



MINERALS COUNCIL OF AUSTRALIA

SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON REGIONAL AUSTRALIA INQUIRY INTO THE USE OF FLY-IN FLY-OUT WORK PRACTICES IN REGIONAL AUSTRALIA

FIFO AND DIDO IN THE AUSTRALIAN MINERALS INDUSTRY

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EXECUTIVE SUMMARY

The Minerals Council of Australia (MCA) is pleased to make a submission to the House Standing Committee on Regional Australia for consideration in the Inquiry into fly-in fly-out (FIFO) and drive-in drive-out (DIDO) in the Australian workforce. The submission primarily focuses on the operational workforce of the Australian minerals industry.

Minerals industry companies and their employees have embraced FIFO/DIDO in recent years as a viable way to develop new projects and increase minerals output whilst responding to skilled labour shortages without disruptive relocations for workers and their families.

In addition, many MCA members have established elaborate practices around FIFO and DIDO to manage health and safety, family separation, social activity whilst on site etc., to improve the work/life balance for employees on long distance commutes.

However, it would be entirely wrong to assume that long distance commuting is the one preferred option of minerals industry employers and employees. Daily commuting remains the predominant practice and the preferred alternative where a local workforce is available. Minerals companies continue to invest considerable amounts of money into hard and soft infrastructure in communities that adjoin their projects.

In a competitive labour market for skilled mine workers it is important for mining companies to implement initiatives to reduce labour turnover. Smart employers are offering their workforce a variety of options with both daily commute and FIFO/DIDO options, high quality amenities and a variety of shift roster patterns. Consequently, it is expected that as the workforce continues to grow, so too will the number of employees engaged on a FIFO/DIDO basis increase.

It must also be recognised that FIFO and DIDO allow companies to widen their recruitment options in tight labour markets. These additional alternatives provide opportunities for jobseekers living in non-mining communities where there are few local employment opportunities, thus contributing to the economy of those communities as well as the communities at the mine sites.

Long distance commuting is not just an issue related to the minerals sector. It is a practice used across the entire economy. In fact there has been a paradigm shift in the Australian workforce's attitude to relocation for work. FIFO/DIDO offers access to work at remote and regional locations without the need to relocate family and social networks.

One of the greatest unknowns related to FIFO/DIDO is accurate data on the quantum of workers involved nationally across all industries where they originate from and where they work. Until we have these data it is not possible for any sensible policy response to be developed.

The minerals industry is a significant contributor to community infrastructure and housing in regional Australia. Source communities benefit greatly from FIFO/DIDO workers as the economic and employment benefits are spread more widely outside mining regions. Further, it is acknowledged that Governments face increasing difficulties in providing cost effective service delivery in mining communities. It will generally be more cost effective for governments to meet the infrastructure and services provision needs of increased mining populations through these populations being located in existing coastal centres rather than in more dispersed communities. Therefore, governments have the choice between significantly expanding service provision in these communities for increased residential workforces or meeting increased industry workforce needs through greater use of FIFO/DIDO arrangements and drawing on existing infrastructure and services in larger centres.

INTRODUCTION

The Minerals Council of Australia (MCA) is pleased to offer the following submission to the House Standing Committee on Regional Australia for consideration in the Inquiry into fly-in fly-out (FIFO) and drive-in drive-out (DIDO) in the Australian workforce.

The MCA represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. Through its Northern Territory and Victorian Divisions MCA represents the interests of members operating in those jurisdictions. MCA member companies produce more than 85 per cent of Australia's annual mineral output.

The minerals sector is forecast to contribute 9 per cent of Gross Domestic Product (GDP) in 2010-11¹, and to contribute \$122.5B or 56 per cent of Australia's export revenues in 2010-11² (up from less than 33 per cent seven years ago). Mining has been the powerhouse of Australia's economy since the turn of the current century. The Global Financial Crisis (GFC) had a dramatic impact on commodity prices. Production levels declined to a lesser extent than prices with some high production cost mines closing. Exploration declined and many development projects were put on hold. However, the GFC has been a brief respite from the pressure of capacity constraints to growth in the minerals sector and, as economic recovery continues, minerals production is rising strongly. The minerals industry operational workforce is now 29 per cent greater than it was just prior to the onset of the GFC. Capacity constraints on growth due to skills shortages loom as areas of chronic labour shortage build.

BACKGROUND

The Australian Government has asked the House Standing Committee on Regional Australia headed by Tony Windsor to undertake an extensive inquiry into FIFO and DIDO in the Australian Workforce.

The Terms of Reference of the inquiry are:

- the extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised;
- costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce;
- the effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure;
- the impact on communities sending large numbers of FIFO/DIDO workers to mine sites;
- long term strategies for economic diversification in towns with large FIFO/DIDO workforces;
- key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development;
- provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees;
- strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry;
- potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce;
- current initiatives and responses of the Commonwealth, State and Territory Governments; and
- any other related matter.

The terms of reference are rather unfortunately framed in a context of FIFO or DIDO versus domestic commute arrangements. The reality is that remote workforces are by necessity increasing and often projects are constructed and operated with a mixture of domestic commute and long distance commute workers. Domestic commute and FIFO/DIDO workforces should not be seen as alternatives, rather both will need to be optimized in the interests of both employers and employees.

CORE INDUSTRY POSITION

Minerals industry companies and their employees have embraced FIFO/DIDO in recent years as a viable way to develop new projects and increase minerals output whilst responding to the skilled labour shortages.

¹ ABS, National Accounts, 5206.0, June 2011.

² ABS, International Trade in Goods and Services, 5368.0, July 2011.

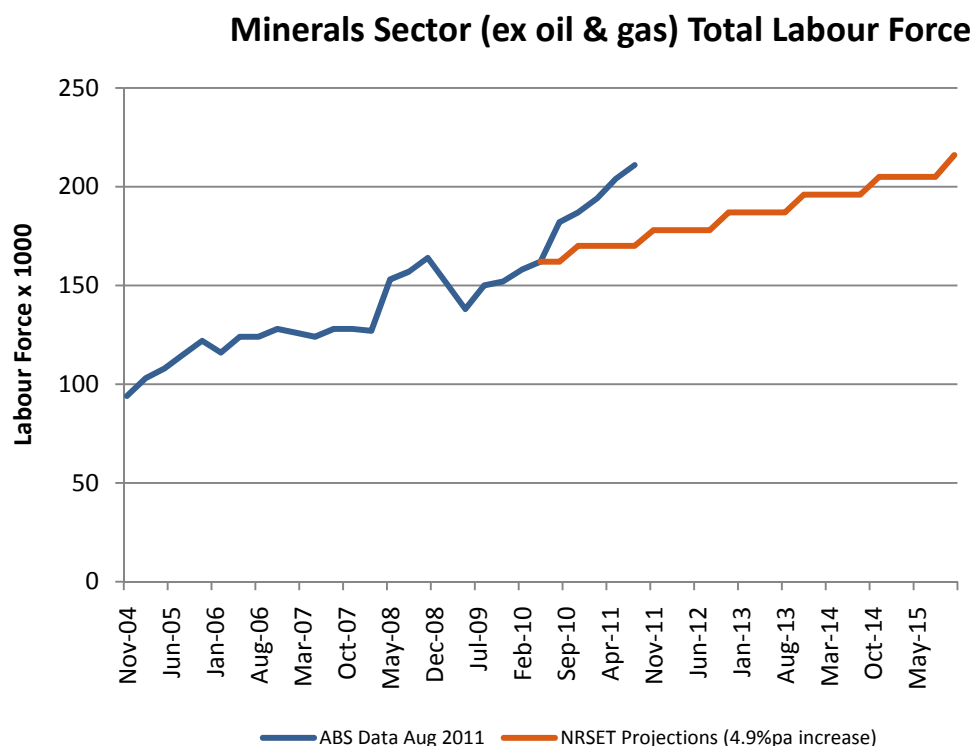
In addition, many MCA members have established elaborate practices around FIFO and DIDO to manage health and safety, family separation, social activity whilst on site etc, to improve the work/life balance for employees on long distance commutes.

However, it would be entirely wrong to assume that long distance commuting is the one preferred option of minerals industry employers and employees. Daily commuting remains the predominant practice and the preferred alternative where a local workforce is available. Minerals companies continue to invest considerable amounts of money into hard and soft infrastructure in communities that adjoin their projects.

It must also be recognised that FIFO and DIDO allow companies to widen their recruitment options in tight labour markets. These additional alternatives provide opportunities for jobseekers living in non-mining communities where there are few local employment opportunities, thus contributing to the economy of those communities as well as the communities at the mine sites.

THE MINERALS INDUSTRY WORKFORCE

The minerals industry workforce numbered 211,500 at August 2011³, which is less than 2 per cent of the national workforce.



As shown in the graph above, the workforce has grown by more than 29 per cent over the previous peak in 2008, immediately before the Global Financial Crisis. This growth compares to growth in the national workforce of about 6 per cent over the same period.

By comparison, the National Resources Sector Employment Taskforce projected that an additional 61,500 workers would be required over the 5 years from 2010. The graph above shows that this expansion has almost been achieved in less than two years.

Skills Australia recently reviewed the projected labour demand and in its June 2011 report expects that the minerals industry will require an additional 83,000 operational workers plus 19,000 replacement workers over the 5 years from 2011. Construction labour is now expected to range between 154,000 and 287,000 jobs over the 5 years.

In terms of output, the minerals industry produced 54% of total goods and services exports in 2010 (\$138B) and contributed \$700,000 per employee to the economy. That is more than any other sector by a very large margin.

³ ABS, Labour force, detailed, quarterly "mining" data net of oil and gas figures, 6291.0.003, August 2011.

However, multifactor productivity in the minerals sector has been declining over recent years. This is primarily due to the drag effects of the huge investment currently taking place and the exploitation of lower grade ores in response to the higher commodity prices.

The minerals industry and its workforce can be characterised in very general terms as:

- Operating in regional and remote Australia and often the neighbouring community is a remote Indigenous community.
- Being highly paid with the average wage of \$2202 pw being 62 percent higher than the all industries average of \$1358 pw⁴.
- Being highly skilled with 67 per cent holding a post school qualification compared to 61 per cent for the national workforce. 30 per cent of mine workers hold a Cert III or IV qualification and 24 per cent hold a Bachelor or higher degree.
- Spending more than three times the national average on training which is almost entirely funded by industry and has 5 per cent of its workforce as trainees or apprentices.
- Being older than the national average with a median age of 40 yrs compared to 37 yrs for the national workforce. Coal sector workers are generally older than metalliferous sector workers.
- Having about 5 per cent Indigenous employees. At some sites the percentage is as high as 25. Rio Tinto is largest private sector employer of Indigenous Australians.
- Having about 18 per cent female employees. The proportion of women remaining relatively steady in recent years.
- And finally, primarily having a full time workforce with 97 per cent of workers being full time.

The minerals industry is experiencing skilled labour shortages. This can be summarised as:

- Continuing chronic shortages of mining and geoscience professionals - Australian universities unable to train enough people to meet industry demand.
- Critical shortages of trades people (mechanical and electrical trades) – whilst apprentice and trainee numbers have increased in the minerals industry in recent years to beyond the national average, there remain shortages.
- Critical shortages of experienced miners and plant operators – new projects coming on line increase employee 'churn' in the industry.

The availability of entry level employees is 'patchy' with some regions experiencing no shortages, whilst others are experiencing a shortage of people with the job-ready attributes required to start work.

MOBILITY OF THE AUSTRALIAN WORKFORCE

Accurate up to date data is not available on the quantum of workers involved in FIFO/DIDO nationally across all industries and where they originate from and where they work.

We have seen a rapid growth in long distance commuting in recent years, built initially on the commuting practices of the petroleum industry introduced to Australia in Bass Strait in the 1970s. Today, FIFO and DIDO long distance commuting is a reality for workers in many industries, including the minerals industry. However, we simply don't have any accurate data. The Chamber of Minerals and Energy of WA conducted a survey of its members in 2005 and reported that 47 per cent of WA mining projects use at least some FIFO⁵ workers. The subject of this usage across the industry needs to be the subject of further assessment.

FIFO and DIDO are used routinely by workers in many industries. People commute using DIDO or rail from regional centers to capital cities and vice versa and FIFO from one capital city to another for a range of industry sectors from insurance, IT, government, construction etc. In fact members of the Australian parliament are in many ways FIFO or DIDO workers when the Parliament is sitting.

MCA has commenced discussions with Skills Australia on a joint activity to collect accurate and comprehensive data. Skills Australia proposes to look at the long distance commuting practices of the entire national workforce. Consequently, caution needs to be exercised in relation to any premature policy positions that could further disrupt industry development.

⁴ ABS, Average Weekly Earnings, 6302.0, May 2011.

⁵ Chamber of Minerals and Energy of WA, Fly in Fly out: a sustainability perspective, 2005.

MCA contends that the Australian workforce has undergone a significant paradigm shift in its response to mobility for employment, facilitated primarily by improved aviation services and road infrastructure. In times past workers taking up an opportunity at a distant work site were required to relocate. This meant moving home and family to the new location; a practice that Australians did not do often or lightly. With improved transport services and the growth of employment opportunities at remote worksites, employers and employees alike have keenly taken up FIFO and DIDO as a viable work arrangement. Employers no longer see the need to establish new towns in remote areas, and workers no longer see the need to relocate their family from areas with all of the services and social networks families prefer.

Any characterisation of the increased use of FIFO/DIDO as a cost cutting measure by employers is misplaced. The reality is that local daily commute employees generally cost less in terms of total employment costs than FIFO employees. Companies hire FIFO workers because they cannot find local people with the requisite skills; or because the appropriately skilled people are making a lifestyle choice to remain in their current location with its attendant amenities and family support rather than to relocate to the region concerned.

FIFO does not suit all people in all circumstances. However, over the years there has been an increasing trend towards fly-in fly-out workforce arrangements within Australia, with many workers being attracted to the flexibility afforded by roster options and lifestyle opportunities. According to 2006 Census Data 101,300 people commuted interstate for work in the week prior to the Census. The mining sector accounted for over 3000 interstate commuters.

FLY-IN FLY-OUT AND FAMILIES

There have been many studies conducted on how FIFO lifestyles affect the family unit. These studies note that whilst there are challenges, the average FIFO family is healthy, and able to successfully balance stability with change. A summary of research into the impacts of FIFO arrangements for families is outlined below:

- Clifford's 2009⁶ research found that FIFO workers are healthy, or healthier than daily commute workers. Use of recreational drugs was broadly in line with daily commute workers and the wider community; and long and short term stress levels of FIFO workers were largely the same as for other workers and the community.
- Sibbel's 2010⁷ research concluded that FIFO does "not lead to family dysfunction. Children from fly-in fly-out families do not experience significantly higher levels of depression, anxiety and family dysfunction than non fly-in fly-out children".
- Hubinger⁸ summarises the benefits as "spouses do not have to give up their own existing careers, friends or activities; children do not have their education disrupted; a worker losing his job does not have to automatically move house; and wives do not have to put up with boredom and loneliness of remote locations".
- As noted by Fresle⁹, a major advantage of FIFO operations is that workers' families are no longer required to relocate to isolated communities, which has been found to disrupt support networks, increase social isolation and increase parental mental health problems.

In addition to the research quoted above:

- the MCA's Gender, Mining and Communities Dialogue is exploring the impact of FIFO on the small number of workers who experience stress under the FIFO arrangement; and
- MCA, through its MoU agreement with the Australian Government, is supporting research currently being undertaken by the Australian Government on identifying whether the educational achievements of children of FIFO workers are impacted upon by the FIFO practice.

FIFO arrangements can not only benefit the individual, but also an individual's family. Families make informed choices based on the benefits of FIFO arrangements. FIFO arrangements are seen by families as increasing individual and family access to

⁶ Clifford, Susan (2009) The effects of fly-in fly-out commute arrangements and extended working hours on the stress, lifestyle, relationship and health characteristics of Western Australian mining employees and their partners: preliminary report of research finding, School of Anatomy and Human Biology, The University of Western Australia.

⁷ Sibbel, A.M. (2010) Living FIFO: The Experiences and Psychosocial Wellbeing of Western Australian Fly-in/fly-out Employees and Partners – PhD Thesis Edith Cowan University.

⁸ Hubinger L, Parker AW, Clavarino A. (2002), The Intermittent Husband – Impact of Home and Away Occupations on Wives/Partners; Queensland Mining Industry Health and Safety Conference, 81-90.

⁹ Fresle N (2010) The Role of Social Support Systems in Reducing Loneliness and Social Isolation for Parents Whose Partner Work Fly-in/Fly-out: A report submitted in Partial Fulfilment of the Requirements for the Award of Bachelor of Arts (Psychology) Honours Edith Cowan University.

financial and psychosocial resources, including financial security, extended periods of recreational family time together, potential for independence and personal freedom, extended time at home, and choosing where they live. Increasing competition for labour between industries and operators across the resources sector in all jurisdictions is requiring employers to be able to offer increased flexibility in terms and conditions of employment. The Gen X and Gen Y characteristics include increased employment mobility and the importance of lifestyle factors in job selection.

Migration of people between roles in defence, agriculture and mining over time is occurring in some regions. 'Off-farm' work in the mining industry is already an important source of income for people in Central Queensland and in parts of WA, especially in areas where the agricultural industries are in some difficulties. People looking for this flexibility also require flexible working conditions that FIFO and DIDO can provide.

The increased expectation of flexibility is not confined to the resources sector. In fact the Commonwealth Government parliamentarians practice FIFO as their *modus operandi*, as do many State and local Governments outside major urban centres.

Research suggests that individuals/families working in mining regions (and increasingly for government) make choices on whether they prefer to work on a FIFO or regional/remote residential basis based on their life cycle stage. These are generalised below:

- Single people tend to choose FIFO as shorter rosters provide them with more opportunity to participate in sporting rosters and other social activities in the metropolitan areas and they can save money.
- Unmarried couples tend to prefer FIFO as the career and employment needs of partners are more likely to be accommodated.
- Families with young children prefer regional/remote daily commute because:
 - they can be with their children through their developmental stages;
 - they believe small towns are safer; and
 - they value the sense of community and belonging in smaller towns.
- Families with children in their teenage years prefer the FIFO option as the children have a greater access to:
 - social activities and opportunities to interrelate with their peers;
 - secondary and tertiary education options; and
 - partners are also more likely to want to have access to employment/career opportunities and social activities.
- Post children couples/individuals are more likely to consider FIFO as a means of travel and experiencing remote Australia (CMEWA, Op cit; Sibbel, Op cit).

Few minerals sector workers are seen to be advocates for either FIFO/DIDO or regional/remote residential living, as many will alternate depending on the lifecycle stage they are in. Few workers see themselves working on a FIFO or mining regional/remote residential basis all their lives.

SOCIAL IMPACTS OF LONG DISTANCE COMMUTING

The literature discusses three major forms of impacts associated with long distance commuting:

- Individual/family well being
- Community impacts
- Sustainability of mining communities (discussed under the regional development section)

There is some concern that FIFO contributes to marriage breakdowns and poor outcomes for children. Much of the evidence available to date suggests that many concerns are anecdotal, however, where there are more general concerns it is common practice for the mining industry to address and minimise the risks to family wellbeing or the local community. .

Employee wellbeing

Some concerns have been expressed about the impacts of long rosters on worker fatigue (and associated safety concerns), and on employee turnover as a result of low worker satisfaction and stress. The mining industry has responded to these concerns and undertaken studies which have concluded that:

- In the majority of instances FIFO did not negatively impact on miner's relationships, lifestyle, health or stress levels. There was however a small proportion who found the working arrangements particularly stressful. Tailored assistance is needed to provide support to those most vulnerable to finding the lifestyle stressful (Clifford, 2009). Mining companies have responded by providing workers access to psychological support and developing materials that will enable workers and their families identify when there is a problem and where they can go for help.
- While workforces work a range of rosters, individuals working the 21 day roster were more likely to have disturbed sleeping patterns resulting in fatigue concerns. However, this was the same for both FIFO and regional/remote daily commute workers. The minerals industry has responded by providing different roster options that are less likely to create fatigue concerns. (University South Australia, 2004). In response, most companies have placed limits on how long employees can drive after working a shift, whilst others have introduced bus runs to pick up and drop up staff from designated areas.
- The annual turnover of company employees who work FIFO is equivalent to those who live at town sites. Whilst some suggest that rosters influence turnover rates, evidence suggests that organisational culture (career opportunities, general employment conditions and access to social support) also has a large impact. Mining companies are generally keen to reduce turnover rates.

Some initiatives currently in place to promote employee wellbeing include:

- establishing monitoring systems to track turnover trends and patterns within occupational groups on site;
- improving exit interview procedures and making better use of these data;
- routinely evaluating management initiatives (such as the introduction of new recruitment practices) for their impact on employee turnover;
- undertaking periodic 'organisational climate' surveys to monitor workplace culture and employee perceptions of management;
- reviewing existing roster arrangements to ascertain whether there is scope to introduce shorter roster cycles;
- monitoring turnover rates amongst major contractors and, where necessary, taking steps to encourage contractors to address workforce stability issues; and
- supporting research to establish a reliable and comprehensive costing of employee turnover specifically for the mining industry.

MOBILITY OF THE CONSTRUCTION SECTOR WORKFORCE

When considering questions related to FIFO and DIDO long distance commuting, it is important to recognise the fundamental difference between the construction workforce and issues associated with what is a short term assignment; and the project operational workforce which has a longer term commitment to the project. The project owner or service contractors are generally the employers of this operational workforce.

The construction sector workforce related to major resource and non-metropolitan infrastructure projects has always been an itinerant workforce. A practice that is routinely accepted as 'normal' across Australia.

The current rapid development of the resources sector (minerals, and oil and gas), coupled with significant infrastructure investment such as the NBN, flood reparations and power distribution upgrades etc., requires a substantial increase in the skilled construction labour. By their nature these projects draw labour from distant sources. Some construction workers are recruited locally and some choose to relocate temporarily to the project site. However, many use long distance commuting (FIFO and or DIDO) for projects in remote and regional areas.

It is estimated that the resources sector will require a peak construction workforce approximately equivalent in size to the minerals sector operational workforce during the next 5 years.

The balance of this MCA submission primarily focuses on the long distance commuting practices associated with the operational workforce for mineral projects.

We have not considered the numerous workers engaged by the minerals industry that undertake short-term assignments to project sites. These assignments are generally undertaken by specialists and can involved assignments from a few days to several months at a project site.

MOBILITY OF THE MINERALS INDUSTRY OPERATIONAL WORKFORCE

Whilst mining companies predominantly employ local labour, as discussed above, FIFO/DIDO employment is an increasing feature of resource sector operations. The increasing proportion of FIFO/DIDO workers is due to a number of factors, including the lack of suitably skilled local people; availability and cost of accommodation either available in the local community or provided by companies; and the desire of many mine personnel and their families to live in their home communities, often with greater amenities.

Historically, mining operations employed a township model. In the mid 1980s FIFO began to emerge as an effective way to address skills shortages, to increase efficiency, and to avoid some of the legacy and environmental problems that can arise from developing a 'mining town'. The growth of the resources sector since that time and the attendant pressure on local housing supply has led to an increasing reliance on long-distance commuting.

FIFO is also driven by the economics and safety of the Australian aviation industry, supported by a cultural change in society's attitude and propensity to use air travel for multiple purposes. Government policies supportive of the growth of safe, low cost air travel will continue to support FIFO operations. The aviation sector is responding to meet the demand with growth in services to satisfy the demand of FIFO.

As stated above, about 50 per cent of the mining operations in Western Australia in 2005 used FIFO. In Queensland and New South Wales where employees typically live in a larger regional centre with attendant infrastructure and amenities, DIDO is more common. Governments face increasing difficulties in providing cost effective service delivery in mining communities. It will generally be more cost effective for governments to meet the infrastructure and services provision needs of increased mining populations through these populations being located in existing coastal centres rather than in more dispersed communities. Therefore, governments have the choice between significantly expanding service provision in these communities for increased residential workforces or meeting increased industry workforce needs through greater use of FIFO/DIDO arrangements and drawing on existing infrastructure and services in larger centres.

Increasingly, the minerals industry's operational workforce is lending itself to FIFO and DIDO work arrangements. As projects stop and start, mine workers and companies alike are confronted with the prospects of relocation. FIFO and DIDO suits many as they can leave their families in a centre with more extensive amenities and maintain connection with their social networks whilst continuing their employment in the industry. FIFO and DIDO is a matter of individual choice depending on individual circumstances.

Many employers, especially where they have multiple operations, are able to offer their workforce a variety of options with both daily commute and FIFO/DIDO and a variety of shift roster patterns.

WORK ARRANGEMENTS

Daily commute operations generally have a mixture of week day workers and shift workers. The shift operations generally operate with 12 hour shifts and can be 24 hour operations or day shift only operations. The shift rosters cycles are shorter than for FIFO and DIDO sites.

FIFO/DIDO rosters can vary between even time and long cycle rosters. It is common for rosters of 14 days on, 7 days off or 7 days on, 7 days off with multiple variations such as 8/6, 9/5. There are a few examples of longer roster cycles too.

Whilst many workers enjoy FIFO and the benefits it brings, some workers find the lifestyle difficult to maintain, especially when family commitments increase or change. Labour turnover at FIFO sites, as at the majority of mine sites, can vary between 10 and 30 per cent, however, the big unknown with this turnover is the extent of churn within the industry, that is how many relocate to another mining site (at a higher rate of pay) or leave the industry altogether.

Sites that are exclusively FIFO or DIDO sites are generally located in remote locations with little or no neighbouring community. Other sites operate as a mixture of FIFO/DIDO and daily commute with the FIFO/DIDO workers being those that cannot be recruited locally.

FIFO and DIDO shift workers generally receive extended recreation leave entitlements, 6 weeks in some cases. They also receive shift work and commuting allowances.

Apart from the adoption of even time rosters, companies have established strict rules associated with commuting to help manage fatigue. For example, some companies require all FIFO employees to overnight in Perth before commuting to site to avoid private activity fatigue being brought onto the worksite.

The training and development of FIFO and DIDO workers offer unique challenges and opportunities for workers and employers alike. On the job training continues as the major form of training and development as for any mining site. A particular requirement exists for up front training of recruits. Ongoing access to formal education and training facilities such as a TAFE

or university are generally far more limited. Distance education is available on-line for out-of-hours pursuits with most sites offering high speed internet connections for all employees.

Apprenticeships are accommodated on FIFO/DIDO sites with block release for the on campus components being usual. However, there is a need for additional infrastructure and on-site support, particularly for young apprentices working away from home. In addition, apprenticeship training models must be structured to take account of rosters and travel while maintaining the requirements of on and off-the-job training within operational imperatives of enterprises. There is no shortage of apprentice recruits for FIFO/DIDO positions in the minerals sector.

RECRUITMENT PRACTICES

The skilled workers required for FIFO/DIDO project sites vary depending upon the location. For remote locations the workers required include all occupations at the site from semi skilled operators and miners to the general manager. For operations near a town or regional centre companies will seek to source their workforce locally or accommodate its workforce in the company housing, however the tight labour market means that new operations will increasingly need to look to FIFO/DIDO for specialist occupations not available locally.

FIFO/DIDO workers are largely experienced in their chosen occupation. These can include experienced miners, truck drivers, plant operators, trades people (mostly mechanical and electrical trades), technicians, technical staff, clerical staff, supervisors, engineers, geologists, metallurgists, environmental scientists, accountants, human resources professionals and managers etc.

Entry level semi skilled workers are often sourced from the unemployed/under-employed job seekers locally. Mining companies conduct extensive pre-employment training to equip workers for an entry level job in the minerals industry, including local Indigenous workers. In many instances any local Indigenous person with the job readiness attributes (language, literacy and numeracy skills, basic mining skills, time management skills, and drug and alcohol free etc) is offered a job.

Companies have an almost universal policy of offering apprenticeships to local youth before recruiting from further afield. Anecdotal evidence from Western Australian minerals companies is that there is a big enough pool in Perth to draw from for apprentices. There is only a need to go interstate for highly skilled labour.

Companies have established priorities for the origin of their FIFO/DIDO workers. In Western Australia the preferred location is Perth and identified regional centres with established flight connections. In Queensland the preferred origin for FIFO/DIDO workers is Brisbane, southern Queensland more generally and the larger coastal regional towns of North Queensland and Far North Queensland. The preference of origin location for DIDO workers is far less prescriptive, but within manageable driving distance. Occasionally companies will source specialists from interstate or even internationally.

The industry is already proactive in seeking skilled personnel and addressing unemployment in regions with high numbers of job seekers. A clear example of this is Rio Tinto using FIFO out of Meekatharra, Western Australia, a town with 800 inhabitants, 44 per cent of whom are Indigenous, many of whom were unemployed before the FIFO opportunity arose in 2006.

The Chamber of Minerals and Energy of WA has identified that more than 80 per cent of FIFO workers in WA come from Perth with 10 per cent originating from interstate and a further 5 per cent from overseas¹⁰.

In Queensland for example, BMA has indicated that it will source up to half of its operations workforce of 500 for its new Caval Ridge mine from Cairns or North Queensland if feasible, and the balance from Southern Queensland. The Queensland resources industry more generally has a need to match high demand in the industry with areas of labour availability in coastal Queensland, which are often areas of higher unemployment.

FIFO will continue to be a response to labour shortages. In reality, even if the issues relating to increasing participation of all unemployed and underemployed people (including women, Indigenous people, and older workers) are addressed, many remote and regional areas where the minerals sector operates do not have a large enough local population of working age to meet the needs of the minerals sector. In a nation with a diversity of regional growth, it is imperative that there be a balanced approach between FIFO and local community development.

EMPLOYEE AMENITY

FIFO and DIDO workers have a range of accommodation, including worker villages either within or remote from regional towns. Sometimes workers are accommodated within regional towns where they are able to contribute to and participate in the social fabric of the towns.

¹⁰ Roocke, N, CMEWA, 5th Annual Skilling Australia Summit, 2010.

For many, working a FIFO roster is a lifestyle choice. Worker villages and camps are of a high standard to ensure employees enjoy a quality lifestyle while they are away from home. Villages typically have a swimming pool, sporting courts (used for tennis, soccer, volleyball, lawn bowls and other sports) and a wet mess. Employees have their own air-conditioned accommodation units, with ensuite bathrooms, television, telephone and internet connection. Employees' units are cleaned routinely.

Meals are provided in mess facilities - main meals include a selection of hot and cold dishes, and healthy low-fat options are always available. While employees are on-site, the company provides all transport, meals and accommodation.

Companies have recognised that to keep FIFO/DIDO workers, there is a need to enable employees to maintain close connection with their family whilst on site. This is done through a number of means including the provision of internet and telephone connections in the units. Also, some companies facilitate a network of FIFO/DIDO partners so that the "left at home" family members can assist one another. Other companies have identified the need for a Chaplaincy service for the "left at home" family members; whilst others organise occasional visits to site for family members so that they can see where Dad or Mum goes to work.

Some companies have developed a number of preparatory and mitigation measures to support the individual FIFO worker and their family including:

- An induction process to assist with preparing employees for the new work environment.
- Making an Employee Assistance Program available to all employees and their families.
- Provision of a workforce support program to assist the FIFO workforce maintain strong connectivity with their families (e.g. access to skype and high-speed internet at site).
- Utilising existing support groups and available networks. These networks and groups are suitable for those wishing to connect with people in similar situations and share experiences.

Companies understand that individuals have different preferences when it comes to workforce arrangements. Most companies do not see workforce arrangements as being one option or the other. There should be a balance and it's a matter of optimising both daily commute arrangements with fly-in fly-out, bus-in bus-out and drive-in drive-out arrangements – offering choice and flexibility.

In a competitive labour market for skilled mine workers it is important for mining companies to implement initiatives to reduce labour turnover, both for domestic commute and FIFO/DIDO workers.

REGIONAL ECONOMIC DEVELOPMENT

In some cases, FIFO is criticised for causing a loss of economic and social value to regional areas. However, FIFO also provides increased employment opportunities through increased supply of goods and services from local businesses. It facilitates increased mining activity in regional and remote Australia by creating lifestyle choices for its employees which is important in a national skills shortage context.

The minerals sector is aware of the need to support regional development and facilitate the sustainable development of communities.

The previous sections have identified that there are some people who will choose to live in regional and remote communities rather than operate under the FIFO model at particular lifecycle stages. Research suggests that communities that do not have sufficient infrastructure, social amenity and economic diversity will not attract new residents and this will in turn constrain the industry's recruitment capacity. In order to work effectively in a region the minerals industry contributes to regional planning processes and works in partnership with a range of relevant stakeholders to utilise available funding resources effectively to preserve the functionality and sustainability of regional communities.

The Challenge of Building Economic Sustainability

The increased ability to move quickly, cheaply and safely across long distances in regional Australia is both a benefit and a challenge to regional and remote communities. The benefits come from the ability to access services in larger neighbouring 'hub' towns. The challenge is to maintain functionality in smaller communities and to build critical mass. In regions such as the Bowen Basin, the Mid West and the Pilbara, it is evident that the large coastal cities such as Mackay, Geraldton and Karratha will prosper while inland towns struggle and stagnate. Investment that endeavours to support the inland communities, without recognising the shifts in where people choose to live and source services may not succeed¹¹.

¹¹ URS Australian Pty Ltd, 'Social Infrastructure Access and Provision in Mining Regions of Australia Report - Draft', Minerals Council of Australia (unpublished), 2011.

Many small regional and remote towns are such that their economic base is largely dependent upon mining activity. This may be a result of being established in the first instance to support a mine development, or as a result of the retraction of other supporting industries, for example, agriculture. The economic homogeneity in some cases has led to a distortion of the economy as is evident in regions like the Pilbara (URS, op cit).

Housing

Many towns dominated by mining operations lack mature, properly functioning housing markets. A key factor may be that only 30 per cent of the population in these communities is stable over a given census period indicating a high level of mobility within these communities. People who choose to work for large employers in an area therefore are often reluctant to commit to house purchases.

In turn, migration to regional areas is often dependent upon the provision of housing. Housing allocation and subsidised rentals has led to a small private housing market in many mining-dominated towns.

Regional accommodation arrangements cannot realistically preclude the need for FIFO.

Social Infrastructure

The hub and spoke model of service delivery appears to be dominating the service provision paradigm at the local and state government levels. The model is based on a service centre, or hub, which acts as an identifiable physical presence and primary service deliverer for surrounding communities. The spoke towns are essentially satellite communities to the hub. The types of social infrastructure services provided through this model include: health, child care, education, policing and emergency services, and vocational education and training.

Social infrastructure and services tend to be provided by the hub and spoke model in regional and remote areas. The disparity in social outcomes (for example in health and education) between major regional centres and smaller communities in the same regions would suggest that the model may not (yet) be working satisfactorily. In general, health and education outcomes in regional and remote Australia are below national averages (URS, op cit).

Mining companies often contribute towards the funding of social infrastructure and services in regional and remote communities (for example schools, aged care facilities and services, health care facilities, recreational services) in the absence of adequate Government funding. In other cases, companies will look to increase the standard of service above base service provision provided by government.

Governance Issues

Local governments in several jurisdictions struggle to provide services in the rapidly changing environment to populations with increasingly high expectations. In Western Australia local governments are struggling to manage the large inflow of funding generated through the Royalties for Regions scheme. In some cases a shire's operating budget has doubled but has not been accompanied by an increase in staffing levels necessary to effectively manage the increased budgets. There is a need for the capacity of local governments to be enhanced, particularly those that are receiving Royalties for Regions funding to maximise their potential for delivering desired outcomes (URS, op cit).

There is also concern from some local governments that there is not sufficient acknowledgement of, nor compensation for, the costs associated with FIFO staff utilising local community infrastructure and services. At the same time it needs to be acknowledged that FIFO/DIDO workforces have less impact than alternative local workforces on local services because only part of the workforce is in the local area at any point in time. This is an area that could benefit from some research.

Regional and remote Indigenous communities

The mining industry is the largest private sector employer of Indigenous Australians. Affirmative action programs for Indigenous people which encourage participation in resources development while attempting to maintain key elements of traditional lifestyle have been successfully implemented under FIFO arrangements.

For example, Downer Mining is now the largest single private employer in Fitzroy Crossing with 27 Indigenous employees returning over \$2.6 million into the local economy. Hall's Creek is now looking to establish itself as a FIFO source community, and Kununurra is exploring whether it could operate as a FIFO source community during the wet season.

Raising the living standards and social and economic outcomes of Indigenous Australians is a high priority for the minerals industry as well as the Commonwealth and State Governments. The long-term vision is that Indigenous Australians will have the same opportunities as other Australians to make informed choices about their lives, realise their full potential in whatever they choose to do and take responsibility for managing their own affairs.

The MCA and the Australian Government have engaged in a MoU to enhance Indigenous employment and enterprise development in mining affected communities. The MoU offers opportunities to work through the issues for Indigenous people surrounding FIFO/DIDO with stakeholders in a strategic way in order to achieve improved employment outcomes and to address appropriate levels of services in these communities.

There are opportunities for Indigenous people to enter the mainstream economy through employment and other business development opportunities. There has also been considerable effort directed towards increasing access to, and retention at school and further education with an end goal of improving employment prospects. These and other initiatives are largely supported by mining companies in the regions.

Many Indigenous communities rely on the services available in towns established to support mining, but have limited engagement with the mainstream economic activity in these towns. There is evidence that this marginalisation may be increasing in remote areas, partly as a factor of increased mine and government servicing from outside the immediate region (URS, op cit).

Participation of Indigenous workers and communities in FIFO/DIDO employment arrangements offers a further opportunity for them to engage in the mainstream economy.

GOVERNMENT INITIATIVES

The Australian Government has identified a suite of initiatives to assist industry address the skilled labour needs of the resources sector over the 5 years to 2015.

In 2010 the National Resources Sector Employment Taskforce presented its report¹² to the Government. The taskforce was headed by the then Parliamentary Secretary for Western and Northern Australia, the Hon Gary Gray. The Government accepted the report and all 31 recommendations, and has established an implementation committee. The committee is to prepare a National Resources Sector Workforce Strategy.

Coincident with the implementation of the taskforce recommendations the Government established the Critical Skills Investment Fund which allocated part of its fund to projects associated with the specific recommendations.

One specific recommendation of the Taskforce (5.4) was: 'That the Australian Government fund an industry-based, FIFO development coordinator in Cairns for two years from July 2010 as a pilot, to develop links between resources projects in remote locations and skilled workers, including local unemployed job seekers. If successful, this measure could be replicated in other appropriate locations, jointly funded by the sector and governments.'

The Cairns FIFO Coordinator has been established through a joint initiative of SkillsDMC, the minerals sector Industry Skills Council, and a local employment service provider.

The Coordinator will connect suitable workers in regional areas with available mining and construction jobs in remote locations via FIFO operations. An industry based FIFO Coordinator will develop links between resources projects in remote locations and skilled workers, including local unemployed job seekers, to capitalise on FIFO job opportunities in Australia's growing resources and infrastructure construction industries¹³.

The FIFO Coordinator will assist resources companies to attract and connect skilled workers from the Cairns region to available work on mining, construction and infrastructure projects in remote areas; establish training and employment pathways for skilled workers and unemployed job seekers; and link mining companies with airline and airport service to facilitate the engagement of FIFO workers.

The City of Geraldton-Greenough has also identified it wants to become a FIFO source and service hub for the region (and other regions). At present, major mining operations in the Mid West region are mostly located inland, and many services are provided by a FIFO or DIDO workforce while staying within safe travel requirements. There will be an increased FIFO operations focus through mining companies and local and state governments to service industry and remote community requirements. The City of Geraldton-Greenough is investing in training and education to develop a workforce ready to take advantage of these opportunities.

A number of Queensland coastal communities are gearing up to become FIFO source regions under the Queensland Government's Work for Queensland initiative¹⁴.

In New South Wales, Orange is effectively marketing its capacity to undertake FIFO source responsibilities to attract more people to live in the community.

In September 2011, the Minister for Tertiary Education, Jobs, Skills and Workplace Relations, Senator Chris Evans announced that the Government was prepared to fund up to four additional FIFO coordinators for locations yet to be determined. The MCA has supported this initiative as a positive initiative of government that can assist areas of high unemployment participate in the

¹² National Resources Sector Employment Taskforce, *Resourcing the Future Report*, Australian Government, July 2010.

¹³ DEEWR, 'Fly-in fly-out (FIFO) Coordinator – a pilot project to link skilled workers in regional hubs with resources projects', Found at www.deewr.gov.au/resourcesworkforce on September 28, 2011.

¹⁴ www.opportunities.qld.gov.au

growth opportunities of the minerals sector whilst also assisting the minerals sector source much needed skilled workers. The initiative is also a strong indication of Government support for long distance commuting as a valid work arrangement for the Australian workforce.

Governments face increasing difficulties in providing cost effective service delivery in mining communities. It will generally be more cost effective for governments to meet the infrastructure and services provision needs of increased mining populations through these populations being located in existing coastal centres rather than in more dispersed communities. Therefore, governments have the choice between significantly expanding service provision in these communities for increased residential workforces or meeting increased industry workforce needs through greater use of FIFO/DIDO arrangements and drawing on existing infrastructure and services in larger centres.

CONCLUSIONS

The key conclusions drawn from the above submission can be summarised as:

- There is no accurate data on the extent of FIFO/DIDO and there needs to be caution about premature policy responses by governments.
- FIFO/DIDO workers exist across the economy not just the resources sector.
- The need for FIFO/DIDO arrangements for construction workers is generally accepted.
- For operations workforces, there has been a paradigm shift in attitudes to relocation for work. FIFO/DIDO offers access to work at remote and regional locations without the need to relocate family and impact social networks.
- Research shows that FIFO/DIDO offers choice for potential employees in an increasingly tight labour market. FIFO/DIDO does not suit everyone however social impacts on individuals and communities are no greater than for local workforces.
- In tight labour markets, employers are increasingly required to offer workers a choice of FIFO/DIDO arrangements and high quality amenities.
- FIFO/DIDO offers flexibility and choice for employers and employees alike. It also provides opportunities for sections of the workforce to work in the mining industry where they would otherwise not have this option.
- Minerals industry operations have a preference to hire locally where they can, but circumstances mean that the industry uses a mix of FIFO/DIDO and domestic commute at its operational sites.
- The minerals industry uses roster and work arrangements to manage fatigue in its operations workforce.
- FIFO/DIDO operations workers have attractive accommodation amenities.
- Mining companies take steps to help FIFO/DIDO families.
- The minerals industry is a significant contributor to community infrastructure and housing in regional Australia.
- Source communities benefit greatly from FIFO/DIDO workers. FIFO/DIDO arrangements distribute economic and employment benefits more widely outside mining regions.
- Governments face increasing difficulties in providing cost effective service delivery in mining communities.

ENDS