



SUBMISSION BY

BP AUSTRALIA PTY LTD

TO

THE SENATE COMMUNITY AFFAIRS COMMITTEE

INQUIRY INTO PETROL SNIFFING AND SUBSTANCE
ABUSE IN CENTRAL AUSTRALIA

31 JULY 2008

INTRODUCTION

As the developer, refiner and marketer of Opal fuel BP is proud of the contribution that this product has made, and continues to make, in addressing the problem of petrol sniffing and is pleased to make a submission to this important inquiry.

BP Australia Pty Ltd is part of one of the world's largest energy companies which employs over 100,000 people and has operations in over 100 countries. In Australia BP is a key supplier of fuel for transportation, energy for heat and light and retail services. BP's operations in Australia consist of:

- two refineries, one in Queensland and the other in Western Australia, which are critical to the production and supply of fuel products in Australia, including to the resources and aviation sectors, as well as for general transport and motoring;
- partnership in the Woodside North West Shelf LNG operation which accounts for over 40% of Australia's oil and gas production;
- a solar module manufacturing plant at Sydney Olympic Park which is the largest solar module manufacturer and the only commercial manufacturer of solar photovoltaic technology in Australia;
- around 260 company owned and operated retail service stations and over 1,000 service stations independently operated under the BP brand;
- approximately 5,000 employees; and
- payment in excess of \$A500M in taxes each year.

THE DEVELOPMENT OF OPAL® FUEL

As a global company BP has a long history around the world of working with the communities in which it operates to address important local needs. Today, BP seeks to focus its efforts with local communities in three areas closely related to our operations: the environment, energy, and education.

BP recognises the serious problem that substance abuse, including petrol sniffing, poses for many remote Indigenous communities around Australia, which can result in permanent disability and even death, particularly amongst young people. BP began working with the Australian Government in the 1990s to provide remote communities in the Northern Territory and South Australia with an alternative to regular petrol that had lower aromatic content which did not provide a 'high' when sniffed.

As a result, the Australian Government endorsed and funded the supply of an existing product AVGAS (re-branded as Comgas) as an alternative fuel to deter petrol sniffing. However, community acceptance of AVGAS as an alternative fuel option was limited and patchy due to its perceived harm to motor vehicles and higher lead content and as such was viewed by BP as not being a sustainable solution to discourage petrol sniffing.

In 2003, in conjunction with government authorities, BP representatives visited the hardest hit communities in Central Australia to speak directly with young people and their Elders about what could be done “on the ground” to make a tangible difference. The resulting 3D strategy – deterring petrol sniffing; diversion to positive alternative activities; and development to assist young people back to school – launched in 2005, guided BP’s subsequent work. By linking diversionary activities with a return to school program, BP found that this acted as an effective bridge to assist participants to transition from being involved with substance abuse, to being involved with a structured school program. BP’s involvement in this program continues today through the distribution of kits of art supplies and sporting equipment to local communities.

Given that any new form of AVGAS was considered unlikely to be a suitable option BP began to investigate whether an entirely new fuel option could be developed. Staff from BP’s Kwinana Refinery in Western Australia developed a new unleaded fuel that met the specification of being both low in aromatics to discourage people sniffing, and suitable for use in motor vehicles and two-stroke engines requiring unleaded fuel.

The resulting product was subjected to stringent performance, environmental, and toxicological assessment, before being released to the market. Opal fuel was officially launched in February 2005 by the then Minister for Health and Ageing, the Hon Tony Abbott MP, with BP Australasian President, Gerry Hueston.

By removing the lead content while containing lower aromatics, Opal fuel is less harmful in terms of long term chronic exposure and doesn’t give a ‘high’ when sniffed and, because it is unleaded, it is better for the environment. However as a volatile substance, like and petrol, it can have serious health effects if inhaled. Removal the lead component also means it is better for the environment and there are no corrosive products to damage engines and exhaust systems, meaning it is better for engines too.

Information on the technical specifications for Opal fuel is at Attachment A to this submission.

EXPANDING THE AVAILABILITY OF OPAL

BP has worked closely with the Australian Government through the Department of Health and Ageing (DOHA) on the program under which Opal fuel could be delivered to Indigenous communities, including the rebate scheme for production and distribution of the product.

In 2005, BP began supplying Opal to 37 remote communities in WA, NT and SA. This rollout was supported by a radio campaign with respected Indigenous Brisbane Lions player, Darryl White delivering information messages in English, which were then translated into five different Indigenous languages on community radio. Additional written material was also distributed to remote communities through “Fact Sheets” and Opal Information Kits about the new fuel.

Since the initial launch BP has provided new support material, including numerous briefings for local communities, business and motoring groups; a 1-300 consumer help and information line and specially designed reflective decals to identify vehicles and premises as containing Opal fuel and thus help prevent break-ins and theft.

BP is the only oil company that produces Opal fuel but, to help maximise the distribution of this low aromatic fuel to as many remote communities as possible, BP makes Opal available to all fuel suppliers. Following production at BP's Kwinana Refinery Opal is shipped to BP's Largs North Terminal in Adelaide. From here other oil companies and distributors pick up the product for delivery to individual service station sites and retailing to consumers.

From an initial production of 1 million litres in 2005, BP's Kwinana Refinery now produces 27 million litres of Opal per annum. BP continues to work with DOHA and local communities to expand the availability of Opal fuel as part of the Australian Government's efforts to tackle substance abuse.

BP is continuing to work with DOHA and community groups, such as Central Australia Youth Link Up Service (CAYLUS), to introduce other measures, such as providing sets of sporting equipment to local communities, to assist with dealing with the effects of petrol sniffing and filling the void it may leave when eradicated.

BP acknowledges that Opal can only ever be one part of a more comprehensive effort to address the underlying causes and devastating impact of petrol sniffing. For BP the development and continued rollout of Opal fuel represents our attempt at meeting the first part of the 3D strategy – deterrent.

To build an even wider approach to assisting remote communities, BP with the assistance of Yirara College and Teen Challenge has also developed a diversionary and development program that resulted in the creation of a 'return to school program' in Central Australia. In 2004, Yirara College established a 'students at risk' program which BP helped fund through financial and fuel contributions. Initially this program enabled 17 young people to resume their studies. BP continued to support Yirara's efforts until 2006 through in-kind support and financial assistance until the school mainstreamed the program. This change has meant that the school now has a greater number of students from an at-risk background (25% of overall student population of 320). However BP continues to seek additional ways of supporting Yirara with their educational endeavours.

LATEST DEVELOPMENTS

While BP believes that Opal fuel is making an important contribution to tackling the problem of petrol sniffing, which is important in tackling the broader problem of substance abuse, the reality is that Opal fuel is still a toxic product that, if misused or abused, can do serious harm and even cause death.

Unfortunately, in April 2007 a young Indigenous boy in Central Australia did die, according to the Coroner's report from "accidental suffocation secondary to the inhalation of vapour from Opal fuel".

In his report of 12 May 2008 the Coroner also noted the success of Opal fuel in reducing petrol sniffing and recommended that BP and governments give clear warnings regarding its use to avoid any impression that it is safe to sniff. As a result, BP acted immediately to remove this term "Non-Sniffable" from its website and all marketing and explanatory material associated with Opal fuel, including updating the support material provided on BP's 1-300 telephone helpline.

At the time of writing BP is updating all communication material associated with Opal to include new warnings about the toxicity of the product while including new product descriptors that retain the important message for local communities that Opal fuel does not provide a 'high' if sniffed.

BP remains committed to working with the Australian Government to support the continuing expansion of the availability of Opal fuel. BP intends to continue assisting this roll out by working with local communities, motoring organisations and small businesses to provide technical advice and support to help ensure widespread adoption and local confidence in Opal fuel. BP's experience is that a culturally appropriate communication campaign is a crucial element in any fuel rollout to convey how the fuel meets both vehicle and public health concerns.

Anecdotal reports suggest that Opal fuel has either lessened or significantly reduced petrol sniffing. BP is working alongside the Australian Government, who has funded an independent evaluation to assess the impact of Opal fuel on communities over time.

Currently BP is working with DOHA on options to support the continued expansion of Opal fuel and other initiatives, such as guidelines for the responsible sale of premium fuels.

CONCLUSION

As part of one of the largest companies in the world, BP Australia Pty Ltd believes that it has a responsibility to be both progressive in its day to day operations and to demonstrate leadership and contribute to local communities in areas linked to our business.

By harnessing the collective resources of our people and technical expertise in the development and roll out of Opal fuel, BP believes that it is making an important contribution in assisting local communities to work with governments to tackle petrol sniffing, and through this support the broader problem of substance abuse, to help reduce the significant harm caused by the misuse of petroleum products.