



South Australian Chamber of Mines and Energy

**SUBMISSION TO THE HOUSE OF REPRESENTAIVES
STANDING COMMITTEE ON REGIONAL AUSTRALIA
INQUIRY INTO THE USE OF FLY-IN FLY-OUT / DRIVE –IN DRIVE OUT
WORK PRACTICES IN MINING OPERATIONS**

October 2011

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Introduction

The South Australian Chamber of Mines and Energy (SACOME) is pleased to make a submission to the Parliamentary Inquiry into the Fly-In, Fly-Out (FIFO) and Drive-In, Drive-Out (DIDO) experiences of mining workers in Australia.

SACOME is the peak industry body for mining and energy in South Australia with over 300 member organisations representing mining operators, exploration companies and many service companies.

The South Australian mining industry has expanded fourfold over the past decade from 4 mines in 2001 to 12 major operating mines in 2011. There are currently a further 27 projects in various stages of development, and 80 prospective sites.

The mining industry in South Australia employs approximately 7,800 people, accounting for 1.3 per cent of employment in South Australia. Over one third of employment in the mining industry occurs in the Northern Statistical area. While this is contradictory to the general distribution of population and employment across the state it is in line with the distribution of mining operations across the state. Employment in the mining industry has grown by over 120 per cent between February 1999 and February 2008.

South Australian Government 'Scorecard' measures in 2009-10 indicate a return to the favourable conditions for the minerals industry that existed before the Global Financial Crisis (GFC). South Australia achieved record levels of Mineral Production, despite the significant impact of major shaft failure at the states largest producing mine, Olympic Dam. Moderate increases were achieved in Mine Gate Production and Exports, while decreases were recorded for the second successive years in the areas of Mineral Exploration and Off-site mineral refining.

The minerals industry economic recovery continued to rebound throughout 2009-10 driven by high commodity prices. Those significantly positively impacting on South Australia were copper, iron ore and gold and evident in increased mineral production and exports.

South Australia has the privilege of hosting a world class deposit in BHP Billiton's Olympic Mine, which has the world's biggest known uranium deposit, the fourth largest copper deposit and the fourth largest gold deposit.

The future projection for the South Australian resources industry is one of significant growth.

Discovery Milestones 2010 –2011

- Rex Minerals: Hillside Resource upgrade 170 Mt @ 0.7% Cu, 0.2 g/t Au. Multiple shallow high grade intercepts announced in March 2011
- Terramin: Discovery of Sunter Shoot near Angas Mine.
- Iluka: Atacama HM Discovery: Inferred Resource 3.3 Mt of HM.
- Iron Road: Expansion of Central Eyre Iron Ore Project to 1.2 Billion Tonnes
- Havilah Resources: Muldorky Iron Ore Deposit.
- Adelaide Resources : Willamulka Prospect: WA74 18m @ 2.48 g/t Au and 1.02 % Cu
- Argonaut Resources: Alford Project: ALD09 122m @0.63% Cu
- Uranium SA: Plumbush Resource estimate 19000 tonnes U3O8
- Maximus Resources: Deloraine Goldfield: DDH 10 3m @30g/t Au 150m below workings.

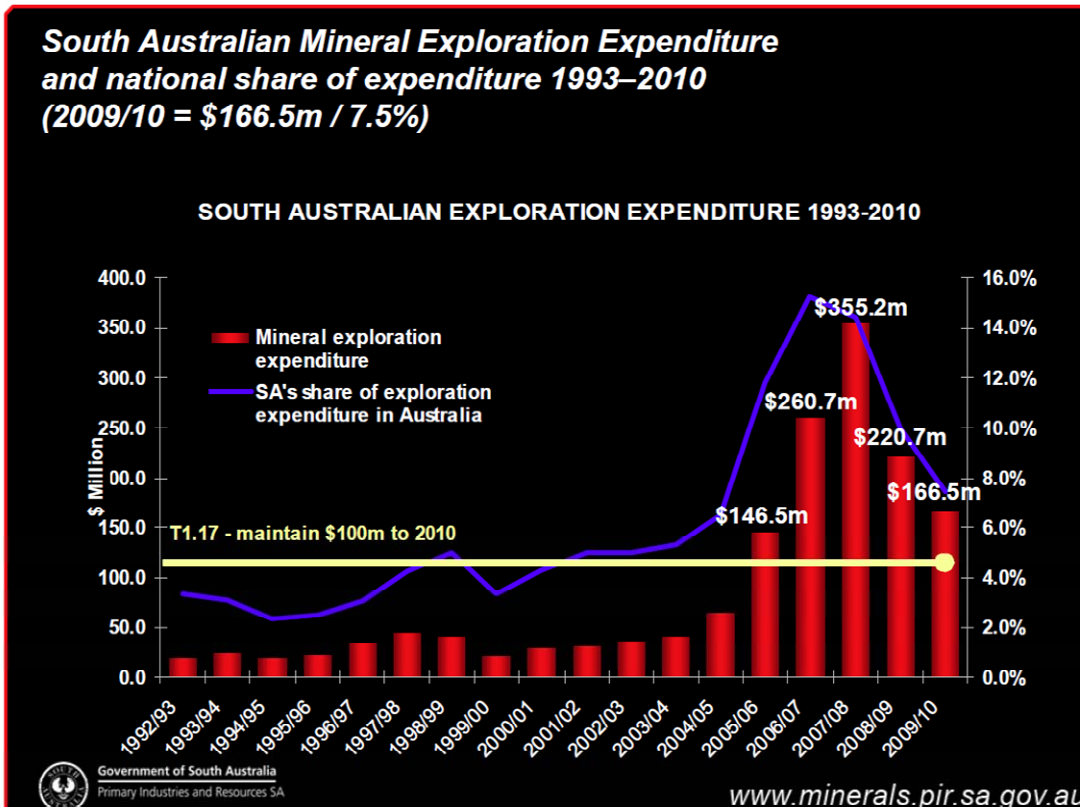
Since 2000, 4 of the 8 Tier 1 or Tier 2 Discoveries in Australia have been made in SA. 1

'One day South Australia will be a titan of the global resource landscape. It is a world class minerals province, with almost 40% of the globe's known recoverable uranium reserves, as well as significant volumes of copper, gold and silver.' – Deloitte Access Economics April 2011

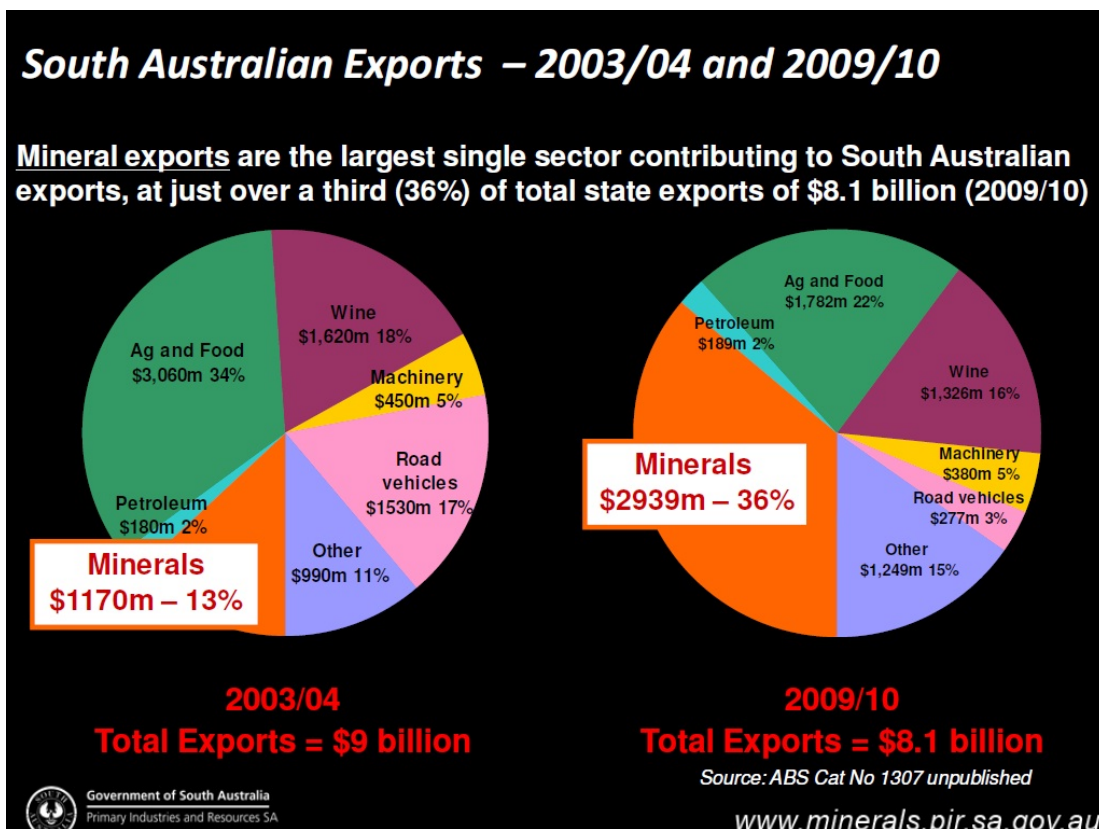
1 Tier 1= Company making mines. They are large, long life and low cost. Tier 2= "Significant deposits" has some, but not all characteristics of a Tier 1
Source: MinEx Consulting 2010

Private Exploration Expenditure - \$167.9m

Exploration was dominated by the search for copper and gold, uranium and iron ore. Other major commodities explored for throughout the state included heavy mineral sands, zinc, lead, silver, nickel, coal and diamonds. In addition in 2009–10 South Australia attracted, over one quarter, \$62m, (26%) of national copper exploration and over one third, \$51m (38%) of national uranium exploration



Mineral exports have grown from 13% to 36% of the State's Exports in six years.



“The extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised.”

The resources industry in South Australia, is largely located in regional and remote areas of the State. The main locations are in the Far North and the North-East pastoral districts. However, there is a growing exploration focus on the Eyre Peninsula and Yorke Peninsula which has resulted in some discoveries of note which will see a number of new mines being developed in these areas in the next five years.

The existing operating mines in South Australia represent a mixture of operations from FIFO only, to FIFO / DIDO, purpose built ‘mining’ towns, to mines recently opened (or re-opened) near existing regional communities.

For example, Roxby Downs (Olympic Dam) and Leigh Creek are purpose built mining towns that only exist because of the mines they support. There is some FIFO at Olympic Dam, but currently, 80% of BHPB’s Olympic Dam workforce lives in Roxby Downs, with 20% FIFO or DIDO. BHPB aims to increase the ratio of the workforce living in Roxby Downs to 85% once the expansion is underway.

Leigh Creek is located 567 km north of Adelaide and is a company town run by Alinta Energy. It is a modern township built to house the workers and their families who provide the labour force for the huge Leigh Creek open cut coal mine which exists 22 km north of the town. The township is correctly known as Leigh Creek South, because the original settlement at Leigh Creek, located 13 km north of the present site, happened to be under the coal seam. The new town site was chosen in 1977 and the first houses were occupied in 1980. The entire old town was auctioned off. Most of the coal goes to Port Augusta where it is used to fuel the power station.

The other town that has historically operated as a mining town in South Australia is Whyalla, whose history started in 1899, when BHP acquired leases to work iron ore in the region to be used for flux in the company's smelter in Port Pirie. Whyalla was officially proclaimed on 16 April 1914 and the following year, the ore conveyor belt on the jetty became operational and more ore was able to be loaded onto the ships. BHP had begun to build a steelworks at Newcastle and the ore produced at Iron Knob was now being sent there to produce steel.

During the war, the first ship was built at the new BHP shipyards, the corvette HMAS Whyalla, the blast furnace became operational and BHP began making shells for the war effort. In 1944, the Morgan – Whyalla pipeline was opened and the newly formed Town Commission became Whyalla’s first local government,

The end of the war in 1945 meant that BHP no longer needed to build naval ships and started building commercial vessels, however, the shipyards closed down in 1978.

In 1958, BHP announced the decision to build an integrated steelworks at their site in Whyalla. The construction of the Whyalla steelworks was finally completed in 1968, when the pellet plant and the coke ovens both began operation. Since the shipyards closed, Whyalla has diversified its industrial base and the population has stabilised at around the 25,000 mark.

The South Australian mines of Challenger, Iluka, Beverley and Prominent Hill are solely FIFO operations due to their remote locations. The recently opened Cairn Hill (IMX Resources) have FIFO and some DIDO, but have constructed a purpose built camp within the town boundaries of Coober Pedy and workers are taken by company bus to the mine site 55 km away.

In the next five years, the majority of mines that are moving to development in South Australia are closer to settled regional areas. This means that the trend will be towards DIDO and the encouragement of permanent workers to live in the surrounding regional towns. This may not be possible throughout the construction phase, however, companies are already looking to build purpose-built accommodation for workers within or on the edge of existing country towns to support local communities.

Major Mines in South Australia

<u>Major Mines</u>	<u>Operator</u>	<u>Mineral</u>	<u>Status</u>
Olympic Dam	<i>BHP Billiton</i>	Copper-Gold-Uranium-Silver	Operating
Beverley & Beverley North	<i>Heathgate</i>	Uranium	Operating, North Developing
Middleback Ranges	<i>OneSteel</i>	Iron Ore	Operating
Iron Chieftain	<i>OneSteel</i>	Iron Ore	Developing
Leigh Creek	<i>Alinta Energy</i>	Coal	Operating
Challenger	<i>Kingsgate Consolidated</i>	Gold	Operating
Beltana	<i>Perilya</i>	Zinc	Operating (Stockpile)
Angas	<i>Terramin</i>	Zinc, Lead & Silver	Operating
Prominent Hill (Ankata & Malu)	<i>OZ Minerals</i>	Copper-Gold	Operating, Ankata Developing
Honeymoon	<i>Uranium One/Mitsui</i>	Uranium	Operating
Jacinth-Ambrosia	<i>Iluka</i>	Zircon	Operating
White Dam	<i>Polymetals/Exco Resources</i>	Gold	Operating
Cairn Hill	<i>IMX Resources</i>	Iron Ore-Copper-Gold	Operating
Kanmantoo	<i>Hillgrove Resources</i>	Copper-Gold	Developing
Peculiar Knob	<i>WPG Resources</i>	Iron Ore	Developing
Wilgerup	<i>Centrex</i>	Iron Ore	Developing

“Costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce.”

In South Australia, due to the remote location of the resources, FIFO is an established work practice. The nature and the location of much of the resource industry in South Australia has meant that many operations rely on FIFO/DIDO as a means of addressing regional and skill-type labour shortages, and by employees as a means of achieving flexibility in where they work and where they live. Many of the benefits to companies in employing FIFO workforces are also benefits to individuals.

Companies are operating mines with a limited resource (shorter mine life) that was previously economically unviable. The majority of these mines are more remote or isolated from existing population centres. These resources would not be viable without FIFO as a workforce option, which would result a loss of economic return to the State via taxes and royalties.

SACOME agrees with the WA Chamber of Mines & Energy (CME) statement (in their submission to this inquiry) that, *“.. FIFO is a critical element of maintaining a viable resources sector as the industry is challenged by significant tightening in the labour market. While skill shortages are an issue for many industries across Australia at present, the problem is exacerbated in regional and remote areas due to the smaller pool of skilled labour being available. FIFO, along with investing in skills and training, increasing workforce diversity - with more women and Indigenous employees and a flexible skilled migration program will all play their role in addressing skill shortages in the resource sector. “*

Servicing resource development through building towns

The location of most of SA’s resources industry in regional and remote areas, with few population centres has already been referred to as a driver for FIFO employment.

South Australia is unlikely to construct any new ‘company’ towns and associated infrastructure to support residential workforces in areas where mining development is currently occurring. The two company towns in South Australia, Roxby Downs and Leigh Creek , were built either in different economic environments and/or to support an usually large resource with an exceptionally long mine-life, e.g. Olympic Dam, with the approved expansion, could be operating for between 80 – 100 years.

As the CME’s submission states: *“Resources companies are not urban planners, developers or local governments. Obtaining approval for town design and construction requires a long lead time that is not aligned with market demands for commodities, and a short-term return on capital. Operating ‘company towns’ is expensive, especially given the need to provide community infrastructure and activities, and is not core business for resource companies...”.*

Obtaining workforces through flexibility

Even when good services and facilities are provided, not all employees choose to live in regional or company towns. Alinta Energy (who manages the company town of Leigh Creek in South Australia), reports that some staff are opting for a FIFO arrangement which allows their families to stay in Adelaide, usually for schooling and social reasons. If such flexible arrangements are not offered, either these people will be lost to the industry, or to the company, as good, experienced employees in the mining industry are in high demand across Australia.

‘Off-farm’ work in the mining industry is already an important source of income for people in parts of SA. One example is the White Dam Gold Mine, based in the north-east pastoral area of South Australia, which sources 20% of its labourforce from the surrounding pastoral areas.

During the recent drought years, talks have taken place between SACOME and the SA Farmers’ Federation (SAFF) on how ‘off-farm’ income might be managed with farmers and their families looking for income. One idea is for flexible rostering arrangements to work in with major activities such as harvesting and shearing.

“The effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure.”

As previously stated, in South Australia it is rare (at present) to have a situation where there is a non-resident FIFO / DIDO workforce impacting on established communities.

The most relevant experience is the Cairn Hill (IMX Resources) operation. The Cairn Hill Project is a magnetite – copper project located adjacent to the Stuart Highway and 55km south east of Coober Pedy in South Australia. The project is a 1.7mtpa dig & ship operation with the ore railed to Pt Adelaide in containers before being shipped to China for processing.

The Cairn Hill project employs approximately 150 people, the majority of whom FIFO into Coober Pedy, where IMX Resources has built a 66 person village in Crowder’s Gully with a further 28 rooms to be constructed. Crowder’s Gully is situated within the township of Coober Pedy and employee’s are able to easily access the town’s facilities and services and thereby contribute to the town’s economy.

IMX Resources is extremely conscious of creating value to the Coober Pedy community. IMX has a current workforce with 15% sourced locally and a target of 50% within 2 years. There has been 6 service jobs created so far – all filled by local personnel. IMX encourages its FIFO personnel to settle in Coober Pedy by offering a \$10,000 incentive payment to do so. IMX has bought new medical equipment for the hospital, offers an Indigenous Employment Program, sponsors local events and estimates it has spent over \$5m in Coober Pedy in the last two years in the procurement of goods and services.

A project that is under development is IronClad’s Wilcherry Hill project – located near Kimba on Eyre Peninsula – which aims to produce its first shipment of Direct Shipping Ore (DSO) for sale to Chinese steel mills in the first quarter of the 2012. The South Australian Government has recently approved the Mining Lease Proposal (MLP) for the Wilcherry Hill Iron Ore Project in South Australia.

IronClad has undertaken to contribute to the long-term wellbeing of Kimba and the wider Eyre Peninsula community. The construction phase of the Wilcherry Hill project will employ up to 100 people and full time operations will see up to 160 people working at the mine. IronClad has stated that *“It will work closely with the Kimba community to identify local employment and contracting opportunities”*.

Kimba is a town of approximately 650 people, located on the Eyre Peninsula, 475 kilometres from Adelaide. The Kimba area was first opened up for agricultural purposes in 1876, with the township of Kimba being proclaimed in 1915. Approximately 650 people reside within the township. Kimba has an Area School catering from Reception to Yr 12 with 179 students enrolled in 2009 (down from 198 in 2006).

Work was recently completed on the accommodation village within the township of Kimba, with initial accommodation for 40 workers and the capacity to be expanded to house up to 80 workers. IronClad has developed a local employment program to attract former residents back to Kimba and permanent staff will be encouraged to relocate to Kimba.

Whilst it is relatively soon to gauge the effect of non-resident FIFO/DIDO workforces on established communities in South Australia, early indications are that there can be successful integration of these workforces into communities and significant benefits to the communities that these workforces operate.

In small towns, workforce planning needs to account for the balance between FIFO and permanent resident numbers ideally provide opportunities for the FIFO workforce to make a positive economic and social contribution to the town, and mitigate any undesirable financial pressures on town assets and functioning. A well located FIFO village, integrated sensibly with town facilities workforce provides a significant opportunity for local businesses to benefit; provided the FIFO workers can readily walk to shops, the hotel and facilities. Apart from the increase in revenue to local businesses from an increase in the workforce numbers there are opportunities for local businesses to increase per capita spending of workers.

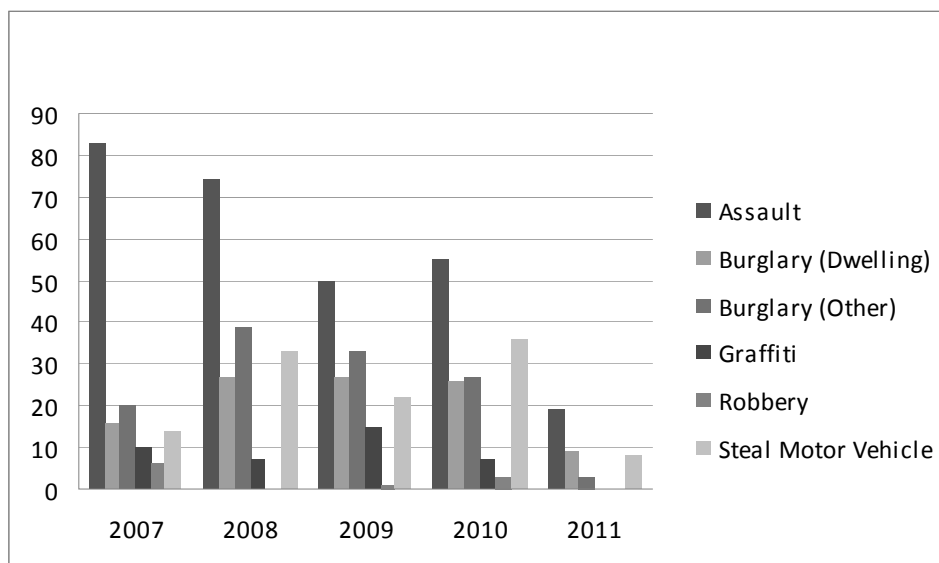
Social impacts on 'host' communities

There is some commentary suggesting that high FIFO workforce numbers generate higher anti-social and crime problems for 'host' communities. There no evidence to support this is the case in South Australia.

Evidence submitted by the CME shows the evidence does not support this assertion in the regional towns of the Pilbara, WA. They show that, for example, in Karratha, a town with a relatively large FIFO population, the reported key community safety issues are similar to those occurring throughout regional towns in Western Australia, with no specific issues relating to life in Karratha, or, the Pilbara more generally. Police spokespersons routinely report no specific community safety issues related to FIFO workforces.

The crime statistics for Karratha, shown below, show a steady decline in reported crimes over the period 2007-2011, despite a growth in FIFO workforce numbers. Crimes of 'assault against the person' have decreased since 2007, however, motor vehicle theft has peaked in that period.

Karratha Reported Crime Statistics



NOTE: 2011 statistics are from January to April.

Source: Western Australian Police Service

“The impact on communities sending large numbers of FIFO/DIDO workers to mine sites.”

The majority of the FIFO workforce in South Australia are resident in Adelaide area, with a proportion resident in regional South Australia or interstate. Compared to other States, such as WA, the numbers of FIFO / DIDO workers in the mining industry are relatively small. This dilutes any impact on communities and is not such as an issue in South Australia.

“Long term strategies for economic diversification in towns with large FIFO/DIDO workforces.”

South Australia has two ‘company’ towns, Leigh Creek and Roxby Downs which were created to host a resident workforce and, in the case, of Roxby Downs , also a nearby FIFO village. These towns were purpose built for a mining project and so do not fit the criteria for this issue.

In South Australia, the situation is almost the opposite in nature to the issue to be discussed in this section. That is, South Australia’s mining industry is in the process of bringing in FIFO /DIDO workers into established country towns. This will provide an economic diversification to towns and regions that have not been present in the past.

We note the comments by the CME in their submission on this matter, that is, it is difficult for towns hosting a large FIFO workforce to find economic diversification options, i.e. industries that have an entirely different set of economic drivers to mining and oil and gas projects.

The Western Australian experience in the Pilbara shows that even when towns are located close to important attractions, economic activity from tourism is relatively small. Beyond tourism, other diversification options can occupy ‘niche’ opportunities, with a range of ideas suggested including specialist irrigated horticulture, air crew training on underused airstrips, and specialist Indigenous cultural tourism. None of these have taken off in any WA remote towns to any degree.

SACOME supports the CME recommendation, that the best opportunity for a form of diversification is to build the small and medium business (SME) sector in regional resource-dependent towns. Data for the Pilbara show that the number of SMEs is roughly the same in 2010 as in 1999 – about 2,200 businesses – although the total economy is now much larger (ABS 2011). Expansion of the SME sector will result in a higher percentage of the services to the resource industry being sourced locally, with these businesses employing a larger percentage of the total workforce.

“Key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development.”

South Australian Resources Industry Skills Survey 2010

The SACOME Resources Industry Skills Survey is designed to determine workforce demand requirements across the resources sector in South Australia. SACOME recognises the need to forecast demand in order to determine the efficient allocation of human resource initiatives and recruitment for our industry.

The SACOME Skills Survey showed that there is currently a high demand for Geologists, Mining Engineers, and Diesel Fitters across all three levels of skills (Graduate, Middle, and Senior). Also there is currently a high demand for Earth Moving Plant Operators, Drillers, and Boilermakers in the Graduate and Middle levels. Specifically there is the need for approximately fifty Earth Moving Operators in the next 12 months.

In the midlevel there is a need for the above mentioned occupations, Fixed Plant Operators, Technical Support Staff, OH&S Specialists, Electricians, and Maintenance Workers. At the Senior Level there is a need for Commercial Managers, Minerals Process Engineers, and OH&S Specialists.

Projected out to 3-5 years there is a demand for Geologists and Geoscientists across all levels, indicating a demand for Geologists over the next 5 years. At the midlevel Earth-moving and Fixed Plant Operators, Mining Engineers, Diesel Fitters, Technical Support Staff, and Boilermakers all feature again as demanded skills. At the senior level there is a higher demand for Engineers from various specialities as seen in Appendix B. Project and Commercial Managers feature in the 3-5 year projections as well as the 12 month projections.

The majority of respondents (78.6%) indicated that more could be done to promote, attract, and retain skills in the mining industry. The responses indicated that there needs to be more funding into tertiary education to promote relevant skills, increase the skill levels in tertiary education, initiate a vacation work scheme enhance practical ‘on the job’ skills, to organise all relevant State and Non-Government organisations to ensure no overlapping services, and initiate an industry workforce analysis.

National Resources Sector Employment Taskforce - (Australian Government 2010) ‘Resourcing the Future’

The report released by the *National Resources Sector Employment Taskforce* (Australian Government 2010) entitled *Resourcing the Future* highlights the importance of a dedicated construction workforce, and states:

..... the resources economy is indirectly supported by: the engineering and construction sectors – whose workers undertake the construction of mining infrastructure, including desalination plants, power generation, crushers, conveyors, constructors, road, ports and rail. Construction is usually short term, often done on a fly-in fly-out (FIFO) or drive-in drive-out (DIDO) basis by workers from every state and territory in Australia (p. 1).

The Report highlights deficits across the whole gamut of construction skills and recommends much closer coordination between industry, government and training providers in increasing the numbers of trades and professional qualified people available to the industry. Suggested approaches in developing qualified trades people include the use of onsite and mobile training centres at mining sites, better recognition of prior learning and flexible combinations of on-site and training campus based learning.

“Strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry.”

There is an increasing body of work available to advise professionals and participants in adjusting and managing FIFO employment. One outcome has been developing rosters that enable workers to optimise their time on-site and off site to the benefit of their careers, work-life balance, and most importantly their home life.

A recent study, completed by PhD student Susan Clifford, at the University of Western Australia, found that FIFO did not negatively impact miners' relationships, lifestyle, health or stress levels. The study, which involved 222 respondents and investigated the short and long-term impact of the FIFO lifestyle, showed very little difference in these aspects between FIFO workers and employees who made the daily commute to work, as well as FIFO workers and the broader community. The research showed that FIFO workers used adaptive coping strategies and behaviours to manage stress and that they were just as healthy as daily commute workers.

The Centre for Social and Community Research, Murdoch University has published *Fly-in fly-out employment: managing the employment transitions which provides important insights into decisions to be made and the nature of supports required for people entering FIFO employment* (Gallegos undated). Much of the findings were developed from the experiences of long-term FIFO employees and their families, who were able to offer practical advice to others considering a FIFO schedule.

The advice from families and others (agencies, industry) included (Gallegos undated):

- ‘making sure the decision is a joint one;
- preparing the children as much as possible;
- maintaining regular contact;
- accepting help if offered and asking for help when needed;
- maintaining a consistent routine;
- keeping the worker involved in parenting and the household.’

The research also highlighted the need for collaborative programs involving industry and government agencies focusing on increasing psychological, human and social capital including developing domestic time management and financial management skills.

Research also suggests that individuals/families working in mining regions 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.

“Current initiatives and responses of the Commonwealth, State and Territory Governments.”

FIFO Coordinator

In 2010 the National Resources Sector Employment Taskforce presented its report¹² to the Government. 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.

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 Australian Government has announced the selection of Advance Cairns and SkillsDMC to establish the pilot coordinator program.

The FIFO role will involve:

- Identifying the potential FIFO workforce in the Cairns region and establishing a pathway to link this workforce to mining, construction and infrastructure jobs required by existing and emerging resources projects in northern and western Australia;
- Working with employment agencies and registered training organisations to find and train the next generation of FIFO workers;
- Linking mining companies with airline and airport services to enable FIFO workers to travel to remote worksites.

The two-year pilot project is a key recommendation from the National Resources Sector Employment Taskforce and forms part of the National Resource Sector Workforce Strategy launched in March 2011 by the Australian Government.

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, should the pilot program be successful.

SACOME supports this initiative and sees opportunities for South Australia in either basing a coordinator in a regional town and/or having the coordinator(s) promote South Australia as one of the destinations of choice for FIFO workers.

Connecting Aboriginal People to Mining (CAPM) – State program

To assist in employment outcomes between Aboriginal and non-Aboriginal people, the Connecting Aboriginal People to Mining (CAPM) program, administered by the South Australian Government’s Department of Further Education, Employment, Science and Technology (DFEEST), has been established. This program has been made available from 2010/2011 to 2013/2014 and provides up to \$500,000 per financial year to support South Australian businesses in mining, resources and supporting industry sectors to train and employ Aboriginal job seekers.

It is anticipated that CAPM will engage 150 Aboriginal job seekers in training and 100 will gain employment in the mining and supporting industry sectors.

To be successful, the project needs to provide Aboriginal job seekers with industry training (accredited and/or non accredited) relevant to employment opportunities in the mining or supporting industries, support Aboriginal job seekers overcome barriers to employment and provide an employment commitment to participants upon successful completion of the project.

SACOME supports the State Government in this initiative and offers this program as a model that may be emulated in other States and by the Commonwealth.

Regional and remote Indigenous communities

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.

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.

FIFO workforce arrangements may offer some particular benefits for Indigenous people in that the smaller footprint and generally shorter mine life of FIFO operations are arguably less disruptive to indigenous communities than residential towns. For those Indigenous people entering the resources industry, it has also been found that positive employment programs which encourage participation in resource development while attempting to maintain key elements of traditional lifestyle are more successful under FIFO than residential arrangements.

South Australian mining operations have been successful in engaging and providing real opportunities to regional and remote indigenous communities. For example:

- Challenger Gold Mine - has maintained a very good relationship with the local indigenous group. Initiatives to encourage indigenous employment participation at the mine were progressed. By the end of 2010, 15% of the plant operating team were of indigenous origin.
- Iluka Resources Jacinth Ambrosia operation employs approximately 100 people on site. Iluka and its contractors support and facilitate indigenous on-the-job and skills training. Iluka set an aspirational target of at least 20% indigenous employment levels at Jacinth-Ambrosia and this level has been achieved.
- Prominent Hill (OZ Minerals) runs an innovative and successful Pre-employment Training Program which allows local indigenous and non indigenous people who have never worked in the mining industry an opportunity to gain an understanding of and some skills for a job in the mining industry. The program is one way in which OZ Minerals can help secure employees and at the same time achieve its aims of employing as many local people as possible at its operations.
- Beverley Uranium mine (Heathgate Resources) - the existing mine is operated 24 hours per day, 365 days per year on a fly in-fly out basis. The mine currently has a workforce of 78 permanents and 36 casuals. The company aims to achieve a minimum of 20% indigenous staff as part of its workforce and currently has 25 indigenous staff.

Summary

- South Australia has a mixture of company towns, FIFO only operations and a mix of FIFO / DIDO operations. The majority of the next mine developments (notwithstanding the Olympic Dam expansion), will be closer to regional towns, so the trend will be towards purpose built villages on the edge of existing regional towns and workers will be encouraged to live within the local community where possible.
- Companies, even those with town facilities, need to offer the flexibility of FIFO / DIDO in a tight labour market.
- There is no evidence to support high FIFO workforce numbers generate higher anti-social and crime problems for 'host' communities. This is also the case for South Australia.
- In South Australia, the evidence would show that companies with a non-resident FIFO/DIDO workforce generally have a positive effect of on established communities, including community wellbeing, services and infrastructure.
- It would be unlikely that any more 'company' towns will be built in South Australia due to the prohibitive expense and so many operations will rely on a relatively cost-effective FIFO operation.
- The expansion of FIFO/DIDO mining operations in South Australia's farming areas will bring much needed economic diversification to towns and regions that have traditionally relied only farming.
- For Indigenous people entering the resources industry, it has been found that positive employment programs which encourage participation in resource development while attempting to maintain key elements of traditional lifestyle are more successful under FIFO than residential arrangements. Many companies in South Australia have actively set up training programs and set indigenous employment targets as its commitment to the communities they work in and are part of.
- SACOME supports the FIFO Coordinator scheme and the expansion of the project into South Australia, should the pilot program prove to be successful.
- 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.
- Research has found that FIFO did not negatively impact miners' relationships, lifestyle, health or stress levels. However, it also highlighted the need for collaborative programs involving industry and government agencies focusing on areas such as developing domestic time management and financial management skills.
- Research also suggests that individuals/families working in mining regions make choices on whether they prefer to work on a FIFO or regional/remote residential basis based on their life cycle stage.
- The South Australian resources sector supports FIFO/DIDO workforces, which allow remote mine projects to operate successfully.