

THE PROFILE

Embracing the

local spirit

Central Petroleum has increased local employment to contribute \$3.5 million to Central Australian economy. Instead of relying on fly-in fly-out workers, the company is investing locally, **LAUREN INGRAM** reports

WHEN it comes to large companies, it's rare for them to have a significant, if any, employment base in Central Australia. Many companies that have workers in remote or regional areas often just rely on fly-in fly-out (FIFO) workers.

Until the last couple of years, the story was much the same for Central Petroleum. The oil and gas producer, which was formed in 1998 and listed on the ASX in 2006, relied mainly on FIFO workers for more than a decade.

But two years ago managing director and CEO Richard Cottee decided he wanted to change the way the company hired people. He came up with what he called an "employment philosophy" which would shape how the business moved forward.

"I called it a philosophy because I wanted it to be a way of thinking, not just a policy," Mr Cottee explained. "It's become not only a way of thinking but a moral compass."

The philosophy comes down to three main points: family values for working families, Northern Territory for Northern Territorians, and traditional values for traditional owners.

It means that Central Petroleum aims to employ as many people as possible who can be based in Alice Springs with their family and commute daily to work, or who are based in other parts of the Territory and can be bussed to sites, rather than relying on FIFO workers.

The company also has developed a program to train local Indigenous people, and now has more than 30 per cent Indigenous employment at some sites.

"We believe very heavily in the local area," Mr Cottee explained. "Out of all our employees at Mereenie, Palm Valley, and Dingo, we have one third local Indigenous employees, one third local non-Indigenous employees, and one third FIFO workers."

Mereenie, Palm Valley and Dingo are the three gas fields owned by the company that are closest to Alice Springs, with Mereenie 200km to the east, Palm Valley 150km to the

southeast, and Dingo 50km to the south.

Central Petroleum purchased a 50 per cent share in Mereenie in June 2015, spending \$45 million on the field and making news, while it owns 100 per cent of both the Palm Valley and Dingo fields.

Mr Cottee said that in the end, because of the proximity of the fields to Alice, it was a fairly simple decision to hire local workers. The company believes that local people are going to be happier, work better, and be more loyal than FIFO workers.

"We started from the fact that we're in a remote location, and which are the group of people who actually want to live in that remote location? The answer is the people who love their country," the CEO explained.

Because of this, Central Petroleum has not only made an effort to hire locals, but to hire local Indigenous people.

This strategy has meant that the company has had to increase its training budget, and develop programs to help Indigenous employees who might need more guidance.

"If we train up local Indigenous employees, they will always want to stay here. It's a longer-term investment," Mr Cottee said.

"There are a lot of challenges in doing it. Some of them haven't had employed parents or good role models. But we're looking at giving the youth in particular a choice of how far they want to join the 21st century. We think that should be their choice not anyone else's choice.

"And it requires us to ensure that we are a bit more patient. Our training budget has had to go up. But we've had to make sure we don't create an us and them mentality, we treat all of our employees as employees, not as a special class. Some require a bit more training than others and that's about it."

The company has also focused on hiring more non-Indigenous Alice Springs locals, and relocating families to the town as well.

"We have found the people who we have relocated to Alice Springs are enjoying the city.



It's an ideal town, particularly for family people," Mr Cottee said.

Mr Cottee admits that there are some difficulties when moving from a majority FIFO workforce to a majority local one, but that they were lucky that it didn't cause too many waves.

"If you're moving from nearly 100 per cent FIFO then some employees are going to feel the pain of losing a lot of mates," he explained.

"There was a real chance with this program that you were actually being divisive.

"But in the company situation you need to be embracing not abrasive. Be able to embrace and accommodate. And honestly, we should have always been like this, with more local workers."

Central Petroleum is not only supporting local workers, but local businesses too. Recently the company spent

\$600,000 at part Aboriginal-owned Peter Kittle Motor Company in Alice Springs.

Central Petroleum purchased six 200 Series Toyota Landcruisers at \$100,000 each, which Mr Cottee said was a "good price". The CEO said that the reason they decided to go with a local dealer was because of the philosophy he had put in place about supporting communities near their sites.

"It fell out of if you're part of

a community you want to help out in the community," he explained. "Traditionally we would have bought those vehicles from Adelaide."

In total, this new philosophy has meant an almost \$2 million boost to the local economy.

"We have increased our local economic input from nearly \$600,000 two years ago to \$3.5 million in two years, and that's excluding wages," Mr Cottee said.



And Central Petroleum isn't going to stop there.

It has just announced plans for a new program that would see it triple their gas reserves, and see even more employment opportunities for locals.

"We've recently announced, just today, the completion of fundraising, so we will be doing a four hole appraisal building program," Mr Cottee explained.

"If it comes to fruition it

should triple our reserves. That will have a positive impact on the number of our employees here too."

This is big news, with the CEO saying that if everything goes to plan the company will be able to fill the northern gas pipeline by December 2018.

The northern gas pipeline is a 622km pipeline that will run from Tennant Creek to Mount Isa, connecting the Northern Territory to the national gas grid.

The \$800 million pipeline has the possibility to relieve a gas shortage the east coast is expected to experience come 2018, as well as lower prices for people in those cities.

"Once the pipeline is completed, we should see around a 25-30 per cent decrease in the cost of delivering our gas to Sydney," Mr Cottee explained.

In the CEO's eyes, the pipeline is likely to result in a bigger economic impact for the

company, which will benefit the economy locally.

"That should mean that we will be in the lowest half of gas producers who deliver into Sydney," Mr Cottee said. "It then may properly capitalise our company and we can think about LPG, more employment, cheapening the cost of energy."

"We really see this as the start of a journey. We've been along the winding road and now we seem to have hit the freeway."