

15 February 2006

The Senate Community Affairs Committee
Petrol Sniffing in Remote Aboriginal Communities

Ausfuel submission

Terms of Reference:

- (a) the effectiveness of existing laws and policing with respect to petrol sniffing in affected Indigenous communities;
- (b) the effectiveness of diversionary initiatives and community level activities;
- (c) lessons that can be learned from the success some communities have had in reducing petrol sniffing including the impact of non-sniffable Opal fuel;

The Committee has already received a submission from BP, the manufacturers of Opal fuel. Ausfuel supports this submission and would like to make the following points, in particular relating to (c).

Overview

Ausfuel, as the main distributor of fuel to remote parts of Australia, is concerned at the social dysfunction and physical damage caused by petrol sniffers in communities that is regularly witnessed by our staff. We also suffer considerable physical damage to our property, and incur costs such as repair bills, replacement of equipment, and chartering planes to get into remote communities to repair this damage.

We believe the problem can be addressed only if there is a concerted and consistent approach by both the Territory and Australian Governments, in partnership with the private sector.

While not addressing the underlying causes of petrol-sniffing, Opal fuel does provide an effective approach to prevention. However, the distribution of Opal will become a true solution only when it becomes the sole source of fuel in remote communities. The current patchwork quilt approach just displaces the problem and creates difficulties for workers driving between communities, who worry petrol may be stolen from their vehicles if they drive into Opal areas.

Ausfuel

Ausfuel is a Territory-based fuel company, which includes in its group of companies:

- Australian Fuel Distributors, which is the BP distributor from Hall's Creek in WA to Karumba on the Gulf of Carpentaria and Uluru in the south. AFD also owns several retail outlets, including most BP outlets in Darwin and Alice Springs. A major share of the company was recently purchased by AMP.
- Bulktrans is the transport and logistics arm of the company, delivering BP and Caltex petrol across the centre of Australia to petrol stations, mining companies, cattle stations and communities.

Distribution of Opal

Ausfuel previously led the way in converting to Avgas and now has a goal of moving to the distribution of more environmentally friendly fuels (we are trialling biodiesel, for example), as well as taking the lead in the distribution of Opal to remote communities.

As part of our efforts to broaden the use of Opal fuel, Ausfuel brings Opal by truck from Port Augusta and has:

- installed significant infrastructure to support the move to Opal fuel, including a fuel farm in Darwin – intermediate bulk containers of 1300 litres are sent by barge to remote communities;
- recently converted a Premium Unleaded Petrol tank for Opal fuel in Alice Springs, so people travelling to remote communities can fuel up with Opal before leaving Alice Springs;
- plans to spend \$600,000 on an Alice Springs fuel farm
- plans to convert the Alice Springs airport terminal to Opal, which would be used to refuel rental cars (many of which are taken by tourists to remote communities).

What needs to be done

In order to be effective, there needs to be a standardised approach to Opal distribution. We suggest that Opal fuel be the only 91 octane fuel sold within a 500 kilometre radius of major regional centres, such as Alice Springs. The higher grade 95 and 98 octane fuel could be sold to those with the appropriate licence in major regional centres such as towns along the Stuart Highway, in order to accommodate people with high performance cars.

Subsidies

The main issue that inhibits wider use of Opal, is the subsidy (of 27 cents a litre) for its transportation and use. Many communities have told us they would prefer to use Opal, but not at a higher price. The main inhibiting factor is that only some are eligible for the Australian Government's subsidies. They are not prepared to pay extra for Opal, so we recommend that the Australian Government funds the subsidy for all remote communities to provide uniformity. This would provide a longer-term cost-saving, given the enormous impost on the health budget from long-term harm caused by petrol sniffers.

I will be happy to answer further questions when the committee visits Darwin.

HERBERT FEW
General Manager