



Enquiries: Ryan Gittins

Our Ref: D15/41819

25 May 2015

The Research Director
Infrastructure, Planning and Natural
Resources Committee
Via E-mail: ipnrc@parliament.qld.gov.au

Dear Sir/Madam

Fly In, Fly Out and Other Long Distance Commuting Work Practices in Regional Queensland

Thank you for providing Maranoa Regional Council with the opportunity to comment on the abovementioned inquiry.

The Maranoa region was home to approximately 13,850 residents and 5,210 non-resident workers during 2014. Large-scale Coal Seam Gas (CSG) projects such as Origin Energy's Australia-Pacific Liquefied Natural Gas (APLNG) and Santos Ltd's Gladstone Liquefied Natural Gas (GLNG) have a strong presence in the region, which accounts for the large non resident workforce.

Although the Maranoa benefits from the economic contribution of the resources sector to our rural communities, some of the business practices and policies unduly impact on residents and public infrastructure, and contributes little toward the population growth. The fly in, fly out (FIFO) practice is perhaps the primary example of this.

Resource sector companies can better engage with the rural communities by promoting the development of a local workforce. The capacity to house workers has now increased in many areas of the Surat Basin, allowing regional communities to support larger workforces (and their families) locally.

The structure of FIFO work schedules also impact on workers who reside close to the gas fields. The two weeks on, two weeks off roster does not promote relocation to regional areas. Many locals employed in the CSG sector wish to return to their homes post shift, however due to the roster are not allowed.

Public infrastructure is also heavily impacted by FIFO activity. At significant cost to the ratepayer in the Maranoa, the Roma Airport was upgraded to support the rapid growth of the FIFO sector and the logistics of the FIFO workforce. The growth of the CSG Industry was

the primary reason for the upgrade of the airport, and would not otherwise have been necessary to the same scale.

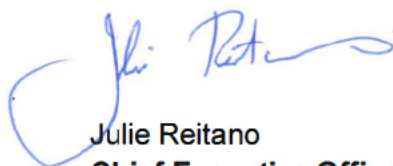
Maranoa Regional Council would also like to emphasise that the consequences of hosting a FIFO workforce are not the only indicator of the resource sector's impact on the communities in which they operate. Project procurement practices (buy local) and social impact mitigation (particularly housing) are areas that future inquiries should consider.

Inconsistencies often exist between the predicted project workforce (as stated in the Social Impact Management Plans and Environmental Impact Statements) and the observed workforce on the ground, thereby creating larger social impacts than originally predicted. Project proponents should consider their entire contractor bases when formulating mitigation strategies to ensure that adequate remedial measures are introduced.

Council would like to commend the Queensland Government's decision to commission an Inquiry into FIFO practices in regional Queensland.

If you have any further queries regarding Council's response to this Inquiry, please contact Council's representative, Ryan Gittins, Specialist – Business Development, on one of the numbers provided.

Yours faithfully



Julie Reitano
Chief Executive Officer

Maranoa Regional Council

Submission to the Queensland Government's Infrastructure, Planning and Natural Resources Committee

Fly in, Fly out and other Long Distance Commuting Work Practices in Regional Queensland

May 2015

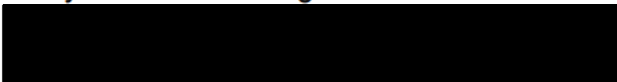
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Council Contacts:

Robert Loughnan

Mayor – Maranoa Regional Council



Julie Reitano

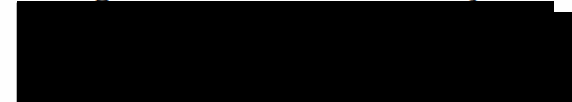
Chief Executive Officer

P: 1300 007 662

E: ceo@maranoa.qld.gov.au

Edwards (Ed) Sims

Manager – Economic & Community Development



Ryan Gittins

Specialist – Business Development

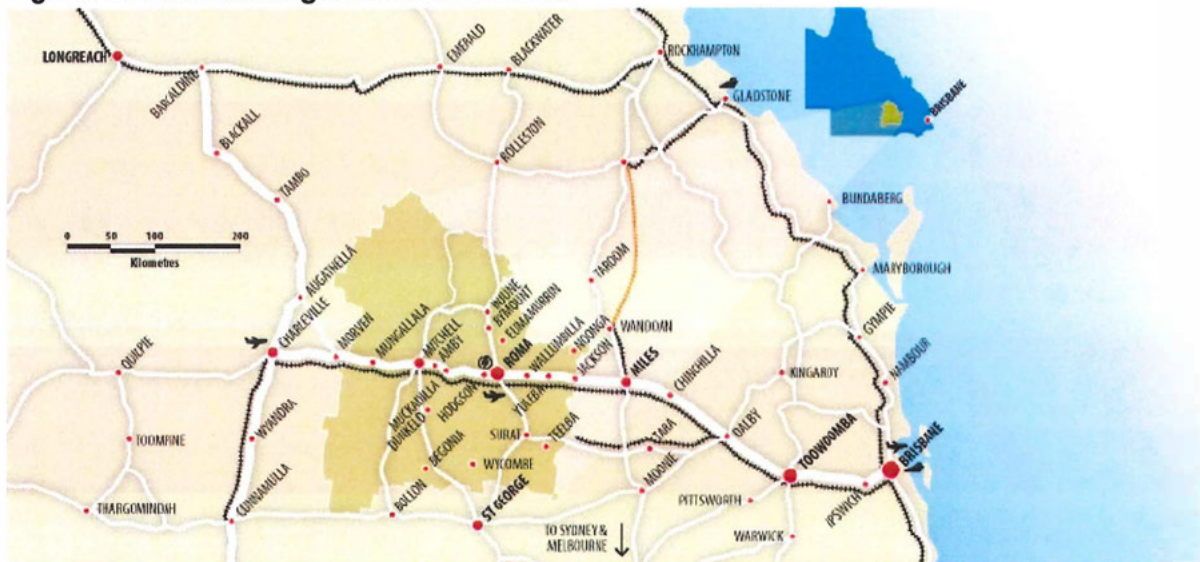


Overview of the Maranoa Region

Maranoa Regional Council (MRC) welcomes the State Government's Inquiry into fly in, fly out (FIFO) workforce practices in Queensland.

MRC is located approximately six hours from Brisbane, in south west Queensland. The region is comprised of 10 towns and numerous gazetted localities throughout the 58,711 km² Local Government Area (LGA). Please refer to Figure 1 below for an overview of the region.

Figure 1: Maranoa Regional Council Area



Locality	Distance From Roma		Direction from Roma
	Kilometers	Hours	
Within Maranoa Region			
Surat	80	1.00	South
Wallumbilla	40	0.50	East
Yuleba	60	0.75	East
Mitchell	90	1.00	West
Injune	90	1.00	North

The region was home to approximately 13,850 residents and 5,210 non-resident workers in 2014 (Table 1). Large-scale Coal Seam Gas (CSG) projects such as Origin Energy's Australia-Pacific Liquefied Natural Gas (APLNG) and Santos Ltd's Gladstone Liquefied Natural Gas (GLNG) have a presence in the region, thus explaining the large non-resident workforce. Please refer to the following table for a breakdown of the region's population.

Table 1: Maranoa Regional Population

Locality	Estimated Resident Population	Estimated Non-Resident Workforce	Full Time Equivalent (FTE) Population
Injune	415	120	535
Roma	7480	610	8090
Other Towns	1900	30	1925
Rural Areas	4055	4450	8505
Maranoa (R) Total	13850	5210	19060

Source: Queensland Treasury & Trade, 2014

As a result of significant resource sector activity, the regional population is predicted to grow for the foreseeable future. AEC Group Ltd's projections (2013) indicate that the Maranoa's permanent population base will grow at approximately 1.3% per annum to 17,300 in 2031 (an additional 3,450 residents).

The Roma Airport is a major FIFO transportation hub in the Surat Basin, servicing gas fields in the Maranoa and the western portion of the Western Downs Regional Council area. Please refer to the below table for an overview of Roma Airport throughput over the five year period to June 2014.

Table 2: Roma Airport Throughput

Period	Passenger Throughput (approx.)	Annual Growth (%)
2009 – 2010	27,000	N/A
2010 – 2011	57,000	111
2011 – 2012	91,000	59.6
2012 – 2013	210,000	130
2013 – 2014	317,000	50.9

The resource sector has contributed greatly to numerous communities in rural Queensland. The Maranoa's economy has evolved over the last five years thanks to the Surat Basin's dynamic CSG – LNG industry. Many businesses have experienced rapid growth, both in terms of output and capability, with the latter being a significant legacy of the 'resources boom'. The agricultural sector has also benefited from the CSG industry's presence in the Surat Basin, with many primary producers receiving secondary incomes in exchange for land access. These injections have been a welcome relief, allowing many farmers to offset the harsh impacts of the drought.

Notwithstanding the significant benefits of the resource sector's presence in rural Queensland, some of the industry's practices have negatively impacted on regional and rural communities in Queensland. The side-effects of FIFO workforce practices will be discussed in this document.

Terms of Reference

MRC's response addresses two specific areas of the Terms of Reference, with detailed analysis contained below. Council would like to emphasise that this report is not an exhaustive list of the impacts that result from resource sector activity in regional areas.

FIFO activity is but one negative symptom of resource activity in regional Queensland. Rural ratepayers are left to fund significant infrastructure projects, to bridge the gap between the mitigation measures contained within the Social Impact Management Plans (SIMP's) and the actual impacts of the resource sector's presence.

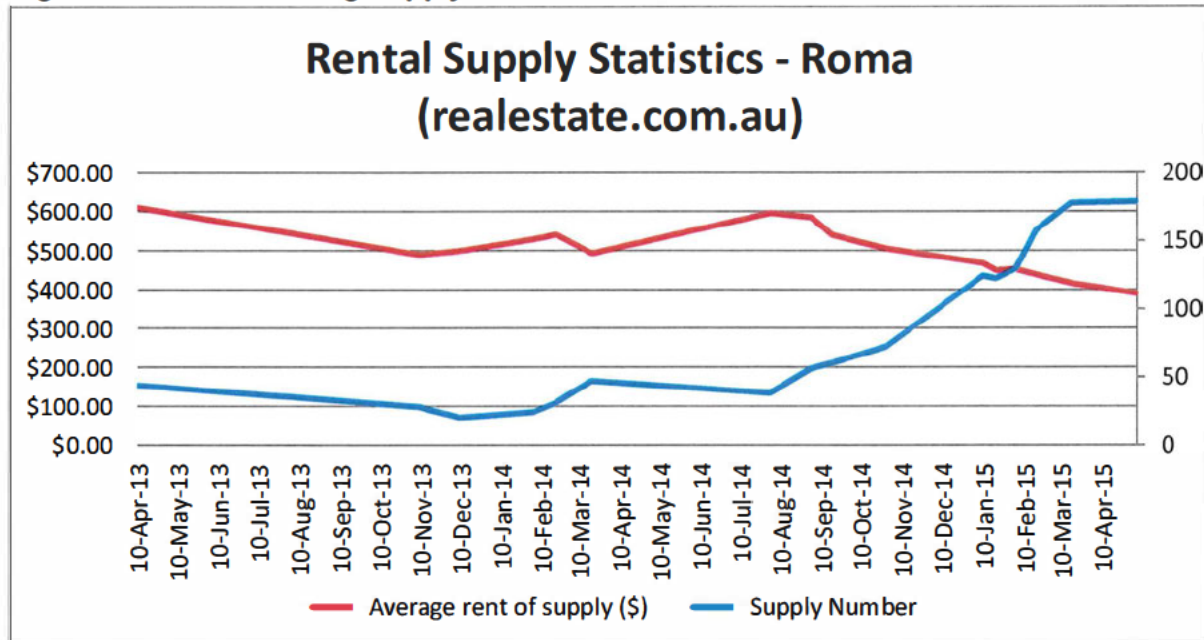
It is suggested that the Queensland Government considers commissioning additional inquiries into resource sector activity, to ensure a holistic view of the industry's impact on rural areas.

The effect of a 100% non-resident FIFO workforce on established communities; including community wellbeing, the price of housing and availability, and access to services and infrastructure.

MRC argues that the greatest impact of the FIFO workforce's presence in the Maranoa is not its direct impact upon the community, but the lack of opportunities provided to local workers and businesses. The availability of motel accommodation and private rental dwellings has drastically improved since the beginning of the construction phase of the CSG projects, allowing regional towns (such as Roma) to support larger workforces locally. Resource sector companies should promote the lifestyle benefits of relocating to the Maranoa, rather than tailoring their business operations for FIFO employees.

As the major services hub in the Maranoa, Roma experienced significant housing pressure throughout the peak construction period for the CSG projects. As seen in Figure 2, the rental market has been observed over the period of April 2013 to May 2015, to determine the trends in rental supply and average weekly rent for the available dwellings.

Figure 1: Rental Dwelling Supply Statistics - Roma



As seen above, following the construction phase of the LNG projects, rental availability has risen dramatically and the average price of available dwellings has corrected to a more affordable level in early 2015. Considering these trends, it is argued that the project proponents should be encouraging workers to relocate to towns in the Surat Basin. This would promote economic development in these areas whilst simultaneously reducing the transport expenditure incurred by resource sector companies.

Roma Airport

Roma Airport throughput (table 2) has grown at an average rate of 87% p.a. for the four year period to June 2014. This has provided a great revenue stream that has supported the implementation of numerous infrastructure projects across the region. Unfortunately, the significant number of FIFO workers using the Roma airport infrastructure has also created two negative side-effects.

Firstly, locals have been restricted from using the airport facility due to the large proportion of FIFO workers that demand air transportation. Local residents have been excluded from using this transport facility due to limited availability and high prices. As a result of the large number of workers on shift in the Maranoa (5,210 as of 30 June 2014), residents have been forced to book weeks (or even months) in advance to secure a seat on a plane servicing the Roma to Brisbane route. Significant demand, and limited supply, have ensured that residents (and other non-FIFO travellers) have paid premium rates to secure seats on RPT services.

Secondly, the Roma Airport has expanded to cater for increased FIFO throughput, at significant cost to ratepayers in the Maranoa. The upgrade, which was completed in March 2012, cost approximately \$17 Million. Resource sector companies contributed \$3.5 Million to the project, the State Government 4.5M and MRC absorbing the balance. These upgrades were required to support increased FIFO throughput, not the increased, long-term, demand of the resident population. MRC would like to emphasise that these capital investments are not supporting the ratepayer and local businesses. FIFO workers don't traditionally spend money within regional towns, they are almost exclusively accommodated and fed in the temporary camps in the gas fields.

It is acknowledged that these impacts are not as prevalent in Roma now due to the conclusion of the construction phases for the APNLG and GLNG projects. However, it is suggested that the State Government considers these impacts when assessing future projects and approving FIFO workforce plans.

Contractor Rosters – Local Workers

The negative impacts of resource-sector work schedules are not limited to FIFO employees, they also affect local workers. The prevalence of the two weeks on, two weeks off (or similar) roster for local resource-sector workers delivers a FIFO outcome at the expense of the community. This workforce schedule does not promote relocation to regional areas as it offers similar conditions to those commuting from the south east corner, specifically:

- Long periods spent away from families
- Limited opportunities to contribute to the regional communities that they reside in, through local spending, sport & recreation etc.

These shifts do not promote regional population growth. Effectively, a CSG worker from Brisbane has the same opportunities to spend time with his/her family as compared to a worker whose place of residence is within half an hour of the gas fields. This encourages local CSG workers to relocate to the south-east corner to capitalise on the standard of living afforded to metropolitan residents. Anecdotal evidence suggests that 14 families have relocated to metropolitan areas and now fly into the Wallumbilla CSG Hub to perform their work duties.

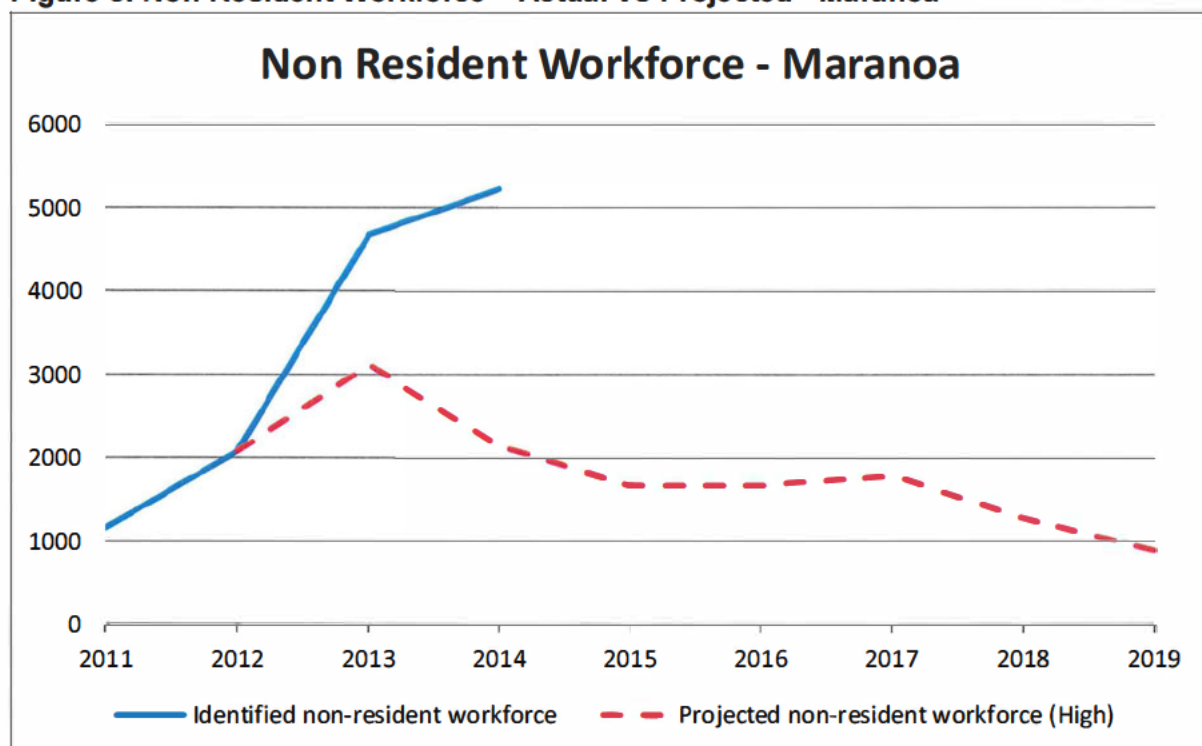
Other nonsensical transportation practices, such as the one-way flow of worker buses, provide further incentives for FIFO practices. It is reported that one major CSG company will transport workers from Wallumbilla to a logistics base in Roma; however, the reverse is not considered.

These practices should be reconsidered to ensure that workers are encouraged to relocate to regional areas that offer plentiful job opportunities, such as the Maranoa, rather than unfairly disadvantaging local workers.

The effectiveness of current responses to impacts of FIFO workforces from the Commonwealth, State and Local Governments

It has been difficult for government to respond to the impacts of FIFO workforces due to the difficulty in obtaining accurate information on workforce numbers. It has also been problematic for project proponents to fully quantify their project workforces, especially two or three tiers below the Engineering, Procurement and Construction Management (EPCM) contractor.

Figure 3: Non-Resident Workforce – Actual Vs Projected - Maranoa



Queensland Treasury & Trade's projections for the non-resident workforce in the Maranoa vastly differ from the actual non-resident workforce observed each year as detailed in Figure 3 above. Accordingly, the impact of the FIFO workforce has far exceeded the ability of the mitigation measures that were conditioned through the approvals of the Social Impact Management Plans (SIMP) and/or the Environmental Impact Statements (EIS) of project proponents. The only way to accurately plan for FIFO workforces, and mitigate impacts, is to consider the total project workforce in SIMP's and EIS's based on accurate information from all levels of contractors.

Government's ability to respond to FIFO impacts is also severely restricted by the current approval processes for remote camps. Proponents are not required to inform councils of camps located on rural properties, or the number of workers in each one. A broad range of impacts have resulted due to council's limited oversight of these activities, namely:

- Planning for infrastructure impacts - particularly on roads;
- Significant negative impact on telephone and internet service capacities;
- Emergency service response implications; and
- Medical and allied health service impacts.

All levels of Government must be informed about proposed activity on gas tenements, to allow the introduction of proactive mitigation measures.

Conclusion

Although the Maranoa benefits from the economic contribution of the resources sector to our rural communities, some of the business practices and policies unduly impact on residents and public infrastructure, and contributes little toward the population growth.

Resource sector companies can more meaningfully engage with the rural communities by promoting local workforces. The available accommodations has increased in many areas of the Surat Basin, allowing regional communities to support larger workforces (and their families) locally.

The structure of FIFO work schedules also impacts on workers who reside close to the gas fields. The two weeks on, two weeks off roster does not promote relocation to regional areas, as similar conditions are afforded to local residents as those commuting from the south east corner.

Public infrastructure is also heavily impacted by FIFO activity. The Roma Airport was upgraded to support the rapid growth of the FIFO sector, at significant cost to the ratepayer.

MRC would also like to emphasise that FIFO workforces are not the only symptom of the resource sector's impact on the communities in which they operate.

Project procurement practices and social impact mitigation particularly housing are areas that future inquiries should consider. Inconsistencies often exist between the predicted project workforce (as stated in the Social Impact Management Plans and Environmental Impact Statements) and the observed workforce on the ground, thereby creating larger social impacts than originally predicted. Project Proponents should consider their entire contractor bases when formulating their mitigation strategies to ensure that adequate mitigation measures are introduced.