



# Cleaner Car Rebate

**Julia Gillard and Labor**  
Let's move Australia forward



## **CLEANER CAR REBATE**

The Gillard Labor Government will provide \$394 million to support motorists to purchase new, low-emission, fuel-efficient vehicles. Households will be able to receive a \$2,000 rebate towards a new vehicle by trading in their pre-1995 car for scrapping.

This is part of Federal Labor's plan to make positive changes to how we live, work and travel.

Over four years from 1 January 2011 to the end of 2014, the *Cleaner Car Rebate* is expected to result in significant cuts in Australian fleet emissions as close to 200,000 pre-1995 vehicles are taken off the road and replaced with more fuel-efficient, environmentally friendly cars.

The *Rebate* will be capped over its four years of operation at 200,000 vehicles.

## **Improving the efficiency of our vehicle fleet**

Older vehicles emit higher levels of carbon dioxide than newer vehicles, clogging our atmosphere with harmful pollution. They also hit motorists at the petrol station because they are less fuel-efficient, costing more for every kilometre driven.

Households that trade in a car manufactured before 1 January 1995 will be eligible for a \$2,000 rebate when they purchase a new car that has a Green Vehicle Guide greenhouse rating of six or higher (see [www.greenvehicleguide.gov.au](http://www.greenvehicleguide.gov.au)).

This is an important measure for reducing the age of the Australian car fleet compared with other countries. While the average age of cars in Australia fell from 10 years to 9.7 years between 2004 and 2009, this was still higher than recent measurements in countries such as the United States (9.4 years in 2008),

the European Union (15 members) (8 years in 2008) and Japan (6.2 years in 2002).

### **Changing how we travel**

The Gillard Labor Government is serious about changing how we travel and reducing the carbon footprint of the transport sector. This program will give Australians direct support to trade up to a more fuel-efficient car.

Similar measures have been introduced in other countries such as the United States, but the *Cleaner Car Rebate* has a greater emphasis on introducing lower-emission vehicles into the Australian car fleet over the medium term.

### **What are the benefits?**

It is anticipated that the measure will see close to 200,000 pre-1995 vehicles taken off the road over four years from 1 January 2011 to the end of 2014, generating the following benefits over the decade:

- A reduction in carbon dioxide emissions of one million tonnes.
- A saving to motorists of \$344 million in fuel costs.

#### **CASE STUDY 1**

Angela has finished her studies at university and gets her first full time job.

She trades in her 1986 Holden Commodore for scrapping and buys a Holden Cruze. She will receive a \$2,000 *Cleaner Car Rebate*.

Angela could use this money to offset the cost of a new Cruze, which costs around \$24,000. The rebate is equal to almost 10 per cent of the cost.

In addition, Angela will save on fuel costs. If she drives 10,000 kilometres per year, she will cut her annual fuel bill from \$1,183 to \$910 – that's a saving of over \$270 every year.

#### **CASE STUDY 2**

Matthew is a father of four whose children have grown up and reduced the need for the family's 1992 Toyota Tarago Wagon.

He trades in his car for scrapping and buys a Toyota Corolla for around \$25,000. He receives a \$2,000 *Cleaner Car Rebate*.

Matthew decides to go on more driving holidays. If he drives 15,000 kilometres per year, he will cut his annual fuel bill from \$1,802 to \$1,424 – that's a saving of almost \$400 every year.

### **How it will work**

Individuals who meet the following criteria will be eligible under the scheme.

The trade in vehicle must:

- Be a passenger vehicle.
- Have been manufactured before 1 January 1995.
- Have been continuously registered and insured by the individual trading in the vehicle for at least 24 months prior to the date of trade in.
- Be petrol or diesel-fuelled.

The new vehicle must:

- Be a passenger vehicle.
- Be purchased by the individual trading in the older car - businesses and fleet purchases are not eligible.
- Have a minimum Green Vehicle Guide greenhouse rating of six or higher – this is equivalent to 220 grams of carbon dioxide per kilometre, which is around the Australian fleet-wide average.
- Not incur the Luxury Car Tax.

Eligible cars include:

- Toyota Hybrid Camry.
- Holden Cruze.
- Ford Falcon EcoBoost.
- Toyota Corolla.
- Mazda 3.
- Mitsubishi Lancer.
- Hyundai Getz.

### **What happens to the traded in cars?**

Older vehicles will be scrapped under the scheme to ensure that higher-emitting vehicles are not returned to the road, and that the emissions profile of the Australian fleet is being constantly reduced.

This means they will be crushed and sold as scrap metal. The Gillard Labor Government will prescribe the scrapping requirements following consultation with industry, to ensure that they are consistent with the environmental objectives of the program.

This process will be managed by AusIndustry.

### **Stringent compliance checks**

The scheme will be managed by AusIndustry and protected by rigorous anti-fraud and compliance provisions, including regular spot-checks of car dealers and scrap yards. There will also be a number of check and control points in the process, which will enable AusIndustry to monitor how the scheme is operating from day to day and manage demand.

All dealers and scrap yards will be required to register to participate in the scheme. Each car dealer's registration will need to be backed by a car manufacturer (e.g. Ford or Honda).

### **THE COALITION'S RECORD**

Tony Abbott does not accept that climate change is real.

- ✘ Tony Abbott has no plan to improve the fuel-efficiency of cars.

If he is elected Prime Minister, Mr Abbott has already made clear that he would cut funding for renewable energy:

- ✘ Tony Abbott has promised to cut the Green Car Innovation Fund by \$270 million, putting at risk the production of new cars in Australia including the Toyota Hybrid Camry, Ford EcoBoost, and Holden Cruze.
- ✘ Tony Abbott is advocating a 'direct action' policy, under which emissions will actually increase. Estimates from the Department of Climate Change and Energy Efficiency show that under Mr Abbott's policy, emissions would increase by 13 per cent from 2000 levels.
- ✘ Under the former Coalition Government, Australia was part of the problem on climate change, not part of the solution.

## OFFSETS

Consistent with the Gillard Labor Government's commitment to return the budget to surplus in three years, Federal Labor will redirect \$520 million over the forward estimates from the Solar and CCS Flagship programs and Renewable Energy Bonus Scheme.

The programs will continue to support action to reduce carbon emissions, with more than \$320 million worth of rebates remaining in the Renewable Energy Bonus Scheme, over \$680 million available for the Solar Flagships program and over \$450 million available under the Carbon Capture and Storage Flagships program over the next four years.

### Financial Implications (Underlying Cash Balance, \$m):

|  | 2010-11    | 2011-12      | 2012-13     | 2013-14      | Total         |
|--|------------|--------------|-------------|--------------|---------------|
| Cleaner Car Rebate                                 | -66.8      | -117.1       | -107.7      | -102.6       | <b>-394.2</b> |
| <i>Offsets</i>                                     |            |              |             |              |               |
| <i>Renewable Energy Bonus Scheme</i>               | 75.0       | 75.0         |             |              | <b>150.0</b>  |
| <i>Solar Flagship Program</i>                      |            |              | 50.0        | 170.0        | <b>220.0</b>  |
| <i>Carbon Capture and Storage Flagship Program</i> |            |              | 75.0        | 75.0         | <b>150.0</b>  |
| <b>Net Impact of Cleaner Car Rebate</b>            | <b>8.2</b> | <b>-42.1</b> | <b>17.3</b> | <b>142.4</b> | <b>125.8</b>  |

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