

# 'It isn't enough'

**Car-makers, VACC claim Gillard scrappage scheme needs a bigger incentive**

By JAMES STANFORD

**THE** Australian automotive industry's mixed reaction to the Gillard government's proposed \$394 million 'cash for clunkers' scheme continued over the past week, with budget car brands Suzuki and Proton urging the \$2000 incentive be increased and the Victorian Automobile Chamber of Commerce (VACC) branding it an exercise in political spin.

While all car-makers and industry groups contacted by GoAuto were supportive of the quest to rid Australian roads of inefficient and less safe old cars, most were unsure if the proposed scheme would be effective.

The Australian Automotive Aftermarket Association (AAAA) said the scheme would hurt the local parts industry and questioned whether it would reduce greenhouse emissions.

In contrast, the Australian Automobile Association (AAA) said it fully supported the initiative, and urged other parties to introduce similar schemes.

The federal government's proposed 'cleaner car rebate' is a key part of its re-election campaign and would offer \$2000 for motorists to trade-in a pre-1995 model (for wrecking) and purchase a new car with a CO2 emissions rating of 220g/km or less.

As GoAuto reported last week, there is unease among some in the industry about the scheme because of the lack of locally produced models that qualify and the



Alto

potential for motorists to be steered towards only low-cost imported models.

Using that logic, Suzuki Australia, which sells one of Australia's cheapest cars, the \$12,990 (driveaway) Alto, would likely be a major beneficiary.



Tony Devers

However, Suzuki Australia general manager Tony Devers told GoAuto this week that the Gillard plan did not provide enough incentive for motorists to upgrade to a new vehicle.

"\$2000 isn't enough," Mr Devers said. "That is the key issue."

"The Alto is \$12,990, is very efficient and has six airbags, but

after the grant they (potential customers) would still need to find another \$11,000.

"If you look at the people driving cars that are worth less than \$2000, what percentage of them would be able to spend enough to upgrade to a new car? It would be very, very low."

Mr Devers said that if an Australian federal government wanted to make a big difference,

it would offer a scrappage incentive of \$5000, like in the US and Germany.

"If they are serious they should provide that kind of incentive," he said. "There has to be some kind of significant new-car bonus for cars with real safety and environmental credentials."

Proton Cars Australia managing director John Startari told GoAuto he agreed with the conclusion that those who would qualify for the grant were unlikely to be able to afford to purchase a new car with such an incentive.

"If they received the \$2000 on top of what they would get for a trade-in, that would actually make a difference," he said.

"A lot of people who might benefit from such a scheme are driving cars that would get \$5000 as a trade-in, so it wouldn't make sense for them to hand their car over for \$2000."

VACC executive director David Purchase said he had his doubts about the Gillard scrappage scheme, which forms a key part of the Labor party's re-election bid.

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