



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

12th Assembly

'Ice' Select Committee

Public Hearing Transcript

10.55 am – 11.15 am, Monday 7 September 2015

Litchfield Room, Parliament House

Members:

Mr Nathan Barrett, MLA, Chair, Member for Blain
Ms Lauren Moss, MLA, Deputy Chair, Member for Casuarina
Mr Francis Kurrupuwu, MLA, Member for Arafura
Mr Gerry Wood, MLA, Member for Nelson

INPEX

Witnesses:

Bill Townsend: General Manager External Affairs and Joint Venture
Roland Houareau: General Manager Industrial Relations
Chris Winter: Project Manager Industrial Relations Onshore
JKC Australia LNG Pty Ltd
Bruce Franklin: Business Manager and External Affairs Manager
Rob Cochrane: Workforce Relations Manager
Andy Holmes: Site HSES Manager

Mr CHAIR: I am going to kick off because we are running a little behind time. On behalf of the committee, I welcome everyone to this public hearing into the prevalence, impact and government responses to the illicit use of ice in the Northern Territory.

I welcome to the table to give evidence to the committee from INPEX Bill Townsend, General Manager External Affairs and Joint Venture; Roland Houareau - I hope I have said your name correctly - General Manager Industrial Relations; and Chris Winter, Project Manager Industrial Relations Onshore.

Also from JKC here with us is Bruce Franklin, Business Manager and External Affairs Manager; Rob Cochrane, Workforce Relations Manager; and Andy Holmes, Site HSES Manager.

Thank you for coming before the committee. We appreciate you taking the time to speak to the committee and look forward to hearing from you today. This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. A transcript will be made for use of the committee and may be put on the committee's website. If at any time during the hearing you are concerned that what you will say should not be made public, you may ask that the committee go into a closed session and take your evidence in private.

I will ask you to each state your name for the record and the capacity in which you appear. I will then ask you to make a brief opening statement before proceeding to the committee's questions. Could you please state your names and the capacity in which you are appearing, starting with the guys on the screen please, with INPEX?

Mr TOWNSEND: Good morning, I am Bill Townsend. I am the General Manager for External Affairs and Joint Venture at INPEX.

Mr HOUAREAU: Good morning, I am Roland Houareau and I am the General Manager Industrial Relations for INPEX Australia.

Mr WINTER: Good morning, my name is Chris Winter. I am the Project Manager Industrial Relations Onshore for INPEX.

Mr COCHRANE: Good morning, my name is Rob Cochrane. I am the Workforce Services Manager for JKC.

Mr FRANKLIN: Good morning. Bruce Franklin, Business Manager and External Affairs Manager for JKC.

Mr HOLMES: Good morning. Andy Holmes, Site HSES Manager for JKC.

Mr CHAIR: Gentlemen, from INPEX on the screen, would you like to make a brief opening statement, if you have one prepared?

Mr TOWNSEND: Yes, thank you for the opportunity to appear before the select committee's inquiry into the prevalence, impacts and government responses into the illicit use of the drug colloquially known as ice in the Northern Territory.

As I indicated, my name is Bill Townsend and I am the General Manager for External Affairs and Joint Venture for INPEX Australia based in Perth. I have introduced my colleagues from INPEX, Roland Houareau and Chris Winter from Perth, and Bruce Franklin, Rob Cochrane and Andy Holmes who are joining us from JKC in Darwin.

As outlined in our written submission to the committee, INPEX recognises the seriousness and concern that the illicit use of ice is causing the government, the parliament and the broader Territory community. The work by the committee to quantify the scale of the problem and document what programs and interventions are working is a sound approach to help the government policy on this very important issue.

In this regard I confirm the rigorous workplace health and safety practices our onshore Engineering Procurement and Construction EPC contractor, JKC, has in place to ensure personnel are fit for work for the onshore Ichthys LNG project. We affirm that protecting personnel and the communities in which we operate is prioritised over all other business objectives.

As background, INPEX Corporation is Japan's largest oil and gas exploration and production company, and we are currently involved in more than 70 projects across 25 countries. The crown jewel in INPEX's global

portfolio is the Ichthys LNG project which is a joint venture being led by INPEX as the operator. It is ranked among the most significant oil and gas projects in the world and has an expected operational life of at least 40 years. Ichthys LNG project onshore facilities are being constructed at Blaydin Point in Darwin and are approximately 75% complete at this stage.

JKC is our EPC contractor and is responsible for the construction of the onshore facilities at Blaydin Point. JKC itself is a joint venture between JGC Corporation, KBR and Shoto Corporation, some of the world's most experienced and capable companies in LNG plant design and delivery.

Currently there are approximately 6500 people working on-site in Blaydin Point and there will be up to 8000 at peak later this year and into next year. Of these, approximately 3000 are local to Darwin.

I reiterate for the committee's attention the robust framework being applied for the Ichthys LNG project onshore facility to manage the health and wellbeing of personnel.

This framework includes pre-employment medical assessments. Employment offers are contingent on a negative alcohol and other drugs, or AOD, result. Secondly, a fitness for work procedure provides for regular AOD testing of personnel which can either be blanket or randomly applied. JKC undertakes testing during normal rostered work hours and across shifts. Testing is also implemented following certain work-related incidents or where personnel may be thought to be affected by AOD. To July 2015, 425 000 BAC tests were conducted. JKC's procedures give detailed information to supervisors under signs of fatigue, including any underlying causes that may be linked to non-work-related factors which are not picked up from AOD testing.

Third is training and awareness programs. JKC's programs outline the dangers associated for themselves and the people around them when AOD is misused. Factors contributing to AOD misuse are also discussed with topics on stress management and counselling services covered.

Fourth is an employee counselling and assistance program. JKC provides a confidential employee assistance program which is available to personnel and their families 24/7, including access to a psychologist. JKC subcontractors also have similar arrangements in place.

I hope that by outlining the multi-layered approach we have to the prevention, early intervention and detection of AOD issues as they relate to the health, safety and environment practices of the Ichthys project onshore LNG facilities has been of value to the committee. We would be very pleased to take any questions you may have.

Mr CHAIR: I guess there are people living in the Northern Territory who are all aware of the INPEX project and the events that occur there. Many of us are also very aware of the health and safety regime in place and the stringent onsite requirements for mitigating risks, from whatever angle those risks come, including alcohol and other drugs. How many tests did you say were done?

Mr TOWNSEND: 425 000, yes.

Mr CHAIR: How many positive results did you get from that?

Mr TOWNSEND: I will direct that to JKC in Darwin.

Mr FRANKLIN: I will ask Andy to answer that.

Mr HOLMES: To clarify, BAC tests are specifically for breath alcohol. From the perspective of breath alcohol the positive number of results is ...

Mr CHAIR: If it is just the blood alcohol test, that is not what we are chasing ...

Mr Holmes: It is 232 project to date.

Mr CHAIR: Do you do saliva testing for drugs other than alcohol?

Mr FRANKLIN: Correct.

Mr CHAIR: How many of those tests have you been able to do?

Mr Holmes: The total over the project to date is 17 855 saliva tests have been conducted for drugs. Of those, 11 were confirmed positive results.

Mr CHAIR: What is your process when you get a positive result? Is that referred to police or managed internally?

Mr COCHRANE: It is dealt with by the employer of the individual who has come back with that test, and it is dealt with by their management team.

Mr CHAIR: Can you give us an example of a management strategy for staff in that regard, would you leave it to them completely or are you unsure?

Mr COCHRANE: Predominantly it is left to the employer because it is to do with their employment relationship. It comes back to the disciplinary and counselling procedures contained within their corporate group. Some of them have a first strike and you are out outcome, which would mean the person is terminated. Other organisations have a three strikes and you are out, which would typically be on the first case you would be given a warning and removed from site until you can provide a clear test.

On the first instance you are also provided with the opportunity to undertake counselling. On the second occasion you would be given a final written warning and would be required to undertake counselling. On the third occasion, you would be removed from site. That is probably the two extremes of what the processes are. Subcontractors either have one extreme or the other, or somewhere in between. I guess the extreme with the three strokes is so you are not abandoning the employee to an effect; so that if you recognise there is an issue, you are trying to help them get the counselling to overcome the issue.

Ms MOSS: About the 11 tests, I am assuming that the saliva tests identify a range of different drugs. What drugs does it pick up? Do you have a sense of how many of those 11 tests would be methamphetamines?

Mr HOLMES: Certainly. The tests that are conducted depend on whether it is the initial screen and/or the follow-up urine test. Essentially the drugs being tested for are exactly the same. From an oral fluid perspective - morphine, codeine, amphetamines, methamphetamines, THC, cocaine and methyl esters – the full range is essentially the same for urine testing. In those 11 confirmed positives we have talked about, we do not have access to the data of how many of those may or may not have been related to methamphetamines.

Mr WOOD: Can I follow up in relation to long-term effects of the drugs. The word we have heard is basically if you have had ice, one or two days later you cannot trace it. Is that correct? Do you have ways of finding out whether someone is still being affected by ice in the longer period?

Mr HOLMES: Regarding the testing period, I can only talk about anecdotal evidence. The anecdotal evidence is that, from an oral fluid perspective, it is approximately a 10- to 12-hour period in a usage and detection window.

Mr WOOD: So in theory, someone could be using ice and not be tested under the random system, but could be operating machinery under the influence? (1) they have not been picked up by the random test, but (2) the random test might have come three or four days after the person had taken the drug?

Mr HOLMES: In theory, what you are suggesting is possible. However, we suggest that the other processes that are in place, particularly around pre-employment, education, etcetera, assist us to provide information and also initially screen out people who are likely to be using illicit drugs.

Mr WOOD: Anecdotally, the word I have heard is people can use that drug and if they wait a few days, you cannot tell that they have been using it. Is that what you have heard?

Mr HOLMES: What you are saying is correct.

Mr WOOD: Right.

Ms MOSS: I have one additional question. It has been mentioned both in your submission and this morning that if you identify an issue with a worker there is a referral pathway that is possible and support provided. I am interested to know who you partner with to deliver those support services.

Mr COCHRANE: JKC has a strong relationship with *OzHelp* in Darwin. That is a project-wide relationship we have in place. JKC individually, as a company, has an EAP provider. I am not sure of the name directly off my head. Each of the subcontractors under their HR management plans are required to have employer assistance programs.

Some of those organisations like *beyondblue*, which I heard the previous witness talk about. Also, there is *Mates In Construction*, which is one that is supported by a lot of the unions and then again there are individual organisations with the 1800 number. The subcontractors will have an EAP account set up with an organisation, they will have posters with the 1800 number and it is done as an anonymous phone call. If you have a concern about your own health you can ring those people for assistance as well.

Ms MOSS: Do you find that the uptake is good for those options available to workers?

Mr COCHRANE: That is hard to say because a lot of the contact is anonymous and there is the confidentiality that ...

Ms MOSS: Absolutely.

Mr COCHRANE: Okay.

Mr HOLMES: Anecdotally, to add to Rob's comments, the involvement of *OzHelp* is quite significant in the time they spend at site and also at the accommodation village. In regard to their potential contact time, they are spending a significant amount of time both at site and the village.

Mr CHAIR: I have a philosophical question and I guess you will probably need to give me a legal answer rather than a philosophical one, but one of the biggest disconnects I see between what is happening with industry groups and what is happening with ice in the community is where companies legally see their responsibility starts and ends. While I am aware that companies see their responsibility begins and ends with this person safely operating a machine with zero alcohol and other drugs in their system, do you see a further responsibility of a project of this magnitude within a community to try to be a little more proactive, particularly in the testing sense?

I am aware that P6 tests and saliva tests are only valid for a certain amount of time. In doing a testing system and a testing structure that can test over a longer period of time, how do you guys see your responsibility to make sure people who work for you are not just under the influence at the time but do not take illicit drugs? That is a hell of a question, but ...

Mr HOLMES: We have a number of programs in place focused on fitness for work starting with the induction to the site and pre-employment medicals, and ongoing education programs. One of the programs we have operational across site, which is not specifically about fitness for work but fundamentally a program about safety, is the incident and injury free program. The objective of the incident and injury free program is to cultivate a culture that incident and injury free is possible. It is really about developing a philosophy that people need to be safe for their own benefit rather than for the sake of complying with a rule or procedure.

There are a lot of programs in place that emphasise wellness in the broader context, and we unashamedly push family values and values beyond the working framework to encourage and engender that philosophy. We see a lot of our emphasis is in that area.

Mr CHAIR: How is your approach to saying, 'Yes, we employ somebody who sometimes uses illicit drugs'?

Mr FRANKLIN: Again, that is a big question.

Mr CHAIR: I realise that is a hell of a question because it raises the disconnect between, 'I can prove this on site, or while he was off swing for three weeks he had a bender. Is that my problem?' How do you feel about that?

Mr FRANKLIN: At the business level you would rather a workplace free of those substances because it is all about making sure the guys you are working with will be safe and you will be safe. That is the philosophy of the IIF program.

Regarding their three weeks off, you get into all sorts of questions about their privacy, which is very difficult to manage. Generally they will be picked up in the AOD testing of some form when they return back to their swing. These guys are on for four weeks or three weeks - whatever it is. To make it clear, JKC has a

workforce of about 550 to 600 currently. We are made up of three joint venture partners, so we are all interested in making sure that at that level our people are safe. Each subcontractor who works for us has their own workforce - some are very large, some are smaller - and they have an undertaking too because if something of that nature were to get out or hit the press, then that particular subcontractor's name could be sullied by that issue. It is a difficult question.

Mr CHAIR: It is a hell of a question, because in my mind when I look at this issue and at the work that has happened across the country on this issue now, it is something I firmly believe needs a whole community response. It needs not just government agencies to be responding to this, it needs businesses, every section of the community and schools. A lot of the issues you are talking about that you do in your programs on that harm minimisation side of things, is something we are very firmly looking at. But there needs to be a better connection between everybody who say, 'We are not okay with what ice is doing to our community', and what businesses do in relation to testing - and that includes us.

I am not picking on you guys. I believe all industry should be doing this. We just talked to the Hotels Association people and they came back with the very same answer, 'Oh, oh, oh. Well, it is costly. To what cost do we do this?'

Obviously taxpayers end up footing big costs on the other end of this extreme. We need to be front footing that, as a community of Australia.

This is probably a better question for INPEX. At a global level do you have strategies you can look at that is more than just normal health safety issues, but a greater role for business in relation to all of that, including government and everybody else? Do you sit down and strategise this and ask how you can have a positive effect in that regard? Do you approach things from that angle?

Mr HOUAREAU: I would like to touch on the previous question before we move forward. As an organisation our tolerance for drugs is at zero. Our starting point into the employment relationship, both within our business and our expectation from our contractors, is if a person cannot pass the primary test of urinalysis then that is a clear message that is not a person who progresses past that point into our business.

There are then a number of other mechanisms, as Bruce has articulated, that are used that includes a random, a four cause and every pre-start and every evaluation of an individual prior to starting work.

On a more global basis, as an organisation we have a comprehensive corporate program where we look at the areas we are operating in and consider the challenges for those particular areas and the tools we are putting into place, that we can then put into place with our contractors to execute them.

To answer the question, we look at programs that are broader than just the drug and alcohol policy and the safety policy, and look at the wellbeing of people who work both for INPEX and our contractors, and how we can further encourage those programs being put into place.

Mr TOWNSEND: I add to that. You asked a philosophical question so I will go back to a more philosophical answer. At the highest level INPEX, as a company, wants to contribute in a positive way to the communities in which we operate. That includes in this area as much as any other, and I believe that what we are demonstrating today and outlining is that we set very high standards for ourselves and our contractors. The approach we take is one of collaboration with government and across the community. It is fair to say that we do not just isolate ourselves into a box and say as a company, 'This is where we start and stop', although there is an element of that in the contractual arrangements, but philosophically we look beyond the immediate into the broader societal outcomes and environments in which we operate with the overall intention and goal of contributing in a positive way. We do that by setting high standards.

Mr Winter: We continually evolve in this area and one of the notes I have just made is we get to influence a lot of people coming through - school programs and people coming through career development conferences - to understand this industry better. As an industry more broadly to INPEX, the message around fitness for work is pretty clear and the message that the industry is providing society is pretty clear. That is a really important message that we can build on, on a more philosophical and global perspective, as we move forward. We understand the problem is very difficult and that is one area that we could continue to build on in the way we can educate people around this industry.

Mr CHAIR: Thank you. The member for Arafura has a question.

Mr KURRUPUWU: I am not familiar with today's operation with JKC and INPEX. Are you involved with remote Aboriginal communities?

Mr FRANKLIN: No, we are not. Sorry, there is ATSI employment on the project. I could not tell you, Rob may be able to answer better, because the ATSI employment and business engagement is an area that comes under the external affairs. We are looking at Aboriginal-owned businesses being 51% or more Aboriginal-owned and Larrakia-owned with that, and we look at employment of ATSI people onto the project. I might let Rob answer that.

Mr COCHRANE: On the project we have had in excess of 700 employment opportunities for Indigenous personnel. Currently on site we have approximately 420 people who identify themselves as Indigenous, and that is across all our contractors. In going out to remote communities no, we have not ventured out into the remote communities. That local content or Indigenous content is predominantly from within the Darwin region.

Mr KURRUPUWU: The reason I asked is because marijuana especially, and ice, are already in the communities.

Mr COCHRANE: All employees undergo the same random testing regime. Also, all those employees have done the pre-employment medical tests and passed them. That is a very good indicator that we have a high uptake of possessions on the project and everybody has gone through the immobilisation process.

Mr CHAIR: We have to call it there, they have already been disconnected. Thank you for attending today. Thank you for your answers and for being candid with us, we appreciate that.