

EXPANSION

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News and innovation from LPG Australia



Fuel of the Future

NRMA ENDORSES LPG AUSTRALIA'S VISION

Australia's largest road service organisation, the NRMA, is to update its fleet of 400 patrol vans to LPG.

The three-year update program represents a \$14 million investment – but with the potential for increased returns.

The NRMA has announced it will have the first dedicated LPG road service fleet in the country.

"LPG is good for the environment and good for the business bottomline – it's around one-third the cost of petrol," NRMA CEO Tony Stuart said.

"Within 18 months almost half our fleet [175] of roadside patrol vans will run on dedicated LPG."

NRMA believes LPG will not only make its Ford Falcon BA Utes greener, but also carve a whopping 60 per cent off its annual fuel bill of \$2 million.

"NRMA has blazed a trail for other businesses to follow by switching to an environmentally friendly and sustainable fuel," LPG Australia Industry Development Manager Phil Westlake said.

"Their timing cannot be faulted either, especially when petrol prices have gone through the roof."

Mr Stuart said, "LPG is growing in popularity as an alternative fuel source at a time when families are spending up to \$100 a week on petrol."

A snap survey of NRMA-approved vehicle repairers has found that there are now waiting periods of up to three months for people wanting to switch the cars to LPG.

"This is a positive endorsement of the research and development initiatives undertaken by LPG Australia and all its members," Mr Westlake said.



The NRMA will be updating its fleet of patrol vans to LPG Autogas.

LPG FIRES FIRST SALVO IN NEW AWARENESS CAMPAIGN

LPG Australia's awareness campaign is capitalising on the community's interest in alternative fuels in the wake of sharply rising petrol prices.

The campaign calls on motorists to "defend" themselves against higher petrol prices and shows an LPG filler nozzle as an enabler helping motorists to do so.

"The Defend Yourself campaign is slightly provocative and

deliberately so," says LPG Australia's industry development manager, Phil Westlake. "It's designed to reach consumers looking for ways to protect themselves from rising transport costs."

The campaign is intended to help both original equipment manufacturers and aftermarket fitment operators and to raise awareness and reinforce confidence in LPG as a strong

alternative fuel source.

The advertisement is being run in all major metropolitan daily newspapers.

The national campaign is an investment of more than \$750,000.

In addition, several State-based promotions are in place, using elements of the core material.

Newspapers are reporting that the increase in petrol prices, which peaked above \$1.40 a litre in August, has put significant pressure on household budgets.

"In such an environment motorists are looking for urgent solutions and they want easily accessible, practical information," says Phil Westlake.

In response, LPG Australia has updated its website, www.lpgautogas.com.au,

with more comprehensive consumer information.

The improved site includes downloadable brochures aimed at private motorists, small business and fleets that can be printed at the click of a mouse.

The website also includes an easy to use cost calculator which shows how quickly at current fuel prices the installation of an LPG fuel system in a vehicle would be repaid.

The Defend Yourself campaign is being supported by point of sale posters and counter stands containing brochures.

LPG Australia members who would like copies of the point-of-sale materials should contact us by calling (02) 9319 4733 or e-mailing mail@alpga.asn.au.

NEW AND USED LPG CARS HOT PROPERTY



A new factory-fitted LPG

Commodore, an upgraded E-Gas Falcon and a sharp increase in the residuals of used Autogas vehicles have combined to make LPG hot property in the automotive retail sector.

The announcement of a factory dual-fuel Commodore selling for \$37,550 has created a buzz amongst Holden dealers.

It is based on the Commodore Executive variant and features a newly developed version of GM Holden's 3.6-litre Alloytec V6.

The LPG-powered Commodore uses a high-tech system developed by Impco called Sequential Vapour Gas Injection (SVGI), which injects gas directly into the air intake runner.

The system gains further efficiencies by mimicking the petrol injection sequence, which achieves power (175kW) and torque (320Nm) figures identical to the petrol-only Commodore Executive.

GM Holden National Fleet Manager Simon Carr said the appeal of LPG-powered vehicles is increasing due to LPG's compliance with all current and future emissions regulations, and the comparatively low cost of LPG.

"GM Holden's sophisticated SVGI system produces the same driving characteristics as the petrol-only Commodore and it also has the cost advantage of the cheaper fuel source," Simon Carr said.

Production of the LPG-powered Commodore begins in October, with GM Holden dealers now taking orders.

Ford Australia, meanwhile, has just announced an improved version of the E-Gas engine as part of its updated BF model range.

The 4.0-litre engine has been upgraded along with the rest of the Barra engine family in order to meet the stringent ADR79/01 (Euro III) emission requirements.

Power output on the E-Gas engine remains at 156kW, and torque has increased slightly from 372Nm @ 3000rpm to 374 Nm, developed at a lower 2750rpm.

Ford says sales of Falcon E-Gas sedans, wagons and utilities totalled 4310 in the first seven months of this year – an increase of 1318 or 44 per cent over the same period of 2004.

Figures from Ford Australia show that 13.8 per cent of all Falcons sold to the end of July were E-Gas models, compared to 7.7 per cent last year.

"The dedicated LPG engine, introduced in 1999, has been extremely successful, helping to win major fleet contracts from operators looking to save costs and reduce greenhouse gas emissions," said Ford Australia's Manager of Public Affairs, Sinead McAlary.

LATEST COST-SAVING SCENARIOS ARE COMPELLING

The widening price differential between unleaded petrol (ULP) and LPG has further improved the economic advantages of switching to Autogas.

Calculations undertaken by LPG Australia and based on fuel price information from respected price-watch organisation FUELtrac show dramatic savings are now available over the life of a motor vehicle lease.

The average weekly saving in running costs for an LPG-powered Holden Commodore doing 30,000km a year is \$43.89, FUELtrac's figures show.

The calculation is based on a ULP price of 126.9 cents/litre versus an LPG Autogas price of 44.9 cents/litre as well as average consumption figures from the Green Vehicle Guide.

Over a four-year lease period, LPG Australia has calculated that the Commodore owner would save \$9128.

Operators of light commercial vehicles can experience similar savings if they switch to LPG. The owner of a Toyota HiAce SLWB Auto Van travelling 30,000km a year would save \$49.82 per week or \$10,362 over four years.

At current prices, the owner of a Toyota LandCruiser auto wagon undertaking a 1000km trip could expect to more than halve the fuel bill for the journey if running on Autogas.

LPG Australia's latest cost-saving scenarios are detailed in the next table.

COST-SAVING SCENARIOS

| | COMMODORE | FALCON | HIACE | LANDCRUISER |
|-----------------------|-----------|-----------|-------------|-------------|
| Trip Cost ULP | \$141 | \$146 | \$160 | \$204 |
| Trip Cost LPG | \$65 | \$67 | \$74 | \$94 |
| Trip Savings | \$76 | \$79 | \$86 | \$110 |
| Annual ULP | \$4225.77 | \$4378.05 | \$4796.82 | \$6129.27 |
| Annual LPG | \$1943.72 | \$2013.77 | \$2206.39 | \$2819.27 |
| Weekly Savings | \$43.89 | \$45.47 | \$49.82 | \$63.65 |
| Annual Savings | \$2282.05 | \$2364.29 | \$2590.43 | \$3310.00 |
| 4-year Savings | \$9128.20 | \$9457.14 | \$10,361.74 | \$13,240.00 |

The figures used in this story are based on: fuel pricing at national average (two weeks to 11/09/05) from FUELtrac; fuel consumption from Green Vehicle Guide – Commodore 11.1L/100km, Falcon 11.5L/100km, HiAce 12.6L/100km, LandCruiser 16.1L/100km; LPG consumption = ULP x 1.3; trip distance of 1000km and annual distance of 30,000km.

MEDIA COVERAGE EXPANDS

Media coverage of LPG Autogas has boomed after the dramatic mid-year spike in petrol prices. It has turned attention to alternative fuels – to the benefit of the LPG industry.

“I think it’s fair to say that LPG Autogas is on the public agenda. It is no longer being thought of by the media as just a fuel for taxis.”

According to media monitoring conducted by LPG Australia member Kleenheat, press coverage in the second and third quarters of the year grew markedly over the same period of 2004. “With the differential between petrol and autogas as high it has

ever been, we are pleased the media coverage focusing on the strong financial incentive to switch has been so positive,” said Kleenheat Gas General Manager Tim Bult. LPG Australia says it has been busy fielding requests for interviews from media outlets in recent months.

“During August and September in particular we received almost daily requests to provide a spokesperson for radio and television interviews,” said LPG Australia’s Ray North.

“Its also evident that our public relations campaign has been paying dividends, with significantly more articles published which were based wholly or in part on press releases written by our PR agency, since prices began to soar in April,” he said.

LPG Australia’s Industry Development manager, Phil Westlake, says the PR strategy in recent months has been based on capitalising on the opportunities created by record petrol prices. “We’ve been closely monitoring talk-back radio and newspaper editorial and responding with press releases aimed at reminding journalists that there is an alternative to petrol that is dramatically cheaper, proven and

widely available,” said Mr Westlake. Mr Westlake says LPG Autogas’s public profile has been further boosted by Holden’s announcement that it is introducing a dual-fuel LPG/Petrol version of Australia’s best-selling car, Commodore. “I think it’s fair to say that LPG Autogas is on the public agenda. It is no longer being thought of by the media as just a fuel for taxis.”



E-GAS FALCONS FETCH BIGGER PREMIUMS

Car dealers are reporting that second-hand E-Gas Falcons are fetching a substantial premium over their petrol-powered equivalents. “Almost overnight we’ve seen Falcon E-Gas fetching at least \$2000 over the petrol-powered equivalents,” says Melbourne dealer Ben Nutbean.

“Almost overnight we’ve seen Falcon E-Gas fetching at least \$2000 over the petrol-powered equivalents.”



Motor industry valuer Redbook agrees there has been marked improvement in LPG vehicle residuals. “Big car residuals are falling away much more quickly than before because of high petrol prices and a glut of late-model Australian-made sedans on the second-hand market,” says Redbook director Max Perry. “The exceptions to that trend are LPG-powered cars, which might have sold for \$18,000 a few months ago but are now getting \$20,000 or more.” The Falcon E-Gas models are dedicated to running on Autogas only, dispensing with all petrol system components including fuel tank and pipes, and reducing complexity while saving weight and cost. The tank in the E-Gas sedan fits under the rear body of the car, preserving boot space, while still offering 93 litres in capacity.

DEMAND FOR SWITCH TO AUTOGAS TRIPLES

Soaring petrol prices have led to a record number of motorists switching to LPG Autogas.

Demand has nearly tripled, according to information from LPG Australia and the Automotive Alternative Fuels Registration Board (AAFRB).

The latest figures from the AAFRB show that, to the end of September, the number of vehicles compliance-plated in Victoria that switched to LPG Autogas jumped by 190.5 per cent compared to the same period last year.

The increase continues a marked upswing which began last year. From August to September this year the increase was 28 per cent.

AAFRB Chairman Jim Richards says the heightened level of motorist interest is being driven by the big increase in the price differential between LPG Autogas and petrol.

One of the largest installers in Victoria, LP Gas 1, confirmed the exponential growth in demand.

LP Gas 1 director Brett Coventry said his business used to handle

15-20 installations per week and that this figure had now grown to 35-40.

"We expect this to grow to 50-60 installations per week over the next two months," Mr Coventry said. "We are currently dealing with clearing customer backlog as well as growing our operation to ensure we can cope with the increasing demand."

Apollo Gas technical manager Hilbert Klaster said demand for LPG Autogas installation kits from his company was also expanding at a rapid rate.

"Our demand is up to four times the level it was at two months ago," Mr Klaster said.

The AAFRB's figures are supported by information gathered by LPG Australia from other areas of Australia.

"Installers and equipment suppliers are telling us that they are having trouble keeping up with demand,"



Apollo Gas' Hilbert Klaster with a new-model HiLux that switched to LPG.

says LPG Australia's Industry Development Manager, Phil Westlake.

Mr Westlake agreed the sales spike was clearly due to petrol price rises. According to FUELtrac, the national average price of petrol over the first two weeks in September was 126.9 cents per litre.

In comparison the national average price of LPG Autogas was 44.9 cents a litre.

According to LPG Australia, at the national average price level, a Holden Commodore driver travelling 30,000 kilometres a year on Autogas would save \$2282 – the equivalent of \$43.89 per week.

NRMA SUMMIT SENDS STRONG MESSAGE TO THE TOP

Australia's leading motoring organisation, the NRMA, has called for Federal and State Governments and the Australian Competition and Consumer Commission (ACCC) to ensure widespread availability of alternative fuels such as LPG.

It has also called for additional research support into alternative fuels during a summit it held in September in Sydney.

The aim of the forum, which received considerable media attention, was to discuss a constructive response to high fuel prices and seek solutions for both motorists and the industry.

The forum was seen as a major vote of confidence in the future of LPG.

NRMA motoring services president Alan Evans urged participants to the summit – forty representatives from industry and government – to take the lead on pushing fuel companies to make alternative fuels such as LPG more widely available.

"LPG use may assist in managing demand for fuel and provide greater self-sufficiency," the NRMA said.

The peak motoring body also urged government to consider regulation forcing oil companies to increase production of alternative fuels.

"Oil is a finite resource and more needs to be done to encourage the development of alternative fuels and energy-efficient practices," the NRMA said.

The NRMA recommended reviewing taxes on fuel-efficient vehicles, to encourage local automotive manufacturers to produce more flexible-fuel vehicles. In the face of soaring petrol prices, more Australian motorists are converting to LPG Autogas to run their cars, opting for a cheaper, cleaner option than petrol and diesel.

As petrol prices hit up to \$1.40 a litre, LPG Autogas is just about a third of the petrol price at around \$0.45 at the bowser.

LPG Australia's Industry Development manager, Phil Westlake, says the financial argument in favour of driving an LPG-powered motor vehicle has never been more compelling.

"Industry observers have pointed out that soaring petrol prices have resulted in a marked increase in the popularity of LPG-powered motor vehicles on the second-hand market," Mr Westlake said.

"The better resale values are obviously being driven by the record price differential between LPG and unleaded petrol."



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