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At \$100 million and counting, LPG conversion is not cheap

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DRIVERS are continuing in significant numbers to take refuge from high petrol prices by switching to cheaper LPG.

A national scheme encouraging motorists to convert their cars to gas is still experiencing extraordinary demand, with government spending now almost double the original budget.

The Age revealed late last year that the scheme was in danger of blowing out because of huge demand, with applications at between 300 and 400 a day.

The latest figures show the program at almost 50,000 cars converted for a total cost of \$100 million.

Figures tracking the scheme until the end of May confirm 47,957 LPG conversion grants of \$2000 each have been paid out to drivers at a cost of \$95.4 million.

The original budget for the scheme in its first year of operation was only \$64.8 million.

The Howard Government had to take the unusual step of bringing forward funds to cover extraordinary demand. The scheme was re-profiled, and given a first-year budget of \$126 million.

The rebates were first unveiled by the Prime Minister last August, under political pressure over surging petrol prices. Petrol prices then were much like current levels. Prices are likely to hit \$1.40 a litre today. A Senate inquiry examined claims that oil companies were making unfair profits from high oil prices.

The Prime Minister announced two new initiatives — a rebate of \$2000 to convert petrol vehicles to LPG, and a separate rebate worth \$1000 for new LPG-dedicated vehicles.

The strong demand for the conversion scheme shows consumers are keen to take refuge from high petrol prices and also do their bit to reduce damaging emissions from vehicles.

Energy Minister Ian Macfarlane has promised the Government will keep paying out rebates in line with demand, even if it goes well over its original budget of \$766 million.

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