

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 111

Topic: OzCar

Hansard Page: E82 (11/02/2010)

Senator BUSHBY asked:

Senator BUSHBY—That is fine. I understand that we have someone here specifically to answer questions on OzCar SPV. Senator Abetz has asked me to ask a couple of questions on his behalf. They are seeking an update on where it is currently at. What is the current size of the funding and how much has been guaranteed under it?

Mr Brake—There is \$170 million at present.

Senator BUSHBY—How many participants are there in that?

Mr Brake—In terms of financiers or dealers, Senator? The car dealers themselves?

Senator BUSHBY—No, both, actually.

Mr Brake—Currently, there is just the one financier.

Senator BUSHBY—Just Ford Credit, still?

Mr Brake—Yes.

Senator BUSHBY—How many dealers are there?

Mr Brake—There are approximately 120.

Senator BUSHBY—What is the critical mass in terms of the size of the spend before taxpayers have to start subsidising it?

Mr Brake—I am not sure if we have a precise calculation of that figure.

Senator BUSHBY—Are you able to take that on notice and see whether you can give an indication?

Mr Brake—There may be a number of variables such as fluctuations in interest rates and so on.

Senator BUSHBY—If you can take it on notice and outline what those variables may be and answer it as best you can, that would be much appreciated.

Mr Brake—All right.

Answer:

Treasury does not have a precise estimate of the critical mass of the car dealership financing special purpose vehicle (SPV) before the Government will be required to provide funding to support the SPV. The variables impacting on the SPVs financial performance, and therefore the extent of any Government support, include potential losses incurred on loans to dealerships, and ongoing administrative and management costs.