

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Innovation, Industry, Science and Research Portfolio  
Supplementary Budget Estimates Hearing 2010-11  
20 October 2010

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**AGENCY/DEPARTMENT:** INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

**TOPIC:** Cleaner Car Rebate Scheme

**REFERENCE:** Written Question—Senator Colbeck.

**QUESTION No.:** SI-75

On what modelling and other advice from the public service has the Government's decision to make the Cleaner Car Rebate (or 'Cash for Clunkers' as it is more widely known) a \$445 million program been based?

Has the Department recommended in any of its briefings that any change be made to the amount of money to be spent on the program? If so, what change(s) has been suggested?

Has the Department suggested in any of its briefs that the \$2,000 trade in price be lifted to a higher amount? If not, why not?

As part of the preparation of its briefs to the Minister, has any analysis been undertaken by the Department of broader economy-wide effects and spillovers of the implementation of such a scheme, especially the likely flow-on impact on to other sectors - including retailing?

If the Department has not undertaken this work, has it been given access to any such modelling provided to the Government by any other sources? If so, please specify which other sources have prepared this material.

Given the clear bias in this scheme toward foreign-made cars, has analysis been done of what the impact of its implementation will be on the numbers of jobs in the Australian car industry?

How many car dealers or representatives of car dealers did the Government consult prior to the announcement of the scheme, and which ones?

How many car wreckers or representatives of wreckers did the Government consult prior to the announcement of the scheme, and which ones?

From the research that has been done by the Department, what will be the likely impact of this scheme on Australian vehicle and component manufacturers - and on Australian workers who supply aftermarket parts, service and repairs?

Has the Department looked in detail at the fate of similar schemes in other countries? And, if so, which other countries, and what has been concluded from your analysis of the experience of those programs?

How many tonnes of carbon dioxide emissions will be reduced under this scheme? What will therefore be the price per tonne of carbon abatement under the scheme? And can you confirm that this would mean that the scheme will be significantly more expensive in reducing emissions than was planned under the Government's shelved ETS, which priced carbon abatement at less than \$30 per tonne?

When will the Department issue guidelines for applying for the \$2,000 grant?

From what date will the \$2,000 grant be accessible? How long will it take from the time of application to the time for payment?

What safeguards will be put in place in this program to avert the potential for rorting and abuse?

Which section in the Department is responsible for developing the policy arrangements for the scheme?

Which section in the Department is responsible for the program delivery arrangements?

## **ANSWER**

On 3 August 2010, the Department of Finance and Deregulation released the election commitment costing under the *Charter of Budgetary Honesty Act 1998*. This costed the Cleaner Car Rebate Scheme at \$429.7 million.

No.

No. The Department of Innovation, Industry, Science and Research (DIISR) has been tasked with implementing the Cleaner Car Rebate election commitment as announced on 24 July 2010.

No.

No.

No.

DIISR was not involved in the process of deliberations on election commitments.

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No such research has been undertaken.

Yes—USA, UK, France, Germany and Austria. Forecasting demand for assistance from these schemes was difficult. Capping such schemes to a certain number of claimants (as in Austria) helps overcome this. Compliance to ensure vehicles were scrapped was a major concern.

The election commitment cites a reduction in total carbon dioxide emissions of one million tonnes over the decade. The estimated cost for the Scheme is \$429.7 million. The price per tonne of carbon abatement is therefore \$429.70 per tonne over the decade.

Guidelines are being developed and will be issued prior to the commencement of the Scheme on 1 July 2011.

The Government has announced that the Scheme will commence on 1 July 2011 and the grant applications can be made from that date. Mechanisms for delivering the Scheme and the payment process are being developed.

Guidelines are being developed, including anti-fraud and compliance regimes.

The Automotive Branch, Manufacturing Division.

The AusIndustry Division.