

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 4

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 15, 16 August 2012

Senator Boyce asked:

Do the blue, green, red and yellow-orange dots represent every commercial fuel outlet in those regions? There are no petrol stations we are missing, so to speak?

Answer:

There are currently 224 sites that have been identified by the Department of Health and Ageing to supply low aromatic fuel throughout regional and remote Australia. This includes sites receiving low aromatic fuel (123 sites represented as green dots on the maps provided); sites targeted to receive low aromatic fuel (81 sites represented as blue dots on the maps provided); sites potentially identified to receive low aromatic fuel (12 sites represented as orange dots on the maps provided); and sites refusing to supply low aromatic fuel (8 sites represented as red dots on the maps provided). It should be noted that not all sites identified on the maps are fuel retail sites. Sites include roadhouses/service stations, pastoral stations, communities and other supporting organisations.

The map only displays sites that have been identified by the Department to date during scoping and consultations undertaken to support the rollout. It is possible that there are more fuel outlets than those identified on the map. The level of scoping and consultation undertaken is more advanced in some regions (e.g. Katherine) than in others (e.g. Cape York). Sites may be added or removed as consultations continue in new rollout regions.

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 5

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 17, 16 August 2012

Senator Siewert asked:

How long have you been consulting with the longest blue dot?

Answer:

There are 81 remaining sites (represented as blue dots on the maps provided) for which the rollout of low aromatic fuel is targeted.

The majority of the 81 remaining sites for which the rollout of low aromatic fuel is targeted are in regions that are dependent on the establishment of bulk storage facilities. Consultation and scoping has commenced with the majority of these sites however some regions may maintain the status “sites targeted to receive low aromatic fuel” (blue dots) until appropriate storage and distribution arrangements can be established.

Initial scoping to identify sites targeted to receive low aromatic fuel (blue dots) was undertaken to support the 2006-07 Budget measure Reducing Substance Abuse (Petrol Sniffing). The remaining sites targeted to receive low aromatic fuel were identified as a part of and following the 2010-11 Budget measure – Expanding the Supply and Uptake of Opal Fuel. Sites that were identified in the 2006-07 Budget measure include those in the East Kimberley and Cape York, many of which are still blue dots.

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 6

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 17, 16 August 2012

Senator Siewert asked:

Obviously I am keen to get a picture of what the true situation is out there and how long people will string you along before they absolutely refuse or you make the decision, 'After three refusals, we'll kick you over in to red.' I want to know the criteria for when you make them into red. And how long it takes. How long have some of these blue dots been blue?

Answer:

A site remains as a site targeted to receive low aromatic fuel (represented as a blue dot on the maps provided) while the consultation and negotiation process is ongoing. The Department of Health and Ageing does not identify a site as refusing (red dot) until all avenues of negotiation are exhausted and the site communicates an express decision not to stock low aromatic fuel.

Of the 101 remaining sites identified for the rollout of low aromatic fuel, 81 sites (blue dots) are targeted. The majority of the 81 sites for which the rollout of low aromatic fuel is targeted are in regions that are dependent on the establishment of bulk storage facilities. Consultation and scoping has commenced with sites in these regions, however if storage and distribution are the obstacles to the sites converting to low aromatic fuel, the sites will maintain the "targeted to receive low aromatic fuel" (blue dot) status until appropriate storage and distribution arrangements can be established.

Initial scoping to identify sites targeted to receive low aromatic fuel was undertaken to support the 2006-07 Budget measure Reducing Substance Abuse (Petrol Sniffing). The remaining sites targeted to receive low aromatic fuel were identified as a part of and following the 2010-11 Budget measure – Expanding the Supply and Uptake of Opal Fuel. Sites that were identified in the 2006-07 Budget measure include those in the East Kimberley and Cape York, many of which are still blue dots.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 8

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 20, 16 August 2012

Senator Siewert asked:

Is that (the distribution subsidy) indexed? So is the rate the same as it was when the rollout started?

Answer:

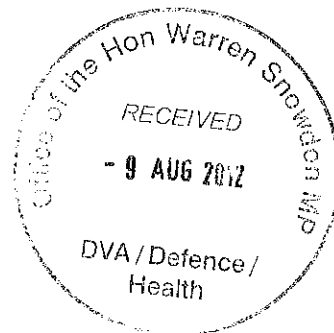
The distribution subsidy has not been subject to indexation since it was introduced in 2006. The distribution subsidy is paid directly to fuel distributors and makes sure that fuel retailers are supplied low aromatic fuel at the same price as regular unleaded petrol. This subsidy varies between zero cents and 47 cents per litre of low aromatic fuel supplied depending on the delivery location. If a distributor can demonstrate that their costs are more than the set subsidy rate for a particular region, the Department of Health and Ageing will negotiate the level of subsidy with the distributor.



**Deputy Premier of Western Australia  
Minister for Health; Tourism**

Our Ref: 25-28906

3 August 2012



The Hon Warren Snowdon MP  
Minister for Veterans' Affairs  
Minister for Defence Science and Personnel  
Minister for Indigenous Health  
Minister Assisting the Prime Minister on the Centenary of Anzac

*Min to Min*  
*① MD-SM*  
*WS-INFO (M)*  
*mike-mir*

Dear Hon Warren Snowdon MP,

Thank you for your correspondence received in this office on 1 August 2012, regarding the rollout of low aromatic fuel and the recent introduction of a Commonwealth Bill by the Australian Greens Party to mandate its supply

As this matter falls under the responsibility of the Minister for Mental Health, your correspondence has been forwarded to the Hon Helen Morton MLC, Minister for Mental Health.

Yours sincerely

**CORRESPONDENCE OFFICER**

*L. Springborg MP*

*M12012564*

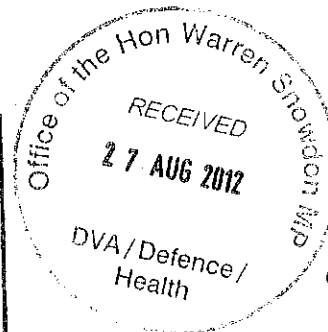
**FOR YOUR INFORMATION**

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| 10 AUG 2012  |   |
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| <input type="checkbox"/> Minister                              | <input type="checkbox"/> Acknowledgment         |
| <input type="checkbox"/> Chief of Staff                        | <input type="checkbox"/> Response               |
| <input type="checkbox"/> Adviser                               | <input type="checkbox"/> Phone Call             |
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| <input type="checkbox"/> Department                            | <input type="checkbox"/> Urgent by              |
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Hon John Hill MP

|  |   |
|--|---|
| Minister for<br>Indigenous Health                              |   |
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| Comments:  |   |



Government  
of South Australia

2012MSA-00501

Hon Warren Snowdon MP  
Minister for Indigenous Health  
Parliament House  
CANBERRA ACT 2600

Minister for Health  
Minister for Mental Health  
and Substance Abuse  
Minister for the  
Southern Suburbs  
Minister Assisting the  
Premier in the Arts  
Level 9  
11 Hindmarsh Square  
Adelaide SA 5000  
GPO Box 2555  
Adelaide SA 5001  
DX 243  
Telephone (08) 8463 6270  
Facsimile (08) 8463 6277  
Minister.Health@health.sa.gov.au

Dear Minister *Warren*

*Min to Min*  
*① MD - SM*  
*WS - Info (m)*  
*illicit drugs*

Thank you for your letter of 20 July 2012 about the Low Aromatic Fuel Bill 2012.

Low aromatic fuel has been a significant factor in the prevention of volatile substance abuse in remote areas of South Australia. The current voluntary approach has the support of the community and has been effective in controlling the sale of unleaded fuel in the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands.

SA Health has been advised by the Commonwealth Department of Health and Ageing that some retailers in the far north of South Australia, outside of the APY Lands, continue to stock regular unleaded fuel. Further, the Commonwealth Department of Health and Ageing continues to negotiate the voluntary stocking of low aromatic fuel with these sites.

As you would be aware, the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs has recently commenced an evaluation of the Petrol Sniffing Strategy. I am advised that SA Health will contribute to this evaluation.

The outcomes of the evaluation, together with the report from the Senate Community Affairs Legislation Committee Inquiry, will assist the South Australian Government in determining its position on the potential mandating of low aromatic fuel in specific areas in South Australia.

The Deputy State Coroner's recommendation to introduce legislation, similar to the Northern Territory *Volatile Substance Abuse Prevention Act 2005* (the Act), was not supported. South Australia has a comprehensive range of existing legislative powers available to prevent and manage the misuse of volatile substances. It has been noted that even with the Act in the Northern Territory, introduced four years prior to his death, the Northern Territory legislation failed to provide protection for Kunmanara Brown. SA Health is undertaking a number of actions to more effectively respond to volatile substance misuse.

I welcome your offer to host a cross-jurisdictional forum to discuss a consistent legislative approach to petrol sniffing, including low aromatic fuel. Ideally such a forum would be conducted after the completion of the Department of Families, Housing, Community Services and Indigenous Affairs' evaluation of the Petrol Sniffing Strategy.

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FOR YOUR INFORMATION  
Please file and enter the departmental file number  
on the MIRACLS 2 system.

I look forward to continuing to work cooperatively with the Commonwealth Government to reduce the harms associated with volatile substance abuse.

Thank you for writing to me on this matter.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Tom Fisk".

**MINISTER FOR MENTAL HEALTH AND SUBSTANCE ABUSE**

Date: 23.8.12



Hon Lawrence Springborg MP  
Minister for Health



Level 19  
147-163 Charlotte Street Brisbane 4000  
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Queensland 4001 Australia  
Telephone +61 7 3234 1191  
Facsimile +61 7 3229 4731  
Email health@ministerial.qld.gov.au

Min to Min  
① MD-SM  
WS-Info (M)  
Misc-Misc

1 AUG 2012

Hon Warren Snowden MP  
Minister for Veterans' Affairs  
Minister for Defence Science and Personnel  
Minister for Indigenous Health  
Minister assisting the Prime Minister on the Centenary of Anzac  
Parliament House  
CANBERRA ACT 2600

Dear Minister

I thank you for correspondence 20 July, 2012 regarding the rollout of Low Aromatic Fuel Bill 2012.

I have asked for further information on the issues you have raised so that I am in a better position to respond specifically to them in detail.

Once I am in a position to do so I will respond further.

I thank you again for raising this matter with me.

Yours sincerely

**LAWRENCE SPRINGBORG MP**  
**Minister for Health**

|  |   |
|--|---|
| Minister for<br>Indigenous Health                              |   |
| 8 AUG 2012   |   |
| Reply by   | Action  |
| <input type="checkbox"/> Minister                              | <input type="checkbox"/> Acknowledgment         |
| <input type="checkbox"/> Chief of Staff                        | <input type="checkbox"/> Response               |
| <input type="checkbox"/> Adviser                               | <input type="checkbox"/> Phone Call             |
|  | <input checked="" type="checkbox"/> Information |
| <input type="checkbox"/> Department                            | <input type="checkbox"/> Urgent by              |
| Other  |   |
| <input type="checkbox"/> Campaign                              |   |
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Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 10

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 21, 16 August 2012

Senator Siewert asked:

Can we get a copy of the letter? And any responses.

Answer:

The letter from the Hon Warren Snowdon MP, Minister for Indigenous Health to the Hon Dr Kim Hames MLA, Western Australia Minister for Health; the Hon Lawrence Springborg MP, Queensland Minister for Health; the Hon Konstantine Vatskalis MLA, former Northern Territory Minister for Health; and the Hon John Hill MP, South Australia Minister for Mental Health and Substance Abuse were tabled at the Hearing.

Attached are copies of responses received to date. These are from the Hon Dr Kim Hames MLA, the Hon Lawrence Springborg MP and the Hon John Hill MP.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 13

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 28, 16 August 2012

Senator Smith asked:

I am happy to stand corrected on this. I do not have the relevant newspaper article. I thought Minister Snowden mentioned that the mandatory approach would be a legal minefield. I am just wondering how he might have come to that comment in the absence of any legal advice.

Answer:

The Department of Health and Ageing has no further information to provide in relation to this matter beyond what was stated at the hearing.

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 14

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 28, 16 August 2012

Senator Moore asked:

Do we have a date on which the government response to the committee was received? What we need as a committee is the date of the government response and then the action that has been taken on the response that was given to the committee.

Answer:

The Australian Government's response to the 2009 Senate report - Grasping the opportunity of Opal: assessing the impact of the Petrol Sniffing Strategy was tabled in the Senate on 22 June 2010.

The response discussed at the hearing on 16 August 2012 was in relation to recommendation 5 of the Senate report which relates to the Commonwealth completing the necessary work to determine whether legislation is possible or practicable. A copy of recommendation 5 and the Australian Government response to this recommendation is at Attachment A.

In the time since the Australian Government's response to the Senate report, additional funding of \$38.5 million was made available in the 2010-11 Budget and with this funding the following actions have been taken:

- Addressing fuel storage and distribution issues

To support the expanded supply of low aromatic fuel into new regions, the Department of Health and Ageing conducted a procurement process to establish improved arrangements for the production, transport to storage and bulk storage of low aromatic fuel from 2012-13 onwards. The new arrangements commenced on 1 July 2012. Aspects of the new arrangements including the establishment of bulk storage for low aromatic fuel in Darwin and North Queensland have not yet been finalised and will be progressively rolled out during the 2012-13 financial year. For the early stage of 2012-13 BP Australia will continue to supply low aromatic fuel to currently receiving sites.

The new arrangements for low aromatic fuel will facilitate the expansion of the program in the following regions:

- the Top End of the Northern Territory including Katherine, Mataranka and Pine Creek;
- Tennant Creek and the Barkly region in the Northern Territory;

- East Kimberley in Western Australia;
  - the southern area of the Gulf of Carpentaria and Cape York; and
  - Coober Pedy in South Australia.
- Improving data collection on the prevalence of petrol sniffing

In late September 2010, the Department held an open tender procurement process to establish and implement a data collection tool. This tender process closed in late October 2010. In January 2011, following a tender evaluation process, Menzies School of Health Research was selected as the successful tenderer. Following contract negotiations, in March 2011 the Department entered into a \$1.45 million contract with Menzies. The contract runs until 30 June 2014 and will collect petrol sniffing prevalence information from 40 communities across regions of remote Australia.

The first phase of the project collecting data from 21 communities was conducted in October 2011. The second phase of the project which is due to commence in September 2012 will collect data from the remaining 19 communities. Communities visited in phase one of the project will be revisited for data collection in 2013 and in turn a second round of data will be collected from communities visited during phase two in 2014. As this is a four year project, results from the project will not be released until the project has concluded in June 2014.

- Implementing communication activities to support the rollout of low aromatic fuel

The 2010-11 Budget measure included additional funding to deliver comprehensive communication activities to support the rollout of low aromatic fuel. A communication strategy to support the rollout of low aromatic fuel to new and existing regions was finalised in August 2010. This strategy aims to: educate residents, key stakeholders and tourists about the effectiveness and reliability of low aromatic fuel; assist to overcome negative perceptions and myths about the product; and provide information about the role of low aromatic fuel in reducing petrol sniffing. Communication activities undertaken include:

- low aromatic fuel information days targeting key stakeholders and community members;
- low aromatic fuel technical briefings targeting key fuel industry stakeholders;
- local print advertising;
- radio announcements;
- talkback radio;
- direct mail;
- targeted editorials; and
- sponsorships.

## Recommendation 5

Given the continuing resistance to Opal fuel by some retailers across all jurisdictions in central Australia, the Committee recommends that the Commonwealth government complete, as a matter of priority, the necessary work to determine whether legislation is both possible and practicable. If these retailers do not voluntarily agree to supply Opal within 6 months, and if it is established that there are no legal impediments to the implementation of Commonwealth legislation, the Commonwealth government should immediately commence the drafting of legislation to mandate the supply of Opal fuel within the petrol sniffing strategy zone.

### *Response*

#### **The Australian Government accepts this recommendation.**

In June 2009, the Department of Health and Ageing engaged the South Australian Centre for Economic Studies to undertake a Cost-Benefit Analysis of the legislative options to mandate the supply of Opal fuel and control the sale of PULP in designated regions of Australia.

The study examined the voluntary roll out of Opal fuel in three different analysis areas, and considered the long and short term outcomes and costs of the program, balanced against benefits to individuals, communities and governments. The legislative options for mandating supply of Opal fuel were also examined.

A broad range of stakeholders were consulted including: Indigenous communities, fuel retailers and distributors, health organisations, non-government organisations and government officials (including community-based government officials and police).

The final report of the study was received in January 2010 and is now available on the Department of Health and Ageing's website at <http://www.health.gov.au/internet/main/publishing.nsf/Content/health-oatsih-pspp-reports>

The Cost-Benefit Analysis concluded that the community benefits exceeded the costs, both in the short and the long term. However, the study also noted that the conclusions were based on limited data on the prevalence of petrol sniffing and that fuel storage and distribution issues needed to be addressed to enable a full roll out of Opal fuel in northern Australia.

The Australian Government has provided \$38.5 million, over four years, in the 2010 Budget to enhance the current voluntary roll out of Opal fuel. This funding will be used to:

- establish new storage facilities for Opal fuel in Darwin and northern Queensland. These new facilities will enable Opal fuel to be delivered to 39 new sites in the East Kimberley of Western Australia, the Top End of the Northern Territory and the Gulf of Carpentaria region in Queensland. In addition, the storage facilities will also ensure a more reliable supply of Opal fuel to Indigenous communities already receiving Opal fuel;
- implement a communication strategy both with the roll out of Opal fuel and to sites already receiving Opal fuel; and
- implement a surveillance system to collect data on the impact of Opal fuel and the broader Petrol Sniffing Strategy. This monitoring system will collect information on the

prevalence of petrol sniffing, switching to other substances and individual and community behavioural changes.

The information collected through the surveillance system will be used by the government to inform future decisions regarding the value of an additional legislative approach once the full voluntary roll out of Opal fuel has occurred in 2012-13.

There are currently only a small number of retailers refusing to supply Opal fuel. The new funding will address the reasons some of these retailers have given for not supplying Opal fuel. This includes initiatives to ensure:

- increased communication about Opal fuel to address myths about the fuel's reliability;
- communication about Opal fuel targeted at tourists to address concerns that the fuel is bad for tourism; and
- the roll out of Opal fuel occurs on a regional basis in northern Australia to address concerns that individual retailers will be disadvantaged if they supply Opal fuel.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 18

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Written Question on Notice

Senator Siewert asked:

What is the status of LAF uptake in Wiluna, is the Wiluna supermarket refusing to stock LAF?

Answer:

One of two retail sites in Wiluna is stocking low aromatic fuel. The site selling low aromatic fuel is Eagle Petroleum. Wiluna Traders, formally Gunbarrel Groceries was taken over by new management in late 2011. The Department of Health and Ageing continues to work with the site to gain support for the introduction of low aromatic fuel.

Most recently the Department attempted to contact the new management in August 2012. To date no response has been received.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 19

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Written Question on Notice

Senator Siewert asked:

There appears to be some confusion as to when Laverton Roadhouse switched to using LAF, was this post or prior to the sale of the outlet?

Answer:

On 14 December 2011 the distributor to Laverton Roadhouse, Reliance Petroleum, advised the Department of Health and Ageing that Laverton Roadhouse had received its first delivery of low aromatic fuel on 1 December 2011. Subsequently, on 17 January 2012 the Department was informed that Laverton Roadhouse had received its fourth delivery of low aromatic fuel and was entitled to brand the fuel as Opal.

The Department is not aware of whether the retail site has changed ownership.



ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 20

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Written Question on Notice

Senator Siewert asked:

I note that the 2009 evaluation reported a decrease of up to 70-90 per cent in petrol sniffing, which of course is excellent, but do you have more recent data available now? Do you know if the results have been maintained, and if the final 30 per cent have been impacted over the past three years?

Answer:

There has not been an updated publication of comprehensive data since the 2009 evaluation. However, building on the 2007 Data Collection for the Petrol Sniffing Prevention Program (PSPP) and the 2008 Opal Fuel Impact Evaluation, the 2010-11 Budget measure – Expanding the Supply and Uptake of Opal Fuel funds the development and use of a data collection tool to monitor the incidence and prevalence of petrol sniffing and transference of sniffers to other substances once regular unleaded fuel is no longer available. This data collection will also assist in evaluating the effectiveness of low aromatic fuel and other interventions that affect petrol sniffing prevalence.

In March 2011, the Department of Health and Ageing entered into a \$1.45 million contract with Menzies School of Health Research to undertake the data collection. The contract runs until 30 June 2014.

The data collection project will collect petrol sniffing prevalence information from 40 communities across regions of remote Australia. The communities were selected to ensure the following characteristics are assessed:

- history of sniffing activity;
- distance to the nearest outlet of regular unleaded petrol;
- availability of alternative activities;
- availability of inhalants other than petrol;
- the presence or lack of police;
- community stability and capacity to respond;
- access to treatment facilities; and
- length of time using low aromatic fuel.

A decision was made to increase the number of communities surveyed from the 20 included in the 2008 evaluation, to allow an understanding of petrol sniffing prevalence, behavioural change and transference to other substances across a broader number of communities. Of the 40 communities to be surveyed, 38 had baseline data collected during the 2007 PSPP data collection. The remaining two communities have been included as they have one or more of the characteristics identified above.

The first phase of the project collecting data from 21 communities was conducted in October 2011. The second phase of the project, which is due to commence in September 2012, will collect data from the remaining 19 communities. Communities visited in phase one of the project will be revisited for data collection in 2013 and in turn a second round of data will be collected from communities visited during phase two in 2014. As this is a four year project, results from the project will not be released until the project is concluded in June 2014.

Once the results for the project are received, the Department will have a more reliable data set and be able to determine whether the decrease in petrol sniffing has been maintained since the 2008 evaluation.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 23

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Written Question on Notice

Senator Siewert asked:

Do you know which fuel companies are providing RULP to these petrol stations? BP, Shell etc?

- Maryvale
- Tilmouth Well
- Ti Tree
- Marla
- Urandangi

Answer:

The Department of Health and Ageing records fuel distributor details for sites that stock low aromatic fuel. As the five sites listed are not receiving low aromatic fuel, the Department does not have any information on their distributors.

According to the Department's records, Maryvale Station is only stocking premium unleaded petrol and does not receive regular unleaded petrol.

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 24

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Written Question on Notice

Senator Siewert asked:

What are the current manufacturing arrangements for LAF in Australia. Has the tender process for the supply of LAF been completed, if so can you outline the new supply arrangements?

Answer:

Low aromatic fuel is currently manufactured by BP Australia (BP) and stored in bulk at two locations: Largs North in South Australia and Kalgoorlie in Western Australia.

Between 1 July 2006 and 30 June 2012, the Department of Health and Ageing paid a production subsidy to BP for every litre of low aromatic fuel that exits the BP terminal gate. It was paid in recognition that low aromatic fuel is more highly refined and produced in smaller quantities than regular unleaded petrol. This subsidy ensured that low aromatic fuel could be sold to fuel distributors at the same terminal gate price as regular unleaded petrol.

To support the expanded supply of low aromatic fuel into new regions, the Department conducted a procurement process to establish improved arrangements for the production, transport to storage and bulk storage of low aromatic fuel from 2012-13 onwards.

The new arrangements commenced on 1 July 2012. Aspects of the new arrangements are still under negotiation and will continue to be progressively rolled out throughout the 2012-13 financial year to enhance storage and supply arrangements. From 1 July 2012, the production subsidy arrangements transitioned to a fee for service model. BP and the Department have entered into a contract for services for the production, transport to storage and bulk storage of low aromatic fuel. For the early stage of 2012-13, BP will continue to supply low aromatic fuel to all sites currently receiving low aromatic fuel.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 25

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Written Question on Notice

Senator Siewert asked:

Are there restrictions/requirements on the way LAF Fuel is branded? Ben Clifton of Caltex said their organisations preference not to label the fuel Opal at the pump, but indicated this was currently a contractual requirement?

Answer:

The Australian Government does not impose any restrictions or requirements on the branding of low aromatic fuel. In addition, there are no contractual arrangements between the Australian Government and Caltex Australia or the company Mr Clifton represents, Indervon Pty Ltd, that requires low aromatic fuel to be labelled as 'Opal' at the petrol pump.

The brand name 'Opal' and its associated logo are trademarked by BP Australia Pty Ltd. The Australian Government has a licence agreement in place with BP Australia to utilise the trade marks in its communication materials.

Some fuel companies have their own guidelines about the labelling of low aromatic fuel at the point of sale and choose not to use the 'Opal' brand name.

The Department of Health and Ageing does not have contractual arrangements with participating retail sites and does not regulate their promotion or branding of low aromatic fuel.

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 27

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Written Question on Notice

Senator Siewert asked:

In its response to the recommendations of the 2009 Senate Inquiry into Substance Misuse in Central Australia the government indicated that it wanted time to work on its data collection processes in order to better inform policy. Opal mandating legislation was a key issue at the inquiry. Two years on has the government collected data that sheds light on the issue of the recalcitrant retailers? Does this data collection process gather data in communities that are potentially affected by supply from sites that are refusing to stock LAF?

Answer:

The data collection issues referred to in the government response related to obtaining better data on the incidence and prevalence of petrol sniffing. In March 2011, the Department of Health and Ageing entered into a \$1.45 million contract with Menzies School of Health Research to establish and implement a data collection tool to collect petrol sniffing prevalence information from 40 communities across regions of remote Australia. In keeping with previous data collections undertaken on petrol sniffing prevalence, the distance to the nearest outlet of regular unleaded petrol is one of the characteristics being recorded and assessed as part of this project.

As this is a four year project, results from the project will not be released until the project has concluded in June 2014.

The project is not collecting data on retailers that refuse to stock low aromatic fuel. However the data collection project will gather data from some communities affected by supply from sites refusing to stock low aromatic fuel.

Information on retailers that refuse to stock low aromatic fuel is collected by the Department as part of the rollout of the fuel. Common reasons provided by these retailers in refusing to supply low aromatic fuel include:

- myths about the fuel's reliability and concerns about the technical aspects of the fuel including the product's suitability and effectiveness in small engines and outboard motors;
- perceptions that the fuel is bad for tourism and that consumers do not want to use low aromatic fuel; and
- business purposes including retailers' concerns that they will be disadvantaged as individual retailers if they supply low aromatic fuel.

ANSWERS TO QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

INQUIRY INTO THE LOW AROMATIC FUEL BILL 2012

Thursday, 16 August 2012

Question no: 29

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 15, 16 August 2012

Senator Smith asked:

You will appreciate of course that timeliness is critical if the Senate is going to discuss whether or not a mandatory approach is necessary. Any greater clarification of the timelines would be appreciated.

Answer:

The Department of Health and Ageing has conducted a procurement process to establish improved arrangements for the production and storage of low aromatic fuel from 2012-13 onwards. The new arrangements commenced on 1 July 2012. Aspects of the new arrangements including the establishment of bulk storage for low aromatic fuel in Darwin and north Queensland are still being finalised and will continue to be progressively rolled out during the 2012-13 financial year. For the early stage of 2012-13, BP Australia will continue to supply low aromatic fuel to currently receiving sites.

The new arrangements for low aromatic fuel will facilitate the expansion of the program in the following regions:

- The Top End of the Northern Territory including Katherine, Mataranka and Pine Creek – there are 27 sites in the Top End of the Northern Territory currently receiving low aromatic fuel. Initial consultations with key regional and local stakeholders have commenced. The expanded rollout of low aromatic fuel to the Top End of the Northern Territory is dependent on establishing a bulk storage facility in Darwin. The storage facility is expected to be complete by the end of 2012-13 and a rollout to this region will follow soon after.
- Tennant Creek and the Barkly region in the Northern Territory – there are seven sites in Tennant Creek and Barkly region currently receiving low aromatic fuel. Initial consultations with local stakeholders commenced in this region in late 2011. The comprehensive rollout of low aromatic fuel to Tennant Creek and the Barkly region is dependent on establishing a bulk storage facility in Darwin. The storage facility is expected to be complete by the end of 2012-13 and a rollout to this region will follow soon after.

- East Kimberley in Western Australia – four Indigenous communities in the south and one Indigenous community in the north of the East Kimberley designated region are receiving low aromatic fuel. A more comprehensive rollout of low aromatic fuel to the East Kimberley is dependent on establishing bulk storage for low aromatic fuel in Darwin. Initial consultations have commenced with local stakeholders to support a rollout in this region which is expected to commence in the 2013-14 financial year.
- The southern area of the Gulf of Carpentaria and Cape York in Queensland - there are five sites in the Gulf of Carpentaria and Cape York regions currently receiving low aromatic fuel. Initial scoping to determine key stakeholders and fuel retail sites in these regions has commenced. The comprehensive rollout of low aromatic fuel to these regions relies on establishing primary bulk storage in Darwin and also secondary bulk storage in northern Queensland. The rollout is expected to take place during the 2013-14 financial year.
- Coober Pedy in South Australia – Existing bulk storage in Largs North, South Australia will support the rollout to Coober Pedy. Consultations commenced in Coober Pedy in August 2011 with the rollout anticipated to commence late 2012 - early 2013.