



Abolish family car and ute tax	
Party:	The Coalition
Summary of proposal:  The proposal would remove penalties for vehicle manufacturers that fail to meet the vehicle emissions targets set out in the <i>New Vehicle Efficiency Standard Act 2024</i> . <sup>1</sup>  The proposal would be ongoing and start from 1 July 2025.	

## Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$599.9 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase to fuel excise and GST revenue, and a slight decrease in departmental expenses. Partially offset by GST payments to the States and Territories.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) does not anticipate the receipt of revenue from penalties relating to breaches of the *New Vehicle Efficiency Standard Act 2024*. However, the removal of penalties would be expected to lead to a diminished response from manufacturers and vehicle importers to the requirements of the New Vehicle Efficiency Standard. Ultimately resulting in fewer low-emission, high fuel-efficiency vehicles being imported and sold in Australia, and a corresponding reduction to the projected decrease in fuel excise receipts under current modelling for the New Vehicle Efficiency Standard.

This proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

**Table 1: Abolish family car and ute tax – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	25.2	90.2	236.2	248.3	599.9
Underlying cash balance	25.2	90.2	236.2	248.3	599.9

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

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<sup>1</sup> [New Vehicle Efficiency Standard Act 2024 - Federal Register of Legislation](#)

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The removal of penalties from the New Vehicle Efficiency Standard (NVES) would be expected to result in fewer low-emission, high fuel-efficiency vehicles being imported into and sold in Australia
- The NVES would not be subject to any future changes that would alter the associated costs, other than the changes under this proposal.
- Ongoing departmental expenses associated with the NVES will increase in-line with Wage Cost Indices 1 (WCI 1) from 2028-29 onwards.

## Methodology

The increase in excise was estimated as assuming the majority of the lost excise revenue from the 2024-25 Budget measure was reversed, for the reasons stated in the costing overview. The increase in GST (and associated increased payments to the states and territories) results from that increase in fuel sales linked the excise revenue increase.

The saving to the DITRDCA budget relate to the NVES regulatory costs that will no longer be incurred. Savings were calculated as proportion of the funding allocated to the department.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>2</sup>

## Data sources

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) provided the following information as at 4 July 2024:

- expected departmental costs associated with the implementation of the NVES
- information on the role of entities within the Infrastructure, Transport, Regional Development, Communications and the Arts portfolio in the implementation of NVES
- information on how the role of these entities in the implementation of NVES would be expected to change, if at all, in response to the changes to the NVES scheme outlined in the specification.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Commonwealth of Australia (2024) *2024-25 Budget*, Commonwealth of Australia

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<sup>2</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Abolish family car and ute tax – Financial implications

**Table A1: Abolish family car and ute tax – Fiscal cash balance (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Revenue</b>													
<b>Administered tax</b>													
<i>Excise on fuel and petroleum products</i>	22.0	87.0	233.0	245.0	256.0	273.0	279.0	291.0	303.0	316.0	329.0	587.0	2,634.0
<i>GST</i>	2.2	8.7	23.3	24.5	25.6	27.3	27.9	29.1	30.3	31.6	32.9	58.7	263.4
<b>Total – revenue</b>	<b>24.2</b>	<b>95.7</b>	<b>256.3</b>	<b>269.5</b>	<b>281.6</b>	<b>300.3</b>	<b>306.9</b>	<b>320.1</b>	<b>333.3</b>	<b>347.6</b>	<b>361.9</b>	<b>645.7</b>	<b>2,897.4</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>GST payments to States and Territories</i>	-2.2	-8.7	-23.3	-24.5	-25.6	-27.3	-27.9	-29.1	-30.3	-31.6	-32.9	-58.7	-263.4
<b>Total – administered</b>	<b>-2.2</b>	<b>-8.7</b>	<b>-23.3</b>	<b>-24.5</b>	<b>-25.6</b>	<b>-27.3</b>	<b>-27.9</b>	<b>-29.1</b>	<b>-30.3</b>	<b>-31.6</b>	<b>-32.9</b>	<b>-58.7</b>	<b>-263.4</b>
<b>Departmental</b>													
<i>Department of Infrastructure, Transport, Regional Development, Communication and the Arts</i>	3.2	3.2	3.2	3.3	3.4	3.4	3.5	3.6	3.7	3.7	3.8	12.9	38.0
<i>Clean Energy Regulator</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total – expenses</b>	<b>1.0</b>	<b>-5.5</b>	<b>-20.1</b>	<b>-21.2</b>	<b>-22.2</b>	<b>-23.9</b>	<b>-24.4</b>	<b>-25.5</b>	<b>-26.6</b>	<b>-27.9</b>	<b>-29.1</b>	<b>-45.8</b>	<b>-225.4</b>
<b>Total (excluding PDI)</b>	<b>25.2</b>	<b>90.2</b>	<b>236.2</b>	<b>248.3</b>	<b>259.4</b>	<b>276.4</b>	<b>282.5</b>	<b>294.6</b>	<b>306.7</b>	<b>319.7</b>	<b>332.8</b>	<b>599.9</b>	<b>2,672.0</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

- Indicates nil.

**Table A2: Abolish family car and ute tax – Underlying cash balance (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Receipts</b>													
<b>Administered tax</b>													
<i>Excise on fuel and petroleum products</i>	22.0	87.0	233.0	245.0	256.0	273.0	279.0	291.0	303.0	316.0	329.0	587.0	2,634.0
<i>GST</i>	2.0	8.2	22.1	24.4	25.5	27.1	27.9	29.0	30.2	31.5	32.8	56.7	260.7
<b>Total – receipts</b>	<b>24.0</b>	<b>95.2</b>	<b>255.1</b>	<b>269.4</b>	<b>281.5</b>	<b>300.1</b>	<b>306.9</b>	<b>320.0</b>	<b>333.2</b>	<b>347.5</b>	<b>361.8</b>	<b>643.7</b>	<b>2,894.7</b>
<b>Payments</b>													
<b>Administered</b>													
<i>GST payments to States and Territories</i>	-2.0	-8.2	-22.1	-24.4	-25.5	-27.1	-27.9	-29.0	-30.2	-31.5	-32.8	-56.7	-260.7
<b>Total – administered</b>	<b>-2.0</b>	<b>-8.2</b>	<b>-22.1</b>	<b>-24.4</b>	<b>-25.5</b>	<b>-27.1</b>	<b>-27.9</b>	<b>-29.0</b>	<b>-30.2</b>	<b>-31.5</b>	<b>-32.8</b>	<b>-56.7</b>	<b>-260.7</b>
<b>Departmental</b>													
<i>Department of Infrastructure, Transport, Regional Development, Communication and the Arts</i>	3.2	3.2	3.2	3.3	3.4	3.4	3.5	3.6	3.7	3.7	3.8	12.9	38.0
<i>Clean Energy Regulator</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total – payments</b>	<b>1.2</b>	<b>-5.0</b>	<b>-18.9</b>	<b>-21.1</b>	<b>-22.1</b>	<b>-23.7</b>	<b>-24.4</b>	<b>-25.4</b>	<b>-26.5</b>	<b>-27.8</b>	<b>-29.0</b>	<b>-43.8</b>	<b>-222.7</b>
<b>Total (excluding PDI)</b>	<b>25.2</b>	<b>90.2</b>	<b>236.2</b>	<b>248.3</b>	<b>259.4</b>	<b>276.4</b>	<b>282.5</b>	<b>294.6</b>	<b>306.7</b>	<b>319.7</b>	<b>332.8</b>	<b>599.9</b>	<b>2,672.0</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

**Table A3: Abolish family car and ute tax – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	1.0	3.0	11.0	22.0	34.0	47.0	62.0	78.0	95.0	113.0	134.0	37.0	600.0
<b><i>Underlying cash balance</i></b>	..	2.0	9.0	19.0	31.0	44.0	58.0	74.0	91.0	109.0	129.0	30.0	566.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>3</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- .. Not zero but rounded to zero.

<sup>3</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)