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7 July 2008

Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Email: economics.sen@aph.gov.au

Dear Sir/Madam,

The Federation of Automotive Products Manufacturers (FAPM) is an association of companies engaged in the production of a comprehensive range of automotive products. It was formed in 1958 and currently comprises 155 member companies, employing more than 41,000 people with sales of over \$8.5 billion.

In our submission to the Automotive Policy Review being led by Steve Bracks, the FAPM noted that the Luxury Car Tax (LCT) was originally intended to provide assistance to the local manufacturers by forcing a greater price separation between local and imported up-line vehicles.

However, the effect of this tax has been diluted by the increasing price levels of locally manufactured vehicles so now a greater proportion of local cars exceed the luxury car price threshold for taxation and depreciation purposes.

We recommended that the price threshold at which the LCT is levied should be increased to \$75,000.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Paul A James', is written over a light blue horizontal line.

Paul A James
Executive Officer

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