

1 April 2022

National Transport Commission
 Public submission – Heavy vehicle charges consultation report
 Level 3, 600 Bourke Street
 Melbourne VIC 3000

GEA RESPONSE TO THE HEAVY VEHICLE CHARGES CONSULTATION REPORT

Dear National Transport Commission

Gas Energy Australia (GEA) welcomes the opportunity to respond to the Heavy Vehicle Charges Consultation Report.

By way of background, GEA is the national peak body representing the bulk of the downstream gas fuels industry, which covers Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG) and Hydrogen (H₂). The industry comprises major companies and small to medium businesses in the gaseous fuels supply chain; refiners, fuel marketers, equipment manufacturers, gas transporters, consultants and other providers of services to the industry.

GEA agrees with the proposal to increase heavy vehicle charges in 2022-23 to ensure governments are able to recover the amount spent on providing roads to heavy vehicles. Consequently, GEA supports the recommendation that this charge should increase by 2.5 per cent in 2022-23.

However, there should be greater consideration of the longer-term growing tax burden on gas fuels, such as LNG and CNG used in heavy vehicle transport, relative to diesel on an energy equivalent basis. The ongoing indexation of fuel excise and recent freezes of the Road User Charge (RUC) have combined to disadvantage gas fuels as demonstrated in the tables below.

RUC paid by LNG and CNG fuelled heavy vehicles

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excise/kg	\$0.000	\$0.052	\$0.105	\$0.157	\$0.209	\$0.268	\$0.271	\$0.276	\$0.282	\$0.287	\$0.290	\$0.293	\$0.303

RUC paid by diesel fuelled heavy vehicles

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excise/L	\$0.381	\$0.381	\$0.381	\$0.381	\$0.381	\$0.389	\$0.395	\$0.401	\$0.409	\$0.416	\$0.423	\$0.427	\$0.442
FTC	\$0.155	\$0.150	\$0.126	\$0.126	\$0.120	\$0.128	\$0.134	\$0.142	\$0.151	\$0.158	\$0.165	\$0.163	\$0.170
RUC / L	\$0.231	\$0.255	\$0.2614	\$0.2614	\$0.2614	\$0.2614	\$0.259	\$0.258	\$0.258	\$0.258	\$0.258	\$0.264	\$0.272
RUC/kg gas energy equivalent*	\$0.000	\$0.30792	\$0.33992	\$0.34845	\$0.34845	\$0.34845	\$0.345	\$0.344	\$0.344	\$0.344	\$0.344	\$0.353	0.362

The table above demonstrates the relativity between LNG/CNG and diesel-fuelled heavy vehicles, which will be 83% in 2022. This is well above the bipartisan commitment by the major two federal parties that the tax on gaseous fuels should not be more than 50% of the rate on diesel/petrol on an energy equivalent basis.

GEA understands that the RUC does not take into account environmental impacts, and it is set to recover the costs that heavy vehicles impose on the road network, regardless of how they are powered. However, GEA considers that the RUC should take into account the environmental costs of different fuels, particularly as heavy vehicles powered by other low emission sources, such as electricity and hydrogen, currently pay no fuel tax in Australia.

This is inconsistent with the current tax on gas fuels.

It creates a perverse outcome, whereby electric and hydrogen vehicles can have a larger carbon footprint than gas vehicles due to the upstream emissions associated with either the generation of electricity and/or the production of hydrogen are taken into account.

We would also draw your attention to the terminology used when referring to the RUC for gas fuels. As the RUC is subtracted from the Fuel Excise rate to determine the Fuel Tax Credit and where the RUC is greater than excise, the Fuel Tax Credit is reduced to zero. GEA considers that the RUC should be referred to as excise paid, until such time that the RUC for gas fuels is lower than the excise rate.

If you have any questions regarding this submission, please do not hesitate to contact GEA's Policy Manager Melissa Dimovski at mdimovski@gasenergyaustralia.asn.au.

For your consideration.

Yours sincerely



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Gas Energy Australia