

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates, 2 June – 4 June 2009

**Question: bet 43**

**Topic: Luxury Car Tax Revenues**

**Hansard Page: E111**

**Senator Abetz asked:**

**Senator ABETZ**—Can you tell us what the estimates are now for the luxury car tax revenues?

**Mr White**—We can tell you what they are now.

**Senator ABETZ**—How do they vary to previous years estimates?

**Mr White**—As we said, we have estimates here comparing to UEFO but we do not have estimates comparing back to previous estimates updates. We can take that on notice.

**Senator ABETZ**—That would be a very interesting exercise for us. If an explanation can be provided as to why those revenue forecasts, even as late as the last budget, then the mid-year economic financial outlook forecasts—

**Senator CAMERON**—Haven't you heard of the global economic crisis? He is an absolute disbeliever.

**CHAIR**—Thank you, Senator Cameron. Have you finished your questions, Senator Abetz?

**Senator ABETZ**—No, I have not.

**CHAIR**—Please go ahead. Ignore—

**Senator ABETZ**—I would have thought, Chair, you might have asked whether Senator Cameron had finished his interjections; that would have allowed me to proceed. Can you provide us with the basis of the continual changes and downward changes in your forecasts? I must say that if we cannot get the luxury car tax forecasts right from six months to six months then it does raise some—

**Answer:**

Since 2008-09 Budget, estimates for luxury car tax (LCT) receipts have been revised down by \$950 million over the forward estimates period (2008-09 to 2011-12). The downward revisions reflect the significant drop in luxury car sales over the past year and much weaker forecasts of car sales growth in 2009-10 and 2010-11 flowing primarily from the effect of the global recession and its consequent impacts on Australia. Revisions between the 2008-09 Budget and the 2008-09 Mid-Year Economic and Fiscal Outlook were small but subsequently larger revisions were made as economic conditions continued to deteriorate and the decline in current and forecast car purchases became more pronounced.

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

**Table 1: Estimates of and revisions to LCT receipts since 2008-09 Budget (\$m)**

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>Total</b>
<i>Estimates as at:</i> <b>2008-09 Budget</b>	580	610	630	650	2470
<b>Revision</b>	-20	-20	-20	-20	-80
<b>2008-09 MYEFO</b>	560	590	610	630	2390
<b>Revision</b>	-110	-140	-130	-110	-490
<b>UEFO</b>	450	450	480	520	1900
<b>Revision</b>	-60	-80	-120	-120	-380
<b>2009-10 Budget</b>	390	370	360	400	1520
<b>Total revision</b>	<b>-190</b>	<b>-240</b>	<b>-270</b>	<b>-250</b>	<b>-950</b>