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The Hon Tony Windsor MP
Chair
House of Representatives Standing Committee on Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

ATTENTION - Committee Secretary

Dear Mr Windsor

Inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia

Chevron Australia (Chevron) is pleased to contribute to the above inquiry.

Chevron has had the opportunity to review the submission of the Chamber of Minerals and Energy of Western Australia. We endorse the views put forward in that submission and commend them to the Committee.

Chevron has been present in Australia for more than 45 years as operator of the Barrow Island and Thevenard Island oilfields and is a foundation partner in the North-West Shelf Venture. Chevron Australia's presence is growing significantly through the development of two of Australia's largest resources projects: the Gorgon Project on Barrow Island and the Wheatstone Project near Onslow. Chevron will operate both projects.

The purpose of this submission is to provide the Committee with background on Gorgon and Wheatstone and the management of our workforce to meet both our operational requirements and our obligations to the communities in which we work.

Gorgon Project

The \$43 billion Gorgon Project is Australia's single largest resource project. Located on Barrow Island, the project has been in construction for around 18 months and is anticipated to deliver first LNG from 2014.

The Gorgon Project will provide major and sustained benefits to the Western Australian and Australian economies. Based on 30 years of operations, key economic findings from independent research include:

- The net present value of Australia's gross domestic product (GDP) is expected to be boosted by \$64 billion;
- Locally purchased goods and services (local content) of \$33 billion;
- Government revenue of about \$40 billion in today's dollars.

The Gorgon Project is creating thousands of jobs. According to modeling by ACIL Tasman, the Gorgon construction workforce is expected to peak at around 10,000 people (direct and indirect) and create 3500 direct and indirect jobs throughout the life of the project. Our operational workforce on island will be around 350 people.

Barrow Island is a remote island location, without existing settlements. The island is subject to a stringent quarantine regime and environmental conditions that limit land access and activities. As a Class A Nature Reserve, our footprint on the island is limited to 300 hectares. Given these constraints, all of the construction and operation workers on the island will be employed under FIFO arrangements.

It would not be practical or desirable from an environmental point of view to establish a residential workforce on the island.

Wheatstone Project

The Wheatstone Project is currently in the final stages of approvals processes and Chevron expects to be in a position to take a Final Investment Decision on the project in the second half of 2011, with first LNG shipments planned for 2016.

The foundation project will include two LNG trains with a combined capacity of 8.9 million tonnes per year and a domestic gas plant. Gas will be processed at an onshore facility located at Ashburton North, 12km west of Onslow in Western Australia's Pilbara region.

Chevron has undertaken extensive community consultation in Onslow, a town of around 600 people, which has informed our approach with regard to workforce planning for the Wheatstone Project.

In view of the likely social and economic impacts of the Wheatstone Project on the small and remote community, it is expected that the project will include a FIFO/Residential mix in its workforce structure. This approach is expected to generate substantial benefits for the community, while reducing direct population impacts that may be of concern. Constraints on infrastructure and land release also limit the extent to which residential development can be accommodated by the town.

During construction of the project the entire workforce will be FIFO. The community has expressed strong concerns to Chevron about the impacts on the town of Onslow of a large construction workforce, and as such the construction workforce will be accommodated at Ashburton North.

Once production commences, Chevron is committed to ensuring that both our residential and operational FIFO workforces are integrated into the Onslow community. At the request of the Shire of Ashburton, we have committed to an operations FIFO accommodation village in Onslow, which will enable the workforce to be engaged with the community.

For both the construction and operational phases of the project, Chevron will encourage local employment for existing residents of Onslow, including Indigenous employment. We have a number of local partnerships already in place in Onslow to promote job readiness and provide vocational education opportunities, particularly for school students.

Chevron considers that our approach with regard to workforce planning for the Wheatstone project is in line with community expectations and will enable the maximum possible benefits to flow to the community.

General Comments

Like many resources projects, Chevron's oil and gas operations are located in remote areas. Fly-In Fly-Out (FIFO) provides the opportunity for employees to work on resources projects in remote locations, returning home for significant periods between rosters. This approach provides the ability to attract employees from a wide range of geographical locations across Australia.

We currently have a number of employees who commute from the Eastern States to work on Barrow Island, and Chevron expects that this number will grow with our construction workforce.

Chevron is also aware of innovative practices in the resources sector which have increased flexibility for employees to commute from various communities of choice, including from rural, regional and Indigenous communities to site. Chevron considers that there are multiple benefits from these types of arrangements, which allow people to continue to live in and contribute to their communities, even though their work is located elsewhere. These are opportunities that Chevron will consider and seek to grow as we move to an operational workforce.

It is important to clearly distinguish between the different workforce requirements of the construction and operations phases of major resources projects. While direct employment numbers for resources projects, including LNG projects, peak in the construction phase of project development, the tenure of this work is short term. FIFO is critical to the mobility of the construction workforce - enabling people to move between major construction projects more easily than could be achieved in a residential context.

FIFO also provides the potential to increase the number of positions available on the job market with rotational roster arrangements effectively creating two positions for a single FIFO job.

Chevron strives to provide an attractive work environment and supportive culture for all employees. We operate in a competitive labour market where skilled people are in high demand and our commitment to be an employer of choice necessitates an ability to meet the expectations of our employees with regard to work and life styles. A range of residential and FIFO opportunities enable us to attract and retain quality staff and many of our employees have actively sought out FIFO opportunities.

Thank you for the opportunity to provide feedback to your inquiry. Should you require any further information, please contact Kaye Butler, General Manager - Human Resources, on 9413 6236.

Yours sincerely

Peter Fairclough

General Manager - Policy, Government and Public Affairs