



## LPG Vehicle Scheme

### Frequently Asked Questions

#### ***The LPG Vehicle Scheme***

##### **What is the purpose of this Scheme?**

The purpose of the Scheme is to encourage the uptake and use of LPG as a transport fuel.

##### **What level of assistance is available?**

The Australian Government has introduced grants to assist with the cost of purchase of a new manufacturer fitted LPG vehicle or for the fitting of an automotive LPG system to a new or existing petrol or diesel vehicle.

Under this initiative:

- a grant of \$2,000 will be paid following the LPG conversion of a new or used petrol or diesel motor vehicle
- a grant of \$1,000 will be paid following the purchase of a new motor vehicle with an LPG unit fitted at the time of manufacture of the vehicle.

The full grant is available regardless of the cost of conversion or the extra cost of a new dedicated LPG vehicle. For example, the \$2,000 is available for a conversion whether you pay \$1,800 or pay \$3,500.

##### **Is the assistance available for vehicles sold or conversions done prior to the Scheme's commencement date?**

No - the Scheme is not backdated.

Conversions and/or new vehicle purchases made on or after 14 August 2006 are eligible. You will need to have a payment receipt dated on or after 14 August 2006.

Applications can be submitted from 1 October 2006 and thereafter. The grant application form will be available from our website or from any Centrelink Customer Service Centre or Medicare shopfront, from early September.

##### **Is assistance available for vehicle conversions using a second hand LPG system?**

Yes - conversions using second hand LPG units are eligible for the grant.

##### **Is assistance available for LPG system upgrades, repairs or maintenance?**

No.

## **Why isn't a higher amount offered to cover the full (additional) costs of LPG vehicles?**

This Scheme is designed to encourage people to convert to LPG powered vehicles. There will be a significant benefit not only to the community, but to individual users in terms of reduced running costs. It is therefore reasonable that users contribute to the cost of conversion.

## **Will assistance received under the LPG vehicle scheme affect other Commonwealth assistance that I receive?**

It is the Government's intention that the grant not be assessable as income for social security purposes.

## **ELIGIBILITY**

### ***Eligibility at a Glance***

An eligible vehicle:

- Is for private use (not commercial or business use)
- Is a passenger or light commercial vehicle less than 3.5 tonnes Gross Vehicle Mass
- Must be registered in the Australian state or territory of residence of claimant
- Is not subject to a novated lease or salary sacrifice arrangement
- Must be registered for private use in NSW, VIC, QLD, WA, and the ACT
- Must be declared for private use if registered in SA, TAS and NT

Applicants who have or will receive assistance for LPG conversions under state government programs are still eligible to receive assistance under this program.

The grant application must be lodged within 12 months of the date of purchase of a new vehicle or conversion installer payment receipt.

### ***Vehicle Owner Eligibility***

#### **Who can apply?**

The grants are available to individuals who buy a new vehicle with an LPG unit fitted at the time of manufacture of the vehicle or who have a new or used petrol or diesel vehicle converted to LPG on or after 14 August 2006.

The vehicles registered to incorporated entities (eg a company or association), sole trader or partnerships, will have business use registration or purpose and are not eligible to apply for the grant.

Individuals can only receive one grant once every three years.

Further details will be available in the Customer Guidelines.

## How do I apply?

Individuals wishing to apply for the grant need only lodge a completed Application Form with supporting documents at a **Centrelink Customer Service Centre or Medicare Office**, by hand or by post from 1 October 2006.

The application form requires the following information from the **grant applicant**:

- contact details
- vehicle registration
- bank account details and financial institution.

The application form also requires information from your **motor dealer or LPG conversion kit installer**:

- contact details
- ABN
- accreditation number
- declaration that the installation is complete.

A complete application must include the following **supporting documentation**:

- proof of payment for new vehicle OR proof of payment for the installation of the LPG conversion, AND
- vehicle registration paper.

For applicants lodging an application in **person**, original **supporting documents** will be copied and returned to you at the time of lodgement.

For **postal** applications please **do not provide the original supporting documents**. Certified copies of original documents should be provided. Please see Customer Guidelines for information on certification requirements.

Incomplete applications will be returned and will delay payment.

Completed applications should be lodged at any local **Medicare Office/Centrelink Customer Service Centre** or posted to: **LPG Claim Processing Unit, G.P.O Box 1536 Adelaide SA 5001**.

All applicants will be advised of the outcome of their grant application by letter. Payments will be made after 1 October 2006. After this date, payments will be made to your nominated financial institution account within a 10 working days of submitting your application. Please note that payments cannot be made over the counter at Centrelink Customer Service Centres or Medicare Offices.

## What if my family has more than one car?

If you and your partner own two vehicles, each registered in different names, then you can both claim the grant. If you and your partner are joint registered owners of a vehicle then one of you can apply for the grant for that vehicle. If your partner is also the registered owner of another vehicle, they may apply for the grant for that vehicle. If children are the registered owners of other vehicles, then each of those children is eligible to claim the grant for their vehicle.

### **Can I claim the grant for an unregistered vehicle?**

No - a copy of the vehicle registration papers must be provided with the application for the grant.

### **If I have already received assistance via the WA scheme, am I eligible to apply?**

Yes - subject to fulfilling all eligibility criteria.

### **How long after having my vehicle converted must I submit an application?**

You must lodge your grant application within 12 months of the date of purchase of a new vehicle or conversion installer payment receipt.

### **Can I claim the grant before I pay for the LPG conversion or the new car?**

No - your claim cannot be made until you have paid for the new car or conversion.

### **If my vehicle is on a novated lease or has been acquired through salary sacrifice am I eligible?**

No - where the vehicle is leased or under a salary sacrifice arrangement, even if the vehicle is registered for private use by the applicant, the applicant is not entitled to the grant.

### **Why have small businesses been excluded from applying?**

The scheme is designed to assist families that are struggling with high oil prices. Small businesses are already eligible for accelerated depreciation under the Simplified Tax System.

## ***Vehicle Eligibility***

### **What types of vehicles are eligible under this Scheme?**

A vehicle which is for private use and does not exceed 3.5 tonnes Gross Vehicle Mass.

### **What types of vehicles are suitable for conversion to LPG?**

Many types of vehicles are suitable for conversion to LPG. However, you should contact your motoring association for specific advice on the suitability of your vehicle for conversion to LPG. Contact details will be provided in the Customer Guidelines.

### **Why aren't vehicles of more than 3.5 tonnes gross vehicle mass eligible under this Scheme?**

Limited funding is available under the Alternative Fuels Conversion Programme to trial the use of LPG and natural gas (CNG/LNG) in heavy vehicles (over 3.5 tonnes GVM) in transport fleets. The program is designed to assist operators and manufacturers of heavy commercial vehicles and buses to trial these fuels. These funds can be accessed to convert diesel powered heavy vehicles to these fuels where there are clear greenhouse and air quality benefits. Evidence of improved

emissions performance under a recognised test regime is a pre-requisite for applying for funding under this programme.

### **Why am I only allowed one conversion every 3 years?**

There is always potential for this sort of assistance measure to be abused. Having a cap on the number of conversions by each individual is the fairest way to ensure that as many genuine claimants as possible can have their vehicle converted. Most people don't acquire a new vehicle more than once every 3 years so this limitation shouldn't represent much or any disadvantage to anyone.

### **How much does it cost to convert to LPG?**

Almost all unleaded petrol-fuelled vehicles can (subject to space limitations) be converted to LPG operation. Systems typically range in price from about \$1,500 to \$3,400 installed, depending on the type of vehicle, type of system and options.

You should seek your own advice on LPG conversion options.

## ***Tax Issues***

### **Will I have to pay tax on the LPG grant?**

The grant will not be assessable for income tax purposes where the vehicle is for private use. This means that you will not have to pay income tax on the grant or declare it on your income tax return.

Driving your car to and from your place of employment is not considered business use.

### **I also use my private vehicle part of the time to run my home business, will I have to pay tax on the grant?**

If your vehicle is registered for private use and sometimes used for business purposes the grant may be assessable for income tax purposes.

If you are unsure of your tax circumstances you should seek advice from the Australian Tax Office.

### **Do I pay GST on the LPG grant?**

No – the grant is not subject to GST.

## ***LPG Excise***

### **Will the price of LPG increase in the future?**

LPG is currently excise free but it will become subject to excise in the future. No excise will be applied to LPG until 1 July 2011. The full rate of excise to apply to Liquefied Petroleum Gas (LPG) used in vehicles will be 12.5 cents per litre. This rate will apply from 1 July 2015.

The planned excise rates for LPG are as follows:

1 July 2011	2.5 cpl
1 July 2012	5.0 cpl
1 July 2013	7.5 cpl
1 July 2014	10.0 cpl
1 July 2015	12.5 cpl

**Is excise being applied just to automotive LPG, or to other uses (eg gas bottles) as well?**

Excise will only apply to automotive LPG. Non-vehicle use of LPG will continue to be excise free. This would be the case for home heating and cooking purposes, gas bottles, stationary engines, forklifts and power generation.

**Does excise apply to other transport fuels?**

Excise is already applied to petrol and diesel. The Government's position is that all fuels should compete in the market on their commercial merits, not their tax treatment.

**Where can I find more information about LPG as an alternative fuel?**

Such information is readily available from motoring associations. You could also speak to the Australian LPG Association.

Their website is [www.lpgaustralia.com.au](http://www.lpgaustralia.com.au)

***Installation***

**How can I be sure that my installer is accredited?**

Each state and territory has its own accreditation system. In all states the installer is required to fit a LPG compliance plate to your vehicle as part of the installation process. Most states also require a certificate or report that has to be taken to the state transport authority. You should ask your installer for accreditation/registration/certification details.

**Can I do an LPG conversion myself and claim the grant?**

You can only undertake an LPG installation on your own vehicle and claim the grant if you meet state based regulatory requirements and are able to provide a copy of an invoice for the installation with your application.