

CHAPTER 6

THE IMPACT OF OPAL FUEL

*The roll out of Opal is not the complete solution but there can be no solution without it.*¹

The introduction and supply of Opal

6.1 Australia first experimented with the introduction of non-sniffable fuel in the 1990's when Avgas, an aviation gasoline, was provided through the Commonwealth Government's Comgas Scheme. The Scheme subsidised non-sniffable Avgas to replace regular petrol for registered remote communities in the Northern Territory and South Australia. BP Australia noted that due to its higher lead content and doubts about its suitability for motor vehicles, 'community acceptance of this fuel option had been limited and patchy'.² The Ngaanyatjarra Council and Ngaanyatjarra Health, for example stated:

While Ngaanyatjarra communities had been using Avgas as a substitute for petrol for some years, there were some mechanical problems with the use of this fuel in vehicles.

These problems created a disincentive for Ngaanyatjarra people, government representatives, staff, visiting contractors and tourists to use Avgas in their vehicles, with the resulting increased risk of sniffable fuel being brought into the Ngaanyatjarra Lands.³

6.2 With a general move towards lower lead aviation fuels, it became apparent that an unleaded Avgas was unlikely to be a suitable option for remote communities as it was not possible to have an unleaded Avgas without increased levels of aromatic vapours.

6.3 In response, BP Australia developed a new unleaded fuel called Opal, which has very low levels of aromatic hydrocarbons which give the 'high' sought by petrol sniffers and is also suitable for use in unleaded vehicles and two stroke engines.⁴ Opal was launched in February 2005.

6.4 Since its introduction, Opal has been progressively distributed to remote Aboriginal and Torres Strait Islander communities that are registered with the Comgas Scheme (renamed the Petrol Sniffing Prevention Program in late 2005). The Department of Health and Ageing (DoHA) and the Department of Immigration and

1 *Submission 22*, p.2 (Northern Territory Government).

2 *Submission 3*, p.2 (BP Australia).

3 *Submission 40*, p.4 (Ngaanyatjarra Council and Ngaanyatjarra Health).

4 *Submissions 3*, p.2 (BP Australia); *25*, p.14 (DoHA & DIMIA).

Multicultural and Indigenous Affairs (DIMIA) noted that Opal reportedly has more support in Indigenous communities than Avgas because it is unleaded and can be used in most motor vehicles and motor boats without damage to their engines.⁵ The Comgas Scheme continues to subsidise the supply of Opal so that it costs the same to consumers as unleaded fuel.⁶

6.5 DoHA and DIMIA commented that in response to the clear evidence of the effectiveness of measures to substitute petrol with non-sniffable fuels, the Commonwealth significantly increased the resources for the Scheme. In the 2005-06 Budget, an additional \$9.6 million over four years was provided. In September 2005, the Commonwealth extended the Petrol Sniffing Prevention Program with additional funding of \$9.5 million over two years. This included \$6 million for the roll out of Opal petrol to designated Central Desert Indigenous communities and roadhouses (including Yulara Resort, down the Stuart Highway from Henbury to Erldunda and from Kulgera Roadhouse to Marla). This roll out will bring the number of communities and sites provided with Opal fuel to more than 70.⁷ In February 2006, the Minister for Health and Ageing announced that Opal is now available at one site in Alice Springs.⁸

Access to Commonwealth subsidy

6.6 The Commonwealth has imposed conditions for access to the Petrol Sniffing Prevention Program and the Opal fuel initiative. Communities are required to implement or plan a complementary program of preventive/diversionary measures, in addition to being sufficiently distant from mainstream supplies of regular unleaded petrol. DoHA and DIMIA commented that this was consistent with the findings of the 2004 Comgas Evaluation which reported that the impact of non-sniffable fuel was reduced if nearby towns had regular petrol supplies.⁹

6.7 The Office for Aboriginal and Torres Strait Island Health (OATSIH) noted that no communities which had so far applied to have access to Opal had been refused, however it stated that:

...there is the possibility that a judgment will be made that Opal as a substitution strategy is not the most effective thing to address the problem in the community. For example, if they were very close to lots of sources of fuel and it was an intermittent problem during school holidays, you might be looking at a diversionary school holiday program rather than Opal being the answer. So there is the possibility that the appropriate response will be

5 *Submission 25*, p.14 (DoHA & DIMIA).

6 *Submission 25*, p.4 (DoHA & DIMIA).

7 *Submission 25* pp.4, 15 (DoHA & DIMIA).

8 Minister for Health and Ageing, The Hon Tony Abbott, *Media Release*, 'Roll out of OPAL fuel to help combat petrol sniffing', 10.2.06.

9 *Submission 25*, pp.14-15 (DoHA & DIMIA).

different. But at this stage all the communities that have approached the Australian government and all the communities that we have directly approached, particularly in Central Australia – we are taking a slightly more proactive targeting of communities in that region – we have managed to reach agreement with about a mix of community based interventions that we think, in parallel with Opal, will have an impact on the number of sniffers.¹⁰

6.8 Under the Eight Point Regional Strategy for Central Australia Opal is being rolled out to communities in the designated Central Desert region.¹¹ OATSIH commented that under the Plan it was now actively seeking communities' involvement in the Opal roll out:

...in Central Australia, in the designated zone for the eight-point plan, we are proactively contacting those communities that are not already in receipt of Opal – even communities that do not have a petrol bowser but who are part of the region and have fuel in drums or in jerry cans – to say: 'This is what is happening in the region; the communities around you have chosen not to have regular unleaded petrol within their communities and to only use diesel or Opal. Do you want to come on board with this as well?' So we are deliberately targeting those communities...So we are shifting towards a far more proactive approach as the government interest and investment in petrol sniffing and subsidisation of Opal have increased.¹²

The Queensland Government Fuel Subsidy

6.9 As part of its Fuel Subsidy Scheme, the Queensland Government subsidises retailers by 8.4 cents per litre for the sale of motor-spirit and diesel where they are of the type ordinarily sold by a retailer. The majority of the subsidy is passed on to consumers. Because Opal has limited distribution and is not the type of fuel ordinarily sold by a retailer, it is not considered fuel for the purposes of the *Fuel Subsidy Act 1997*.¹³ Without the Queensland fuel subsidy Opal would retail for more than regular unleaded fuel within Queensland, reducing its acceptability to communities as an alternative.

6.10 On 15 November 2005, the Queensland Government commenced subsidisation of Opal fuel for a trial period of 15 months to assist with the introduction of Opal for those communities receiving the Comgas subsidy. Under this trial Opal fuel is priced at the same cost to consumers as unleaded petrol. An administrative arrangement under the Queensland Fuel Subsidy Scheme is allowing the trial to take place as a permanent arrangement will require amendment of the Fuel Subsidy Act. If

10 *Committee Hansard 27.4.06*, p.68 (OATSIH).

11 *Submission 25*, p.4 (DoHA & DIMIA).

12 *Committee Hansard 27.4.06*, p.70 (OATSIH).

13 *Submission 38*, p.9 (Queensland Government)

the trial proves successful in reducing petrol sniffing, a recommendation may be made to the Government if to enact the necessary legislative amendments.¹⁴

Production and suitability of Opal as a fuel

6.11 Opal fuel is a 91 octane fuel but it is not suitable for high performance cars. It is an unleaded fuel suitable for all applications requiring regular unleaded petrol including two and four stroke engines such as outboards, passenger vehicles, petrol 4WDs and vans. Opal is not suitable for aviation use. BP Australia has stated that Opal provides the equivalent performance as unleaded petrol and may be safely mixed with regular unleaded petrol when topping up. BP has also stated that fuel economy may be reduced. However, this is by less than 0.3 litres per 100km.¹⁵

6.12 Opal is produced at the BP refinery at Kwinana in Western Australia. BP commented that Opal is very expensive to produce as it requires segregation due to its aromatic properties and this adds to the cost. The additional production cost of 27 cents per litre is subsidised by the Commonwealth. There is also a subsidy for transport costs.

6.13 BP commented that at the end of 2004 there were 32 communities using one million litres of Opal per year. The commitments the Commonwealth has made with the regional roll out require 11 million litres.¹⁶ With the current infrastructure, Kwinana can produce 20 million litres. BP noted that:

...anything above and beyond that would require a total review, and what the cost will be depends on the volumes we are looking at. Whether it requires additional infrastructure at the refinery we just do not know.¹⁷

6.14 BP Australia has announced that the specifications for producing Opal are available to any other refinery.¹⁸

6.15 Opal is shipped to the BP Largs North Terminal in South Australia and is then available directly to distributors for trucking to the Northern Territory. Opal is distributed by Caltex, Mobil and BP distributors as well as some small independent organisations.¹⁹

6.16 Ausfuel, the main distributor of fuel to remote parts of Australia, stated that it transports Opal by truck from Port Augusta. Significant infrastructure has been installed to allow Opal fuel to be distributed, including a fuel farm in Darwin which

14 *Submission 38*, p.6 (Queensland Government).

15 BP Australia, *Opal – A safer fuel for remote communities*.

16 *Committee Hansard 20.2.06*, p.54 (BP Australia).

17 *Committee Hansard 20.2.06*, p.53 (BP Australia).

18 Mr G Heuston, BP President, *Opal Launch*, February 2005.

19 *Committee Hansard 20.2.06*, p.51 (BP Australia).

allows intermediate bulk containers to ship 1300 litres of fuel to remote communities by barge. Ausfuel plans to develop an Alice Springs fuel farm and convert the petrol station at Alice Springs Airport to Opal to refuel rental cars.²⁰

6.17 Ausfuel commented that there is no difference in the price of transporting Opal or any other fuel. However, to supply Opal new fuel farms will need to be built:

Where there is a bit of a price challenge for us is that we now have to build fuel farms where before we did not have to. So we have had to create a fuel farm or a fuel depot in Darwin and we are in the process of doing the same in Alice. We bring the fuel up in road trains and we need to put it in somewhere and then pull it out again to deliver it. We cannot deliver straight to the communities or to the service stations.²¹

Possible alteration of Opal properties by adding other substances

6.18 When supply of a preferred volatile substance is restricted desperate addicts are known to seek alternatives such as glue and paint. The Committee heard evidence that sniffers were trying to alter the properties of Opal by sniffing Opal from polyurethane cups or by adding Windex to Opal in an attempt to generate vapours that will provide a 'high'.²²

6.19 The Committee sought the advice of BP Australia which replied that there are volatile compounds in Opal that are there 'to allow the product to be used as a fuel although we understand that those compounds will only give you a headache'. Tests were conducted by pouring Opal over polystyrene cups and it was concluded that no chemical reaction occurred to the cup or Opal itself. Adding window cleaning products or motor oil will also not change the properties of Opal but such products can be sniffed on their own. BP Australia concluded:

Where our attention is drawn to stories of this nature relating to other substances we are prepared to consider further tests on those substances, and we are happy to keep the matter under review should further evidence become available.²³

A comprehensive roll out of Opal

6.20 Many submissions called for a comprehensive roll out of Opal including supply to major towns such as Alice Springs and Tennant Creek. Witnesses pointed to the success of non-sniffable fuel in reducing petrol sniffing, the danger of providing sources of sniffable fuel if there was not a comprehensive roll out and the cost effectiveness of reducing sniffing through the supply of Opal.

20 *Submission 33*, p.2 (Ausfuel).

21 *Committee Hansard* 21.2.06, p.6 (Ausfuel).

22 *Committee Hansard* 16.5.06, p.32 (Mr Dennis Colson – Turkey Bore Community).

23 *Submission 3a*, p.1 (BP Australia).

6.21 Experience to date has shown a reduction of petrol sniffing when non-sniffable fuel has been introduced, with the Tangentyere Council commenting:

Opal by itself will reduce sniffing, especially amongst the younger users who can't afford the black market prices. In conjunction with some youth activities, it will reduce the sniffing down to the chronic addicts, who can then be targeted for casework/treatment.²⁴

6.22 Mr Donovan Walmbeng commented that following the introduction of Opal in Aurukun in December 2005 the petrol sniffing problem is 'manageable'. Sniffers have nearly disappeared and while it is 'too early to say if this situation will continue. The signs, however, are good.'²⁵

6.23 CAYLUS also emphasised the positive impact of Opal on reducing petrol sniffing among very young children and in nearby communities:

In CAYLUS experience there has been a marked decrease in availability of petrol to very young kids as they have less access to money and can not participate as readily in the black market.²⁶

An interesting effect of Nyirripi going onto Opal was the reduction of the number of petrol sniffers in the next community to the West – Kintore – from 35 to 25. This demonstrates the regional advantages of rolling Opal out.²⁷

6.24 The Northern Territory Government stated that it was a strong supporter of Opal as a supply reduction measure:

I do not think the supply reduction capacity of having Opal can be underestimated. What it actually does is give communities a break and it offers them a point in time at which they are not dealing with the crisis response to or the chronic effects of petrol. They get a window of opportunity in which to look at a range of other strategies. That is a very important strategy.²⁸

6.25 The Northern Territory Government went on to comment that Opal is also very important 'because of some of the provisions in the volatile substance abuse legislation which allow for community planning around the sale and supply at a local level'.²⁹ The Northern Territory Government stated that Opal should be 'rolled out across all regions prone to petrol sniffing as soon as possible as a matter of course'.³⁰

24 Cited in *Submission* 38, p.14 (Queensland Government).

25 *Committee Hansard* 8.3.06, p.50 (Mr D Walmbeng).

26 *Submission* 20 attachment 1, p.39 (CAYLUS).

27 *Submission* 20, p.9 (CAYLUS).

28 *Committee Hansard* 21.2.06, p.24 (Northern Territory Government).

29 *Committee Hansard* 21.2.06, p.24 (Northern Territory Government).

30 *Submission* 22, p.3 (Northern Territory Government).

6.26 Witnesses pointed to the evaluation of the Comgas Scheme which indicated that the scheme was effective in reducing petrol sniffing but that this decreased the closer communities were to sniffable fuel sources.³¹ The Evaluation found that Avgas was 'safe, effective and popular in reducing petrol sniffing'.³²

6.27 The Evaluation recommended that the scheme should be continued and made available to any community wishing to participate and also recommended the need for a regional structure to ensure that the scheme's goals are not undermined by access to sniffable fuels in close communities. The Evaluation pointed to the Ngaanyatjarra region, which had a very strong regional Council and which decided to implement the Comgas scheme. At the time of the Evaluation, there was no regular supply of unleaded petrol in the entire region, with the result that there was a dramatic reduction in the level of petrol sniffing.³³

6.28 Those supporting a comprehensive roll out of Opal reinforced the view that when Opal is introduced only to some communities, chronic sniffers shift location to communities that still have sniffable petrol or to Town Camps.³⁴

6.29 The Tangentyere Council argued that sniffers would move from remote communities into Town Camps if Alice Springs is not included in a regional roll out.³⁵ Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council expressed the same concern:

NPYWC welcomes the proposed extended Opal subsidy area and hopes that the supply will occur very soon. Members are however convinced that the coverage area needs to include both Alice Springs and a wider region... There is anecdotal evidence of the increased movement of sniffers into Alice Springs, as well as the presence of sniffers normally resident in the town. The limited provision of Opal fuel may be of some assistance to those intending to enter remote communities. There would appear to be nothing however to suggest that it will discourage sniffers, particularly of the chronic or habitual variety, seeking out the main source of regular unleaded fuel in the region.³⁶

6.30 Alice Springs Town Council also reiterated its request for Opal to be rolled out throughout the entire region including Alice Springs:

We are particularly concerned about the impact of having sniffable fuel available in the regional centre. There is an artificial perception that Alice

31 *Committee Hansard* 20.2.06, p.30 (Ass Prof DA Gray).

32 Shaw G, Department of Health and Ageing, *An evaluation of the Comgas Scheme*, 2004, p.8.

33 *Submission 25*, p.14 (DoHA & DIMIA).

34 *Submissions* 19, p.8 (Alice Springs Council); 27, p.22 (Waltja Tjutanku Palyapayi Aboriginal Corporation).

35 *Submission 21*, p.14 (Tangentyere Council).

36 *Submission 15*, pp.2-3 (Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council).

Springs stands alone. In reality, it does not. The mobility of people between the bush and this town is very obvious, and there is data to back up the fact that people move between the bush and Alice Springs very regularly. In many instances, the population is one and the same – certainly when you are talking about extended families and problems for families. We certainly are of the belief that, unless Opal fuel is more broadly rolled out, it may not succeed in achieving the desired outcomes.³⁷

6.31 The Town Council indicated that there would be a very positive community response to the substitution of Opal for sniffable fuel:

There is a consciousness in Alice Springs that we can be either part of the problem or part of the solution. I am 100 per cent sure that most people would prefer to be part of the latter and would have no problem with converting to Opal fuel if their vehicles permit that. The other fuel, as I say, is not an issue for the community.³⁸

6.32 Access to black market sniffable fuel was seen as a real danger to the success of programs in communities.³⁹ The Central Australian District Medical Officers commented that the 'piecemeal' provision of non-sniffable fuel to select communities and limited supply in Alice Springs was grossly inadequate and lead to an illicit 'sly trade' in sniffable fuel products.⁴⁰

6.33 Arguments that the need for premium fuel undermined a comprehensive roll out were addressed by the Alice Springs Town Council which reported that solutions are available:

...to my knowledge there has already been at least one roadhouse that has come up with the solution of having the premium fuel locked away, and access for cars needing that is formal, structured and monitored.⁴¹

6.34 Witnesses pointed to the cost effectiveness of a comprehensive roll out of Opal. The Northern Territory Government noted that expenditure on the price parity subsidy was a fraction of the revenue raised by the Commonwealth Government from the fuel excise on the same fuel:

While the costs are significant they remain a tiny fraction of the \$12 billion the Commonwealth receives from fuel excises. It should be noted that the excise revenues received by the Commonwealth from the sale of Opal remain well beyond the subsidies provided.⁴²

37 *Committee Hansard* 22.2.06, p.62 (Alice Springs Town Council).

38 *Committee Hansard* 22.2.06, p.62 (Alice Springs Town Council).

39 *Submissions* 10, p.2 (Mr G Ring); 17, p.9 (Alcohol and other Drugs Council of Australia); 31, p.19 (Ms A Abate);

40 *Submission* 14, p.1 (Central Australian District Medical Officers).

41 *Committee Hansard* 22.2.06, p.62 (Alice Springs Town Council).

42 *Submission* 22, p.3 (Northern Territory Government).

Access Economics Opal Cost Benefit Analysis

6.35 The cost effectiveness of reducing petrol sniffing through a supported comprehensive roll out of Opal fuel was examined by Access Economics. The study, commissioned on behalf of the Opal Alliance⁴³, investigated the costs and benefits associated with rolling out Opal across a large region of Central Australia including from Tennant Creek in the Northern Territory, to eastern and northern areas of Western Australia and down to the north of South Australia.

6.36 The cost benefit analysis concluded that the estimated cost of rolling out the scheme would be \$26.6 million, which comprised the cost of the subsidy and the cost of a package of strategies to address petrol sniffing. The base case for petrol sniffing benefit (which includes the value of a healthy life) was calculated at \$53.7 million per annum, therefore resulting in a net gain of \$27.1 million.⁴⁴ Access Economics concluded that if the value of a healthy life gained is excluded and only financial benefits are considered, the results of the analysis produce a net loss of \$1.5 million, that is the cost to the Commonwealth, State and Territory Governments of rolling out the scheme the designed area equated to \$1.5 million per annum.⁴⁵

6.37 Overall, the study concluded that significant savings could be achieved, whilst also reducing the burden on the health system, crime and justice system, and the need for long-term care and rehabilitation services. Benefits to communities that would flow from a reduction in petrol sniffing include 'a more stable youth population, socio-economic benefits, reductions in other addictions (eg, alcohol, marijuana) and therefore better health, and improved general social, family and community cohesion'.⁴⁶ Such benefits would undoubtedly reap substantial rewards for communities, and as reported in the study:

If the value of the healthy life gained is taken into account, the benefits exceed the costs in all cases.⁴⁷

A strategic limitation of supply

6.38 Ngaanyatjarra Council/Ngaanyatjarra Health Service welcomed the introduction of Opal fuel to the Ngaanyatjarra Lands but questioned other views on the supply of Opal to Alice Springs. The Council commented that the subsidisation of a limited supply of Opal fuel in Alice Springs will not be effective in reducing petrol sniffing. Even halving the supply of sniffable fuel in Alice Springs 'there will still be more than enough sniffable fuel available in Alice Springs to access and use'. The

43 The Opal Alliance consists of the GPT Group (owners of the Ayers Rock Resort in Central Australia), the NPY Women's Council and CAYLUS.

44 Access Economics, *Opal Cost Benefit Analysis*, 2006, pp.iii-v.

45 Access Economics, *Opal Cost Benefit Analysis*, 2006, p.iv.

46 Access Economics, *Opal Cost Benefit Analysis*, 2006, p.v.

47 Access Economics, *Opal Cost Benefit Analysis*, 2006, p.66.

Council stated that 'in order to stamp out the practice of petrol sniffing in all areas it would be necessary to replace *all* fuel in Australia with Opal fuel or some other fuel substitute'. However it acknowledged that this would be an unrealistic and costly proposal which would not address the underlying causes of substance abuse and concluded:

In our view, the cost of subsidising the *universal* supply of Opal fuel would be money better spent on ensuring secure support of existing supervised community service and youth programs and projects designed to address social dysfunction and other issues that contribute to the practice of petrol sniffing and other forms of drug misuse.⁴⁸

6.39 Ngaanyatjarra Council provided the Committee with an alternative proposal for a strategic limitation of supply which it considered would be the most effective and cost efficient way of limiting the supply of sniffable fuel to the Ngaanyatjarra Communities and other remote communities. This proposal involved the supply of Opal to 'last fuel stops':

...the best way to keep sniffable fuel out of remote communities, including Ngaanyatjarra Communities, is to look at those population centres that act as 'last fuel stops' before entry into Ngaanyatjarra Communities, and seek to ensure that *only* Opal fuel is available in those locations. In the case of the Ngaanyatjarra Communities, this would mean that *only* Opal fuel would be available in centres such as Laverton, Leonora, Yulara, Curtin Springs, Mt Ebenezer, Erldunda, Marla, Coober Pedy and other regional centres where people usually need to 'fuel up' before driving onto or through the Ngaanyatjarra Lands.⁴⁹

6.40 The Council concluded:

In our view, the subsidisation of Opal fuel in these centres, and the supply of Opal fuel in these centres *to the exclusion of* sniffable fuel, would be the most effective way of reducing the supply of sniffable fuel to remote communities.⁵⁰

The Commonwealth's approach

6.41 DoHA and DIMIA noted that from a base of \$1 million funding provided in 2004-05, the Commonwealth provided increased funding of \$9.6 million in the 2005-06 Budget and announced a further \$6 million for the roll out of Opal in September 2005.

48 *Submission 40*, pp.4-5 (Ngaanyatjarra Council/Ngaanyatjarra Health Service).

49 *Submission 40*, p.5 (Ngaanyatjarra Council/ Ngaanyatjarra Health Service).

50 *Submission 40*, p.5 (Ngaanyatjarra Council/ Ngaanyatjarra Health Service).

6.42 DoHA and DIMIA acknowledged that there is mounting pressure for a wider roll out of non-sniffable fuel.⁵¹ The Departments stated that the Commonwealth's view was that a regional approach is needed to address petrol sniffing:

The Australian Government is of the view that a regional approach is needed to address petrol sniffing because its occurrence is variable within and between communities and consequently specific responses to it will need to be localised. However, given the potential for petrol sniffers to relocate to other communities within a region in order to locate petrol, a regional approach which is able to be modified and applied on a community-by-community basis is believed to be the most appropriate response.⁵²

6.43 DoHA and DIMIA also noted that while it is feasible to provide regional coverage in remote areas, it is far less practical within large townships such as Alice Springs. It commented that 'it is simply not possible to completely eradicate sniffable fuel from large regional markets'.⁵³ Alice Springs has about ten petrol stations, each providing not only unleaded fuel but other sources of sniffable fuel such as premium unleaded fuel. Opal is available at one outlet for both locals and tourists travelling into the Central Desert region. However, Opal is not currently available as a premium fuel and there are a significant number of vehicles, both driving in and through Alice Springs, that require premium fuel. It was stated that:

We are in constant discussions with the industry about what other advances might be made to be able to provide a fuel substitute for premium fuel, but a critical issue at the moment is being able to provide an effective substitute when there is such significant demand for a product for which there is no substitute. At this stage, one of the most significant issues, from our point of view, is being able to address those questions about demand from larger areas.⁵⁴

6.44 In addition, OATSIH stated that while there has been success within isolated communities:

...we need to do some further consideration as to whether those measures will be equally effective in a very broad, cosmopolitan area where there is significant traffic – not only people who live there all year but many millions of people who pass through. So, for a range of reasons, we still need to consider the issue of large townships such as Alice Springs, the appropriateness of fuel substitution and whether it will work.⁵⁵

51 *Submission 25*, p.15 (DoHA & DIMIA).

52 *Submission 25*, p.4 (DoHA & DIMIA).

53 *Submission 25*, p.15 (DoHA & DIMIA).

54 *Committee Hansard 27.4.06*, p.76 (OATSIH).

55 *Committee Hansard 27.4.06*, p.76 (OATSIH).

6.45 The Office of Indigenous Policy Coordination (OIPC) also questioned whether a roll out of Opal to Alice Springs would solve the problem of petrol sniffing:

People who are advocating a mass roll-out of Opal into townships like Alice Springs are making an assumption that petrol is the problem. Petrol sniffing is caused by many factors and, unless those factors are addressed, the replacement of petrol at retail outlets is not the solution to the problem. I can evidence situations of communities in Western Australia...[petrol sniffing was solved by tackling the root causes of the problem—community dysfunction, the breakdown of social norms et cetera. So there are many aspects to this problem that have to be taken into account. To suggest that a simple roll-out of petrol into a city like Alice Springs is going to solve the problem is wrong, unless they are all dealt with and given equal weight.⁵⁶

6.46 OATSIH also commented on the roll out of Opal to roadhouses. Within the Central Desert designated area about half the roadhouses are selling Opal but the Commonwealth has not provided funding for roadhouses outside of the Central Desert.⁵⁷ OIPC stated that 'the estimate was that we could get up to 65 communities outside of the Central Australian region on Opal, depending on the communities and how much fuel they use. At this stage the demand has been from reasonably isolated communities'. However, it would look at applications from a roadhouse owner and a community in partnership:

Up until now we have responded to individual Aboriginal communities seeking to replace a source of fuel. If a small number of communities who have done so have one roadhouse in their midst, it would certainly be a very sensible consideration for the communities to approach us to look at that. And we would certainly look at that sympathetically. We do not want to pretend that we have authority to undertake regional roll-outs everywhere, but we certainly try, in conjunction with affected communities, to look at sources of fuel. It is part of the assessment process that we undertake with them when an application is received.⁵⁸

6.47 OIPC and OATSIH made two additional points in relation to the Commonwealth's roll out of Opal. First, OIPC noted that the Northern Territory Coroner, in reporting on deaths in the Mutitjulu community, found that Opal is a necessary, but not a sufficient measure. OIPC stated that the Coroner 'did not call for a universal regional roll-out of Opal. He emphasised the importance of supply reduction along with a lot of other factors such as improving good governance in communities so that they can make informed choices.'⁵⁹

6.48 Secondly, OATSIH reiterated that one of the goals of the Eight Point Plan is to evaluate the effectiveness of a regional and comprehensive response to petrol

56 *Committee Hansard* 27.4.06, p.77 (OIPC).

57 *Committee Hansard* 27.4.06, pp.73,83 (OATSIH).

58 *Committee Hansard* 27.4.06, p.73 (OATSIH).

59 *Committee Hansard* 27.4.06, p.71 (OIPC).

sniffing to determine whether and how it might be usefully expanded to other regions with similar issues. It stated that:

...until now it was a demand driven strategy, largely around Opal. The identification of a designated region was to see whether in cooperation with jurisdictions we can undertake a comprehensive multi-government approach within a geographic area to evaluate that and see what learning comes out of the evaluation.⁶⁰

OIPC added that it is consulting with the Western Australian Government about a further priority area and it has agreed on two priority areas in the Northern Territory and commented that the relevant results of the trial will flow elsewhere in due course.⁶¹

Other issues for a successful roll out

6.49 Successful introduction of Opal into communities requires that communities are supported during, and supportive of, the introduction of Opal. They need to be provided with appropriate information such as what are suitable applications for Opal fuel, and that it is yellow in colour. If sniffers are seen sniffing petrol and the petrol is purple or red then the community will know that it is not Opal that is being sniffed. BP Australia has noted the need for a communication campaign:

BP's experience with AVGAS (COMGAS) and early concerns over Opal as a viable option, suggests that a crucial element in any fuel roll out needs to include a culturally appropriate communication campaign that conveys how the fuel meets both vehicle and public health concerns.⁶²

6.50 Securing, protecting or removing other sources of sniffable fuel in an area is necessary to prevent break-ins and vandalism and to prevent undermining the benefits of introducing Opal. DoHA and DIMIA commended that there was a critical need to secure transport and storage sites at airstrips, as well as any aircraft, and that the roll out of Opal in the designated region would seek to ensure that other sources of sniffable fuel in the area are adequately protected or removed.⁶³

6.51 BP Australia, in conjunction with communities, has produced reflective Opal stickers that are able to be attached to cars or motorcycles entering remote communities. This alerts would-be sniffers looking to steal petrol that the vehicle only contains Opal and it is of no use to them.⁶⁴ At the time of the hearings, these stickers

60 *Committee Hansard* 27.4.06, p.101 (OATSIH).

61 *Committee Hansard* 27.4.06, p.100 (OIPC).

62 *Submission* 3, p.5 (BP Australia).

63 *Submission* 25, pp.14-15 (DoHA & DIMIA).

64 *Committee Hansard* 20.2.06, p.50 (BP Australia).

were not being distributed with the petrol but have the potential to be so.⁶⁵ BP Australia reported that they were intending to distribute the stickers:

As supplies of standard unleaded fuel dry up in Opal supplied communities, BP has been alerted to an increasing level of desperation and property break-ins as people attempt to find any remaining fuel to sniff. In response, BP is about to distribute to all remote communities specially designed reflective Opal stickers and signage to convey that any vehicles and premises with this signage in place does not contain sniffable fuel.⁶⁶

6.52 BP Australia commended one innovative way of reducing the incidence of sniffable fuel entering an Opal community as seen at Maningrida in Arnhem Land. The community requires that contractors coming into the community do not bring in unleaded petrol. If they do, their contract can be terminated.⁶⁷

Conclusions

6.53 The Committee considers that the supply of Opal is a fundamental plank in the strategy to reduce petrol sniffing. The supply of Opal fuel to communities has been shown to reduce the incidence of petrol sniffing particularly among the younger children. However, this effectiveness is undermined if there are supplies of sniffable fuel available in nearby centres or if vehicles using other fuel enter Opal communities. Experience has shown that chronic sniffers tend to move from Opal communities into other communities and Town Camps where they can continue to access sniffable petrol and are not averse to breaking into cars, depots and bowsers to access fuel.

6.54 These issues were at the centre of the oft-repeated recommendation for a comprehensive roll out of Opal fuel to ensure maximum effectiveness in combating petrol sniffing. The Committee considers that the cost of the roll out of Opal would be offset by savings in health care for those disabled through sniffing as well as a reduction in the cost of support services to communities that are dealing with petrol sniffing. However, the Committee recognises that a comprehensive roll out may be limited by the availability of supplies of Opal. Currently, BP Kwinana can produce 20 million litres of Opal but any additional production would require a review of the facility and its capacity to produce extra fuel coupled with an acceptance by Government to subsidise a greater production capacity. The Committee also notes that BP Australia has stated that it will make available the production details for Opal to other refineries.

6.55 The Committee commends the approach taken under the Eight Point Plan and considers that this initiative will have a significant impact on reducing the incidence of petrol sniffing and curtailing any drift towards other substance abuse. However, the Committee considers that, while there are already plans to identify new priority areas

65 *Committee Hansard* 21.2.06, p.3 (Ausfuel).

66 *Submission 3*, p.4 (BP Australia).

67 *Submission 3*, p.3 (BP Australia).

in Western Australia and the Northern Territory, it will take some time for a wider application of the Eight Point Plan.

6.56 It is therefore imperative that the application of the Petrol Sniffing Prevention Program outside the designated area is improved and that a more strategic approach is implemented. At the present time Opal is supplied under the Petrol Sniffing Prevention Program only in response to a community's request. There is also no supply of Opal to roadhouses and townships outside the designated area even though these may be critically placed as last fuel stops before entering Opal communities. The Committee considers that this is a lost opportunity to improve the effectiveness of the Petrol Sniffing Prevention Program and the identification and roll out of Opal to these roadhouses and townships would be an efficient means of reducing black market and inadvertent supply of sniffable fuel.

6.57 The Committee also considers that there is an urgent need to identify means of securing premium and other fuels in large centres, townships, roadhouses and airstrips. This would allow the sale of these fuels where necessary in a monitored and controlled way that reduces the likelihood of the fuel ending up being used for sniffing.

Recommendation 18

6.58 That the Commonwealth, State and Territory Governments establish priorities for extending the roll out of Opal fuel to the current production capacity of 20 million litres. The strategy should include:

- **the identification of critical roadhouses and townships in close proximity to Opal communities;**
- **promotion of the Petrol Sniffing Prevention Program to roadhouse and townships; and**
- **identifying and combating barriers that prevent a complete roll out of Opal throughout the Central Australian region.**

Recommendation 19

6.59 That the Commonwealth and Queensland Governments agree on a complementary subsidy approach that ensures Opal can retail in Queensland for the same price as regular unleaded.

Recommendation 20

6.60 That Commonwealth and State and Territory Governments develop systems to secure premium and other sniffable fuels at key roadhouses and townships which can then be applied in larger centres such as Alice Springs.

Recommendation 21

6.61 That the Commonwealth:

- **undertake a study with BP Australia to determine the potential to increase the current 20 million litres production capacity at Kwinana; and**
- **approach other refineries to use their existing production capacity to produce Opal.**

Recommendation 22

6.62 That Commonwealth Government discuss with BP Australia what role they may have to assist the distribution of information on Opal and the distribution of Opal identification stickers.

Recommendation 23

6.63 That the Commonwealth and State and Territory Governments examine the procedure at Maningrida whereby contracts are used to prevent contractors bringing regular unleaded petrol into their communities and facilitate the adaptation and spread of this technique to other communities.

Senator Claire Moore
Chair

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