

QUESTION ON NOTICE

Hon PAUL BROWN: Chair, are we able to ask Mr Cotter if he can provide us with something that would reflect that? Have you got anything, either paperwork or statistical-wise, that the commission or someone may have that can reflect that sort of thing?

Mr Cotter: Certainly, there is one of our commissioners who is in charge of the community and business side of things, and I could get some statistics on the growth of businesses. Is that what you are talking about?

Hon PAUL BROWN: Yes.

RESPONSE

Compensation Expenditure by CSG/LNG Industry

- As I observed when I appeared before the Committee in September last year, the content of compensation agreements between onshore gas companies and landholders is confidential.
- It is difficult to generalise about the total amounts of compensation paid to landholders, as the circumstances vary widely. Factors affecting compensation include the size and value of the property, the scale of industry infrastructure, the level of disturbance of the landholder's business and lifestyle and the expected duration of this disturbance. Furthermore, compensation usually comprises an upfront payment and subsequent instalments, and the weighting between these types of payment can vary widely.
- Anecdotally, the total upfront payment for a small property experiencing minimal impact might be in the vicinity of \$50,000; whereas the total compensation for a large property with significant infrastructure (large number of wells, gathering lines, etc.) and major disturbance might be many multiples of this.
- The GasFields Commission Queensland is currently gathering data about the industry from each gas company, including their actual and projected compensation expenditure. To preserve company confidentiality, this information will be aggregated for public release. When the Commission is able to make this information publicly available, we shall be happy to share it with the Committee.

Contribution to Queensland Economy by CSG/LNG Industry

- More general information about the contribution made by the CSG/LNG industry to the Queensland economy can be found in a series of annual reports commissioned by the Queensland Resources Council (QRC). The QRC is a not-for-profit peak industry association representing commercial developers of Queensland's minerals and energy resources.
- I refer the Committee to the latest QRC report, *Economic Impact of Minerals and Energy Sector on the Queensland Economy 2013/14*, which can be found at <https://www.qrc.org.au/01 cms/details.asp?ID=3473>
- The QRC report provides information about direct spending by the CSG/LNG industry as well as estimated indirect and total economic contributions of the industry to the Queensland economy.

- Direct spending, based on information provided by QRC members, includes the following items:
 - full-time equivalent positions (FTEs) and associated salaries
 - goods and services expenditure (including the number of businesses supplying the sector)
 - voluntary community contributions
 - local government payments (including council rates and other charges)
 - State government payments (including royalties, stamp duty, payroll tax and land tax).
- The report uses economic modelling to measure the total economic impact of the CSG/LNG industry, including:
 - output/turnover (a measure of direct and supply chain purchases from businesses)
 - value added - contribution to Gross State Product (GSP)
 - total salaries paid to direct and indirect workers
 - total full time FTEs supported
 - percentage contribution to each regional economy
 - percentage contribution to the total regional workforce.

Contribution on a state-wide basis

Total direct spending

- Total direct spending in Queensland in 2013-14 by the CSG/LNG industry was \$13.3 billion, which included salaries of \$790 million, associated with 6,109 direct FTEs¹.
[Table 1.1 provides further information about direct spending by the industry on a state-wide basis, compared with all resource industries.]

Total estimated contribution (direct + indirect)

- The CSG / LNG industry is estimated to have contributed \$27.4 billion (or 9% of GSP/GDP) to the Queensland economy. Total FTEs contributed by the CSG/LNG industry are estimated to be 141,246 or 6% of total Queensland employment².
[Table 1.2 provides further details of total contributions, compared with all resource industries.]

Contribution to local government areas

Total direct spending

- The five Local Government Authorities (LGAs) which recorded the highest levels of direct spending by the CSG/LNG industry in 2013-14 were:
 - Brisbane - \$6.5 billion
 - Gladstone – \$3.3 billion
 - Western Downs – \$1.1 billion
 - Toowoomba – \$970 million
 - Moreton Bay – \$365 million³.

[Table 2.1 provides further details of direct spending by the CSG/LNG industry in these LGAs, compared with all resource industries.]

- With the exception of Gladstone, these LGAs recorded an annual increase in direct spending by all resource industries. The report attributes this annual increase in the case of Toowoomba (13.9%) and Western Downs (36.3%) to the growth in coal seam gas derived from the Surat Basin⁴.

Direct purchases from businesses

- For the 2013-14 year, QRC has expanded its data collection to capture the number of businesses supplying into the resources sector. In that year, the five LGAs which recorded the greatest number of businesses supplying for the CSG/LNG industry were:
 - Brisbane – 1,339
 - Western Downs - 572
 - Maranoa - 261
 - Gladstone - 233
 - Banana – 206.⁵

Contribution on a regional basis - Darling Downs, Fitzroy and South West

Surat Basin regions

- Information about three regions associated with the CSG resource development pathway of the Surat Basin (Darling Downs, Fitzroy and South West) provides examples of ways that the CSG/LNG industry contributes to regional economies.

Total direct impacts

- Total direct spending by the CSG / LNG industry in 2013-14 for the Darling Downs, Fitzroy and South West regions, respectively was: \$2.07 billion; \$3.4 billion and \$244 million.
- Direct FTEs for the CSG/LNG industry for each region in 2013-14 were: 644 (Darling Downs); 559 (Fitzroy); and 214 (South West).

[Table 3.1 provides further details about direct spending by the CSG/ LNG industry in each region, compared with all resource industries.]

[Chart 4.1 provides a graph of direct spending by the CSG/LNG industry in each region, compared with the Brisbane Region and all of Queensland from 2011-12 to 2013-14, while Chart 5.1 provides a graph of direct FTEs associated by the CSG/LNG industry, with similar comparisons for the same time period.]

Total estimated employment contribution

- The total estimated contribution by the CSG/LNG industry to each region's FTEs is:
 - 20,012 FTEs (Darling Downs)
 - 33,463 FTEs (Fitzroy)
 - 2,473 FTEs (South West)

[Chart 6.1 provides total FTEs towards which the CSG/LNG industry has contributed in each region from 2011-12 to 2013-14, compared with the Brisbane region and the whole of Queensland.]

- [Tables 7.1 and 7.2 provides details of the total estimated contributions by the CSG/LNG industry to each region's economy, while Chart 8.1 provides information about the percentage contribution of the CSG/LNG industry to the Gross Regional Product (GRP) for each region.]

Attachment 1: Contribution of CSG/LNG industry in 2013-14 on a state-wide basis

Table 1.1: Direct spending by CSG/LNG industry in Queensland in 2013/14

DIRECT EXPENDITURE ITEM	CSG / LNG	TOTAL RESOURCE INDUSTRIES	CSG/LNG AS % OF TOTAL
Associated salaries	\$789.5M ¹	\$5,630.9M ²	14.02%
Business purchases, community and government payments	\$12,549.1M	\$31,853.3M	39.39%
Total direct spending	\$13,338.6M	\$37,484.3M	35.58%

Source: Queensland Resource Council (2014). *Economic Impact of Minerals and Energy Sector on the Queensland Economy 2013/14*, p.8. Data interpreted by the Commission.

1. 6,109 FTEs.
2. 44,074 FTEs.

Table 1.2: Total estimated economic contribution of CSG/LNG industry in Queensland in 2013-14

EXPENDITURE ITEM	CSG/LNG	ALL RESOURCES
Value added	\$27,417M ¹	\$77,569M ²
Business spend	\$29,711M	\$80,434M
Wages and salaries	\$8,683M ³	\$28,335M ⁴

Source: QRC report, p.10. Data interpreted by the Commission.

1. 9.3% of GSP/GDP
2. 26.2% of GSP/GDP
3. 141,246 total FTEs
4. 441,900 total FTEs.

Attachment 2: Direct spending - Local Government Areas (LGAs)

Table 2.1: Direct spending by CSG/LNG industry in 2013-14 in top 5 LGAs

Expenditure Item	Top 5 LGAs				
	Brisbane	Gladstone	Western Downs	Toowoomba	Moreton Bay
Associated salaries	\$442.4M ¹	\$59.7M ²	\$54.3M ³	\$14.7M ⁴	\$44.2M ⁵
Business purchases	\$6,015.4M	\$3,251.8M	\$1,033.7M	\$963.9M	\$321.4M
Total direct spending	\$6,457.8M	\$3,311.5M	\$1,087.9M	\$978.6M	\$365.6M

Source: QRC report, p. 48.

1. 3,244 FTEs
2. 508 FTEs
3. 495 FTEs
4. 126 FTEs
5. 327 FTEs

Attachment 3: Direct Spending 2013-14 – Selected Regions

Table 3.1: Total direct spending by CSG/LNG industry in 2013-14 in Darling Downs, Fitzroy and South West Regions

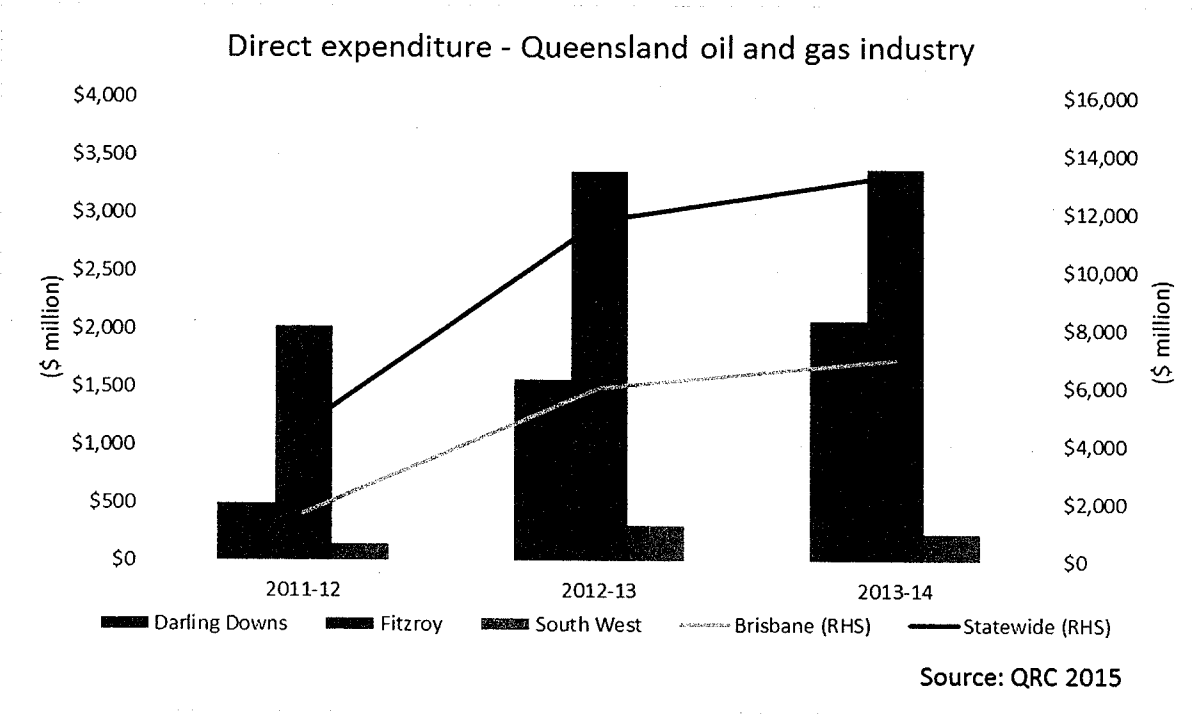
Direct Expenditure Item	Darling Downs Region		Fitzroy Region		South West Region	
	CSG/LNG	All Resources	CSG/LNG	All Resources	CSG/LNG	All Resources
Associated salaries	\$71.5M ¹	\$165.4M ²	\$64.7M ³	\$1,324.4M ⁴	\$24.6M ⁵	\$27.7M ⁶
Business purchases and community contributions	\$2,002.0M	\$2,281.5M	\$3,317.9M	\$5,509.7M	\$219.9M	\$230.7M
Total direct spending	\$2,073.5M	\$2,446.9M	\$3,382.7M	\$6,834.1M	\$244.5M	\$258.3M

Source: QRC report, pp. 24, 28 and 38.

1. 644 FTEs
2. 1,520 FTEs
3. 559 FTEs
4. 10,357 FTEs
5. 214 FTEs
6. 233 FTEs

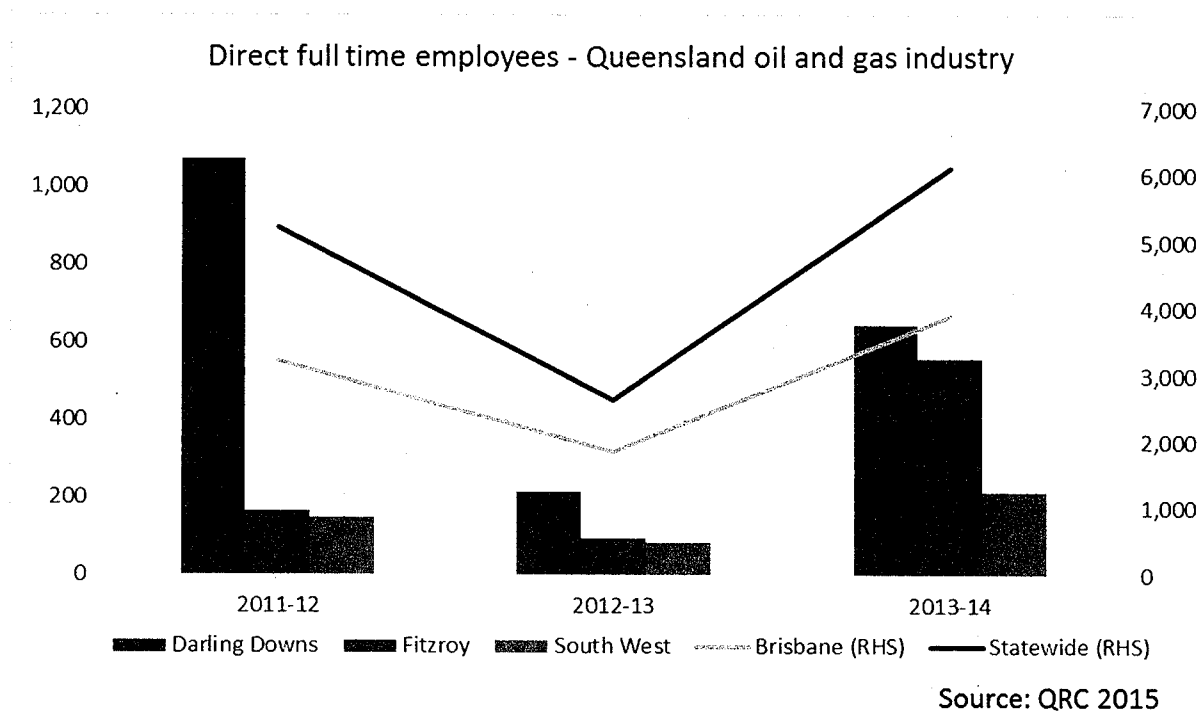
Attachment 4: Direct Spending 2011-12 to 2013-14 – Selected Regions

Chart 4.1: Direct spending by CSG/LNG Industry in Darling Downs, Fitzroy and South West Regions from 2011-12 to 2013-14



Source: Data provided by QRC.

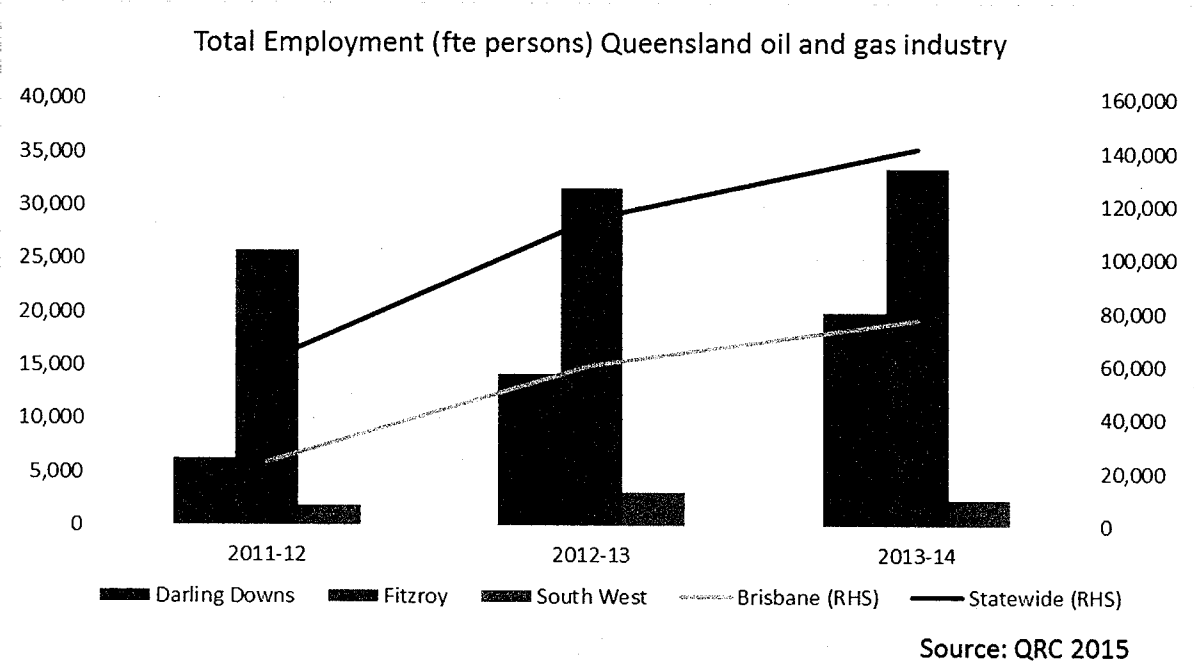
Chart 5.1: Direct FTEs associated with CSG/LNG industry in Selected Regions from 2011-12 to 2013-14



Source: Data provided by QRC.

Attachment 6: Total FTEs 2011-12 to 2013-14 – Selected Regions

Chart 6.1: Total FTEs towards which CSG/LNG industry contributed in selected regions from 2011-12 to 2013-14



Source: Data provided by QRC.

Attachment 7: Total Estimated Contribution Selected Regions

Table 7.1: Total estimated employment by CSG/LNG industry in 2013-14 in Darling Downs, Fitzroy and South West regions

Employment	Darling Downs Region		Fitzroy Region		South West Region	
	CSG/LNG	All resources	CSG/LNG	All resources	CSG/LNG	All resources
Total employees (FTEs)	20,012 FTEs	24,596 FTEs	33,463 FTEs	77,058 FTEs	2,473 FTEs	2,620 FTEs
% of total employment	17.0%	20.9%	29.0%	66.8%	15.8%	16.7%

Source: QRC report, pp. 25, 29 and 39.

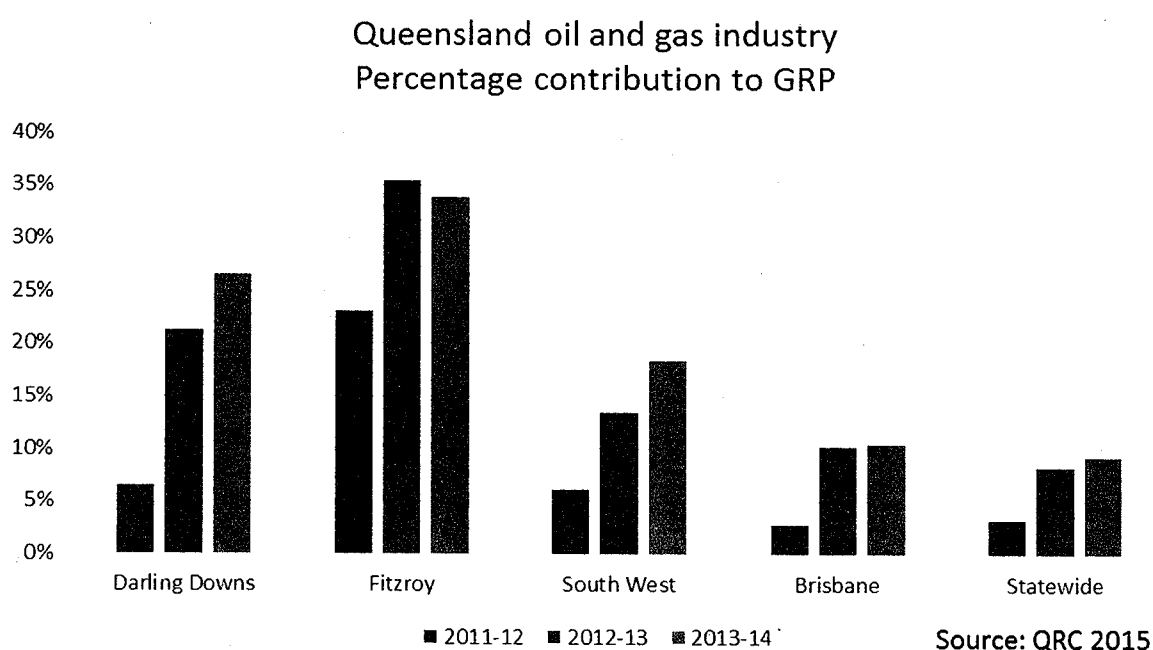
Table 7.2: Total estimated contribution by CSG/LNG industry in 2013-14 in Darling Downs, Fitzroy and South West regions

Expenditure Item	Darling Downs Region		Fitzroy Region		South West Region	
	CSG/LNG	All resources	CSG/LNG	All resources	CSG/LNG	All resources
Total output	\$4,197.4M	\$4,944.9M	\$7,028.0M	\$13,853.3M	\$488.4M	\$515.6M
Total estimated value added	\$4,044.0M ¹	\$4,767.0M ²	\$6,369.0M ³	\$12,623. ^{6M4}	\$471.0M ⁵	\$497.2M ⁶

Source: QRC report, pp. 25, 29 and 39

1. 26.5% of GSP
2. 31.3% of GSP
3. 33.8% of GSP
4. 67.1% of GSP
5. 18.3% of GSP
6. 19.4% of GSP

Chart 8.1: Percentage contribution by CSG/LNG industry to Gross Regional Product from 2011-12 to 2013-14 in selected regions



¹ Queensland Resource Council (2014) *Economic contribution of the minerals & energy sector to the Queensland economy 2013-14*, p.8. Data interpreted by the Commission.

² QRC report, p.10. Data interpreted by the Commission.

³ Data provided by QRC.

⁴ QRC report, p.47.

⁵ Data provided by QRC.