

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: 16

OUTCOME 1: Population Health

Topic: Inquiry into the Low Aromatic Fuel Bill 2012

Type of Question: Hansard Page 29, 16 August 2012

Senator Siewert asked:

Could you please take it on notice to look at the evidence that we received in Alice Springs, [Mr Benjamin (Ben) Clifton gave the following evidence at the Low Aromatic Fuel Bill 2012 hearing held in Alice Springs on 25 July 2012, 'To travel from Adelaide to Kunmu, it would be around a 6,000 kilometre return trip. When you are only getting 12c a kilometre to get it from Alice Springs it does not cover it'] because my interpretation of it was that it was costing more than they were getting subsidised for. So could you please take that on notice and see whether:

- a) that is in fact true—the situation that was told to us; and
- b) how that situation would have eventuated. In other words, has there been a request for an increase in the rate to meet the additional cost?

Answer:

- a) Distribution subsidy costs arise as a result of the additional cost of transporting low aromatic fuel from the two southern storage locations to communities in the north and far west of Australia. Low aromatic fuel is currently stored in bulk at two locations, Largs North, South Australia and Kalgoorlie in Western Australia (WA). The costs of distributing low aromatic fuel to remote communities, from these southern locations, are in some instances higher than with regular unleaded petrol.

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. The subsidy rate from Adelaide to Punmu Community, WA is 12c a kilometre as given in evidence by Mr Benjamin (Ben) Clifton, Business Manager, Indervon Pty Ltd at the Low Aromatic Fuel Bill 2012 hearing held in Alice Springs on 25 July 2012.

- b) There have been cases where a distributor has advised the Department that the subsidy rate is not sufficient to ensure low aromatic fuel can be supplied to the retailer at an equivalent price as regular unleaded petrol. If a distributor can demonstrate that their costs are more than the set subsidy rate for a particular region, the Department will negotiate the level of subsidy with the distributor.

The Department has not received a request from Indervon Pty Ltd for an increase in the distribution subsidy to transport low aromatic fuel from Adelaide to Punmu Community.