

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Additional Estimates Hearing
26 February 2009

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Green Car Innovation Fund – GM Holden

REFERENCE: Written Question – Senator Abetz

QUESTION No.: AI-32

When did the Government commence discussions with GM Holden about providing this funding?
Date.

Did the Government approach GM Holden or the other way around?

What exactly will be the emissions from this new car? (g/km CO₂)

How many NEW jobs will it create?

Does the Government have any guarantees regarding the engine for this car being anything other than petrol?

What is GM Holden's contribution to this grant? Is it 1 for 3, 1 for 2, or 1 for 1?

How much will GM Holden be paid in each year of the grant?

What assessment/approval process was used in this grant? Eg did it go to the committee of Innovation Australia? Did it go to Cabinet?

Against what criteria was the grant proposal assessed?

ANSWER

GM Holden outlined its Delta new car concept at a meeting with Departmental officials on 7 October 2008.

GM Holden initiated the meeting request.

GM Holden estimates its new car will produce about 20 per cent less in carbon dioxide emissions than current larger vehicles. The new car's actual emissions would be subject to further development and testing by the company. The emissions performance of any new car cannot be precisely measured until the final production version is available for physical testing.

GM Holden estimates its new car program will support up to 600 jobs at Holden and up to 600 jobs in the automotive supply chain. These jobs potentially would not exist without GM Holden's new car program.

GM Holden has stated that its new car will include petrol and diesel variants. The company has also said that other technologies such as hybrid engines and alternative fuel systems could be added during the car's production cycle.

The terms of the grant to GM Holden are commercial-in-confidence. The *Australian Financial Review* of 13 January 2009 reported comments by Mr Mark Reuss, Chairman and Managing Director of GM Holden, that Holden's investment "would meet the government's aim of attracting \$3 of private investment for \$1 in taxpayer funding." (Note: Testimony at Page E90 of the Senate Hansard of 26 February 2009 inadvertently referred to these comments being published on 13 February 2009.)

The Government offered to provide GM Holden with \$76 million in financial year 2009-10, \$30 million in 2010-11 and \$43 million in 2011-12. The actual payments made to GM Holden in

each financial year will depend upon the rate of progress made by the company against its funding agreement when finalised.

The Department assessed the proposal by GM Holden. The Government made the decision to provide a Green Car Innovation Fund grant to GM Holden.

The proposal was assessed against criteria agreed by the Government. These were similar to the merit criteria contained in the Green Car Innovation Fund's Framework Paper released publicly on 19 December 2008.