

## What's new on the Treasury website

The Treasury's website, [www.treasury.gov.au](http://www.treasury.gov.au), includes past issues of the *Economic Roundup*. Some of the other items posted on the website since the previous issue of *Roundup* that may be of interest to readers are listed in the following section.

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## Budget Statement

### Tax Expenditures Statement 2008

<http://www.treasury.gov.au/contentitem.asp?NavId=&ContentID=1465>

The Tax Expenditures Statement (TES) provides details of concessions, benefits, incentives and charges provided through the tax system (tax expenditures) to taxpayers by the Australian Government. The publication of information on the Australian Government's tax expenditures is a requirement under the *Charter of Budget Honesty Act 1998*.

This statement lists around 320 tax expenditures and, where possible, reports the estimated pecuniary value or order of magnitude of the benefit to taxpayers over an eight year period, from 2004-05 to 2011-12.

The tax expenditures in this statement reflect all announced policies applying up to the date of finalisation of the *Mid Year Economic and Fiscal Outlook 2008-09*.

## Working Paper

<http://www.treasury.gov.au/contentitem.asp?NavId=035&ContentID=1460>

### 2008-02: An Exploration of Australian Petrol Demand: Unobservable Habits, Irreversibility, and Some Updated Estimates

Robert Breunig and Carol Gisz

This paper estimates a demand equation for petrol in Australia. It explores a methodological improvement to the standard dynamic demand model – a more general model which allows for slowly evolving, unobservable habits. If this habit formation model with unobserved stocks is correct, then standard estimation techniques produce inconsistent estimates.

This paper finds a short-run price elasticity of -0.1 to -0.14 and a long-run price elasticity of -0.2 to -0.3. Importantly, it finds that standard techniques are misleading about the precision of elasticity estimates and that the confidence interval around the long-run price elasticity is quite wide, with a 90% confidence interval of -0.02 to -0.38.

Results are very sensitive to the inclusion of time trends, which appear to be appropriate. The paper tests for price irreversibility and finds, in contrast to the US, almost no evidence that petrol responds differently to price increases and decreases.

## Consultations

<http://www.treasury.gov.au/content/consultations.asp?ContentID=1013&titl=Reviews,%20Inquiries%20%26%20Consultations>

Treasury conducts many consultations on behalf of the Government. The following consultations are open for public comment:

- Capital Gains Tax Relief for Transformation Arrangements
- Draft Legislation for the Small Business and General Business Tax Break
- An Australian Consumer Law: Fair Markets – Confident Consumers
- Exposure Draft Tax Agent Services (Transitional Provisions and Consequential Amendments) Bill 2009 and Explanatory Material
- Discussion Paper – Meaning of 'Understanding' in the Trade Practices Act 1974
- Australia's Future Tax System

