

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 126

Topic: Tobacco Volume Used to Determine Total Excise and Custom Duty

Hansard Page: Wednesday 30 May 2012, page 120

Senator CORMANN asked:

Senator CORMANN: What are the tobacco volumes that have been used to determine the total excise and customs duty on tobacco for each year of the forward estimates?

Senator Wong: Can you say that again?

Senator CORMANN: Obviously if you assess revenue, you look at the excise and the customs duty you impose. Then you have to look at the volume in order to come up with a revenue estimate. I am asking what volume assumptions you have used in order to come up with the revenue estimates for each year of the forward estimates.

Mr Clark: I do not have that information with me, but we could take it on notice.

Senator CORMANN: If you could provide that on notice, that would be great.

Answer:

The model used for forecasting tobacco revenue applies a growth assumption for each year of the forward estimates starting from a historical clearance value. The volume growth assumptions are based on Treasury forecasts of the ABS measure of consumption of tobacco from the National Accounts. Below are the aggregate volume growth assumptions which underlie the tobacco excise and duty forecasts published in the 2012-13 Budget which, when combined with increasing population size, would show a decline in per capita volumes in all years:

	2011-12	2012-13	2013-14	2014-15	2015-16
Aggregate volume growth assumption (%)	-1.6	-1.1	-1	0	0