

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Additional Estimates Hearing 2010-11
23 February 2011

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Administration and advertising costs for Green Car Innovation Fund, Cleaner Car Rebate and LPG Vehicle Scheme

REFERENCE: Question on Notice (Hansard, 23 February 2011, E52)

QUESTION No.: AI-19

Senator COLBECK—How much money has been spent so far on administration and advertising for the Green Car Innovation Fund, cash for clunkers and the LPG Vehicle Scheme?

Ms Butler—We will deal with those in sections. I am not sure whether I have the information available for the LPG Vehicle Scheme, so I will have to take that on notice.

Ms Weston—Senator, with the LPG scheme you will recall that some of that program is delivered in other agencies with us. So we would probably have to chase up.

Senator COLBECK—Okay. I am happy to get that on notice if that is the case.

ANSWER

Green Car Innovation Fund – This was answered at the hearing (see **Attachment A**).

Cleaner Car Rebate – This was answered at the hearing (see **Attachment A**).

LPG Vehicle Scheme – Administration: \$18.32 million Department of Innovation, Industry, Science and Research; \$23.08 million Centrelink (this includes Department of Innovation, Industry, Science and Research monies paid to Centrelink in the first three years of the program and reflected in the budget papers as such); \$6.1 million Medicare. Advertising: \$2.6 million Department of Innovation, Industry, Science and Research. These figures are GST exclusive.

Senator COLBECK—And that was discussed at estimates back in May? Okay. Going back to October estimates, we confirmed then that it was a \$900 million program in total and that just under \$300 million had been committed. There was a statement made, I think by Mr Sexton, that as a result of those grants \$507 million remained in the fund. Taking out that \$300 million at the time from the \$900 million, there should be about \$600 million left. I am just trying to work out where the other \$100 million sits as part of that process—working back through the numbers that we were given at estimates in October.

Ms Kennedy—Prior to the closure of the fund it was a \$900 million fund. The savings overall as a result of the closure are \$400 million, resulting in an allocation of approximately \$500 million.

Senator COLBECK—Okay. I will have to check where this number of \$300 million comes from. Do you have any measures in mind to determine how efficient the fund has been in reducing CO2 emissions?

Ms Kennedy—One of the criteria for consideration goes to the reduction in greenhouse gases and fuel reductions. Therefore all applications are required to address that.

Senator COLBECK—Okay, but that is not part of the KPIs.

Ms Kennedy—Not specifically.

Senator COLBECK—How much money has been spent so far on administration and advertising for the Green Car Innovation Fund, cash for clunkers and the LPG Vehicle Scheme?

Ms Butler—We will deal with those in sections. I am not sure whether I have the information available for the LPG Vehicle Scheme, so I will have to take that on notice.

Ms Weston—Senator, with the LPG scheme you will recall that some of that program is delivered in other agencies with us. So we would probably have to chase up.

Senator COLBECK—Okay. I am happy to get that on notice if that is the case.

Ms Butler—For the Cleaner Car Rebate, just so I can be clear, are you talking about the advertising costs associated?

Senator COLBECK—Cleaner Car Rebate?

Ms Butler—Cleaner Car Rebate—is that the one you mentioned?

Ms Weston—I thought it was LPG, green car and Cleaner Car Rebate.

Senator COLBECK—Sorry, I know that we have moved on with colloquialisms and that even some of Minister Carr's colleagues get it mixed up—cash for clunkers is what you are talking about.

Ms Butler—Cleaner Car Rebate.

Senator COLBECK—I know that the minister is not happy with the term cash for clunkers.

Senator Carr—It is just that it was inaccurate, that is all.

Senator COLBECK—Even Minister Garrett did not know the real name of the program when he was talking about it in the Reps.

Senator Carr—I will let you take that up with Minister Garrett.

Senator COLBECK—I do not have to; he is on your side, not my side. Let us not have an argument about it. You have your view and I have mine. It is colloquially known as what it is colloquially known as.

Senator Carr—And it is dead and abolished, so that is the—

Senator COLBECK—It is dead. We said it should be dead and it is now dead. So let us go on.

Ms Weston—On the Cleaner Car Rebate, obviously we have had some people initially looking at how the program might be designed. I do not have those costs specifically. But there is no cost for advertising or costs for the implementation and running of the program, because the program did not get to that point.

Senator COLBECK—So you did not start any advertising or anything of that nature?

Ms Weston—No.

Senator COLBECK—Fine.

Ms Kennedy—The budget for the Green Car Innovation Fund in 2009-10 was \$100,000. That was fully expended. A similar figure was available for this year. That has not been fully expended, as a result of—

Senator COLBECK—A figure of \$7 million?

Ms Kennedy—No, \$100,000.

Ms Butler—Ms Kennedy is just reporting the advertising costs at this stage.

Senator COLBECK—Okay. So advertising costs in 2009-10 were \$100,000?

Ms Kennedy—Which were fully expended. A similar amount was available for this financial year. The level of marketing activity was substantially reduced in the first half of the year as a result in the delay in finalisation of the election, and work was commencing in relation to the preparation of broader marketing material prior to the closure, which is now being reviewed.

Senator COLBECK—So there is \$100,000 available in 2010-11, and how much has been expended?

Ms Kennedy—At this stage it is only \$5,000.

Senator COLBECK—But there will be some ongoing expenses with that?

Ms Kennedy—Yes. Obviously the benefits that the program has achieved need to be made available to demonstrate the value of the government's investment in this program.

Senator COLBECK—In May last year we talked about the operating expenses for those programs. For 2010-11 it was \$544,000—is that correct?

Ms Kennedy—Before the closure?

Senator COLBECK—For the Green Car Innovation Fund.

Ms Kennedy—That is correct.

Senator COLBECK—So \$5,000 has been expended out of that. In 2011-12, there is \$543,000; in 2012-13, there is \$843,000; and, in 2013-14, there is \$543,000, and you are still calculating what proportion of that is going to be required? What is the end date of the program now?

Ms Kennedy—Following the announcement, the program runs through to 2014-15. As to the issues in relation to the budget, those details are being worked out in the context of the 2011-12 budget, as indicated by the Prime Minister in the statement of 27 January.

Senator COLBECK—And that goes back to the initial question I asked about general employment across the agency?

Ms Weston—Yes.

Senator COLBECK—How has the figure of \$96 million that you have cut from the LPG scheme been calculated?

Mr Sexton—The \$96 million was based on what would be the outcome should the scheme be capped at 25,000 units per year, which is what the government announced.

Senator COLBECK—So it is based on 25,000 vehicles?

Mr Sexton—Capping over the three years beginning in 2011-12.

Senator COLBECK—Has the department produced any merchandise in respect of these three schemes?

Ms Weston—When you say merchandise, what do you have in mind, Senator?

Senator COLBECK—Any advertising or promotional merchandise for any of those three schemes. You have said that you have not done anything for—

Ms Weston—Not for the Cleaner Car Rebate—

Senator COLBECK—The Cleaner Car Rebate. Now you have me saying it. I am sorry, Minister—I could not help myself. What about the new car plan and the LPG Vehicle Scheme?

Ms Butler—I will start. Obviously there is material up on our website and there are fact sheets that are available on the Green Car Innovation Fund and the LPG Vehicle Scheme. If that is what you are talking about as being merchandise, there is certainly material out there that informs our customers as to the requirements for each of those particular programs.

Mr Sexton—But there is no merchandise, if you are talking about products that are promoting the individual schemes.

Senator COLBECK—You might get the minister a stress ball. It has been a pretty tough time, I reckon. He could probably do with a stress ball. We now have Steve Bracks heading off to the US to do a calm-down