>	<b>-107</b>	<b>-382</b>
Clean Energy Regulator	-68	-68	-61	-59	-256
Coverage of synthetic greenhouse gases	-1	-2	-26	-31	-60
Climate Change Authority	0	-6	-9	-9	-25
Productivity Commission Reviews	-4	-4	-5	-5	-18
Other governance	-5	-9	-5	-4	-23
<b>Total impact</b>	<b>-2,717</b>	<b>1,110</b>	<b>-1,285</b>	<b>-1,116</b>	<b>-4,008</b>

**Fiscal Table 2: Plan for a clean energy future**

	Underlying Cash Balance Impact (\$m)				Fwd Est's.
	2011-12	2012-13	2013-14	2014-15	

<sup>1</sup> Includes revenue from synthetic greenhouse gases and changes to aviation excise.

<sup>2</sup> Ongoing fuel tax credit reductions with permanent shielding for heavy on-road transport, agriculture, fisheries and forestry and net of fuel tax credit increase for aviation that opts-in to the mechanism.

<sup>3</sup> Includes transfer payments for pensioners and beneficiaries, income support for veterans, Essential Medical Equipment payment, CPI indexation and residential aged care assistance.

<sup>4</sup> Includes development of a national energy savings initiative, ABS Household Energy Consumption and Expenditure Survey, Household Advice and Support - extension of Living Greener website and the Remote Indigenous Energy Program.

<sup>5</sup> Includes the Clean Technology Investment Program, the Clean Technology Food and Foundries Investment Program and the Clean Technology Innovation Program.

<sup>6</sup> Includes Energy Efficiency Information Grants and Clean Technology Focus for Supply Chain Programs. The Clean Energy Skills Package has been allocated \$32 million over four years, which is to be fully offset from existing resourcing.

<sup>7</sup> Assumes investment of \$2 billion per annum from 2013-14. The new Australian Renewable Energy Agency has been allocated \$3.2 billion over the period to 2019-20 from existing grant funding programs.

<sup>8</sup> Includes the Energy Security Fund and loans to generators for the purchase of future vintage carbon units at advance auctions.

<sup>9</sup> Includes the Indigenous Carbon Farming Fund, the Carbon Farming Skills Initiative and the Land Sector Carbon and Biodiversity Advisory Board.

Total receipts (net of free units)	0	4,270	6,680	7,211	18,161
Total payments	-2,683	-4,779	-7,078	-7,303	-21,843
<b>Total impact</b>	<b>-2,683</b>	<b>-509</b>	<b>-398</b>	<b>-92</b>	<b>-3,682</b>

**Fiscal Table 3: Plan for a clean energy future including Government measures**

	Fiscal Impact (\$m)				Fwd Est's.
	2011-12	2012-13	2013-14	2014-15	
<b>MPCCC agreed measures</b>	<b>-2,717</b>	<b>1,110</b>	<b>-1,285</b>	<b>-1,116</b>	<b>-4,008</b>
<b>Additional Government measures</b>	<b>-223</b>	<b>-48</b>	<b>-322</b>	<b>178</b>	<b>-416</b>
Coal Sector Jobs Package	-222	0	-231	-243	-696
Coal Mining Abatement Technology Support Package	0	-11	-16	-15	-41
Steel Transformation Plan	-1	-38	-75	-75	-189
Additional fuel tax credit reductions for heavy on-road transport from 2014-2015	0	0	0	510	510
<b>Total impact</b>	<b>-2,940</b>	<b>1,061</b>	<b>-1,607</b>	<b>-938</b>	<b>-4,424</b>

**Fiscal Table 4: Plan for a clean energy future including Government measures**

	Underlying Cash Balance Impact (\$m)				Fwd Est's.
	2011-12	2012-13	2013-14	2014-15	
MPCCC agreed measures	-2,683	-509	-398	-92	-3,682
Additional Government measures	-223	-48	-304	124	-452
<b>Total impact</b>	<b>-2,907</b>	<b>-558</b>	<b>-701</b>	<b>32</b>	<b>-4,134</b>