



# Rio Tinto

**Submission to the House of Representatives  
Standing Committee on Regional Australia  
Inquiry into the use of Fly-In Fly-Out (FIFO) and Drive-  
In Drive-Out (DIDO) work practices in regional  
Australia.**

**October 2011**

## **SUMMARY**

Rio Tinto's operations in Australia span a number of commodities and a diverse range of geographic locations, many of which are remote from capital cities. Workforce arrangements, including FIFO/DIDO, vary across the Group and are dictated by the particular circumstances applying at individual operations and growth projects.

Rio Tinto seeks to support and contribute to sustainable and resilient communities in regions where it operates. To this end it supports local employment wherever possible and continues to invest strongly in regional communities historically associated with its operations.

There are, however, good reasons why Rio Tinto has introduced FIFO/DIDO workforce arrangements in some areas and why these will be an increasing and essential feature of resources sector operations in Australia for the foreseeable future.

These reasons include the high demand and resulting competition for labour across the sector, particularly during construction phases, lack of suitably skilled local people in many regions, lack of suitable accommodation and infrastructure and the strong preference of many employees and their families to live in areas with greater amenities or existing social and familial connections.

Importantly, FIFO/DIDO is an essential workforce arrangement for many construction, expansion and maintenance projects that require large numbers of specialised employees for limited periods of time. In many cases it is simply not possible to meet these requirements with a resident local workforce.

FIFO/DIDO can have many positive benefits for both host and source communities. Properly managed, FIFO/DIDO workforces can and do contribute significantly to the economic and social circumstances of host communities. FIFO/DIDO programs also provide important opportunities for jobseekers living in regional communities in non-mining areas which may have limited local employment options, thus enabling the economic benefits of mining to be spread more widely throughout regional Australia. In Western Australia, for example, Rio Tinto Iron Ore's regional FIFO program is providing much needed employment opportunities for a growing number of regional communities across the state, including Indigenous communities.

The rapid expansion of the resources sector and resulting competition for labour has meant that employees are benefiting from better conditions. Shift roster patterns at Rio Tinto are being designed to allow more flexibility and better work-life balance for commute employees. High quality accommodation and recreation facilities are being offered to ensure that employees have comfortable, healthy and safe living arrangements while away from home.

Rio Tinto acknowledges concerns in some areas about the growth of FIFO/DIDO operations. However Rio Tinto believes that these issues can be satisfactorily managed through consultation and co-operative engagement with regional communities, governments and other stakeholders.

Any move to arbitrarily limit FIFO/DIDO or to compel companies to base residential workforces in locations that may not be optimal would seriously impact the sector's ability to meet its labour needs and in some cases threaten project viability.

## **1. INTRODUCTION**

Rio Tinto welcomes the opportunity to provide a submission to the House of Representatives Standing Committee on Regional Australia Inquiry into fly-in fly-out (FIFO) and drive-in drive-out (DIDO) in the Australian Workforce. Rio Tinto also commends to the Committee submissions made by the Minerals Council of Australia, The Chamber of Minerals and Energy of WA and the Queensland Resources Council.

### **About Rio Tinto**

Rio Tinto is a leading international mining group, combining Rio Tinto plc, a London listed public company headquartered in the UK, and Rio Tinto Limited, which is listed on the Australian Stock Exchange, with an executive office in Melbourne. The two companies are joined in a dual listed companies (DLC) structure as a single economic entity, called the Rio Tinto Group.

Rio Tinto's interests are diverse both in geography and product. Most of our assets are in Australia and North America, but we also operate in Europe, South America, Asia and Africa. Our businesses include open pit and underground mines, mills, refineries and smelters as well as a number of research and service facilities.

Wherever Rio Tinto operates, health and safety is the first priority. All our Group businesses put sustainable development at the heart of their operations, working as closely as possible with host countries and communities, respecting their laws and customs. For Rio Tinto it is important that the environmental effects of its activities are kept to a minimum and that local communities benefit as much as possible from operations.

### **Rio Tinto's operations in Australia**

Rio Tinto's operations in Australia include iron ore, salt and diamonds in WA, coal mines in Queensland and NSW, bauxite mines and alumina refineries in the NT and Queensland, aluminium smelters in Queensland, NSW and Tasmania, and a copper-gold mine in NSW. Rio Tinto is also the major shareholder in Energy Resources of Australia (ERA) which produces uranium at the Ranger Mine in the NT.

In terms of absolute numbers and trends, FIFO practices across the Group are most significant for our iron ore and to a lesser extent our coal operations. This submission therefore focuses primarily on the FIFO operations of Rio Tinto Iron Ore (RTIO) and Rio Tinto Coal Australia (RTCA), both of which have significant expansions underway.

While they are smaller users of FIFO, some information on FIFO associated with our other Australian businesses, including ERA, is provided where it has been considered instructive for the Committee. The iron ore and coal operations of RTIO and RTCA are described below.

### **About Rio Tinto Iron Ore (RTIO)**

RTIO is Australia's largest iron ore producer. Our Pilbara operations, which began in 1966, have a current annual capacity of 225 million tonnes, with advanced plans to increase capacity to 333 million tonnes by 2015. They encompass a network of 14 mines, three shipping terminals (located at Dampier and Cape Lambert) and the largest privately owned integrated heavy freight rail network in Australia.

RTIO is investing more than AUD\$15 billion over the next five years to expand our Pilbara operations by 50 per cent to 333 million tonnes per annum (Mt/a) by 2015. Meeting this target

requires significant capacity increases in our coastal areas at Dampier and Cape Lambert and also inland within our mines and rail system.

Port and rail works have already begun at Cape Lambert and Dampier port. Of our 14 mines in the Pilbara, four of these - Brockman 4, Western Turner Syncline, Marandoo and Nammuldi - are set for expansion. Further mine development opportunities are also being studied.

### RTIO Pilbara Operations



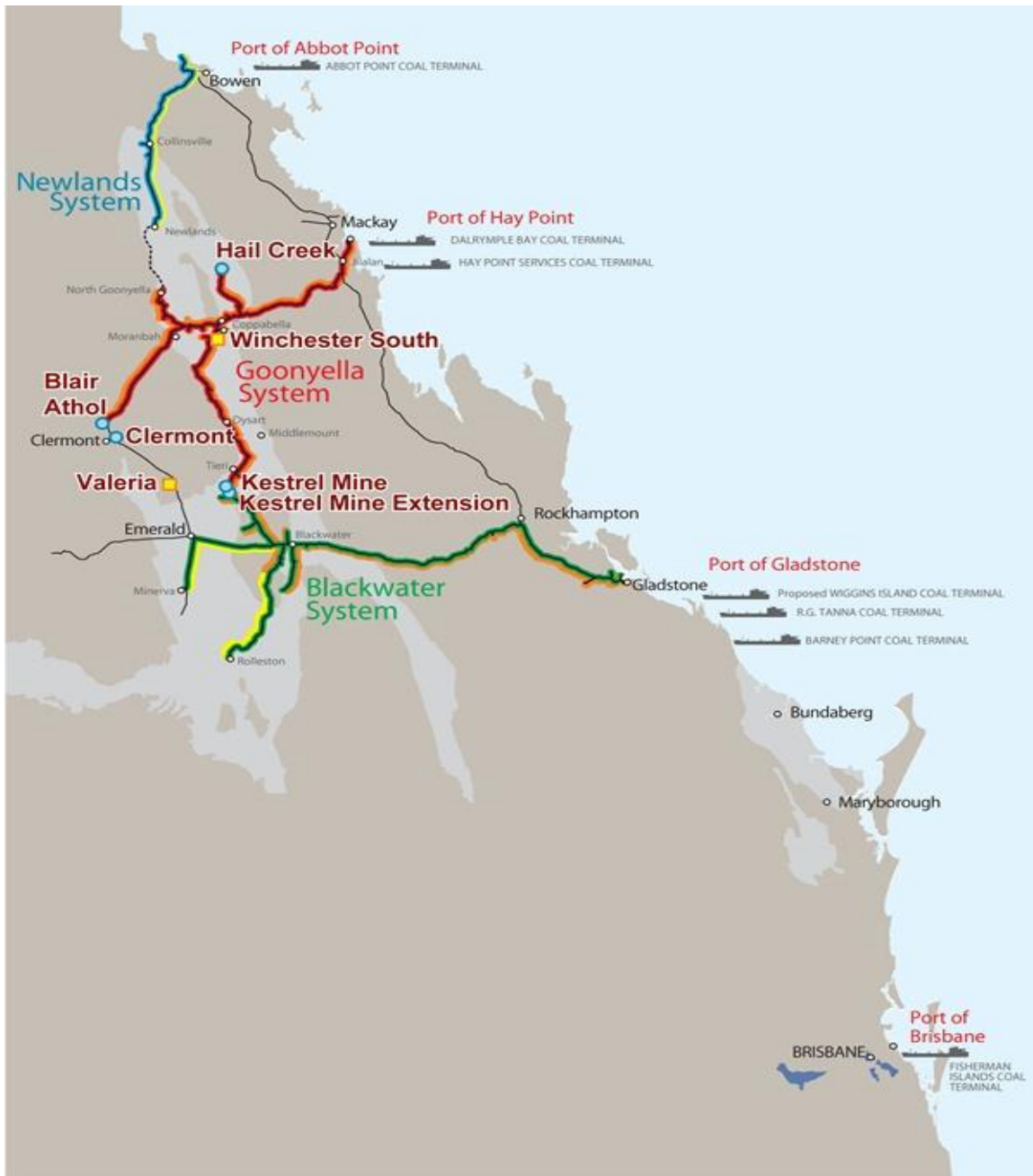
### About Rio Tinto Coal Australia (RTCA)

RTCA is one of Australia's leading mining organisations with a highly successful record in the development and management of world-class open cut and underground coal operations.

In Queensland, Rio Tinto Coal Australia operates the Blair Athol, Hail Creek, Kestrel and Clermont mines. In New South Wales, Rio Tinto Coal Australia manages Coal & Allied's operations at Mount Thorley Warkworth, Hunter Valley Operations and Bengalla.

Rio Tinto is targeting a significant increase in coal production over the coming decade, through a strong pipeline of potential expansions and developments. These include the Mount Pleasant project in the Hunter Valley, Winchester South and Valeria resources in the Bowen Basin.

# RTCA Queensland Operations



## Coal & Allied NSW Operations



### **Rio Tinto's approach to FIFO, local communities and changing workforce requirements**

Rio Tinto seeks to support and contribute to sustainable and resilient communities. To this end we support local employment where possible. There are, however, good reasons why FIFO employment will be an increasing and essential feature of resource sector operations in Australia. These include the high demand for labour, particularly during construction phases, lack of suitably skilled local people in many regions, lack of suitable accommodation and the desire of many mine personnel and their families to live in areas with greater amenities or existing social and familial connections.

It should also be emphasised that, in addition to sourcing FIFO employees from large capital cities, FIFO programs also provides opportunities for jobseekers living in regional communities which may have limited local employment options, thus enabling the economic benefits of mining to be spread more widely throughout regional Australia.

Importantly, FIFO is an essential workforce arrangement for construction, expansion and maintenance projects that require large numbers of specialised employees for limited periods of time. Construction projects typically require tranches of different skills for defined periods of time. These are aligned with the sequential phases of construction such as earth moving, civil works, electrical, installation and finalisation.

FIFO has become 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 available labour.

In Western Australia, for example, with the lowest unemployment rate in the country and labour demand at near-record highs, the demand for workers is driven mainly by the continuing large-scale growth in the minerals and resources sectors. In such circumstances, 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 and energy sector operates do not have a large enough local population of working age to meet demand. In a nation with a wide range of regional growth profiles, it is imperative that there be a balanced approach between FIFO and local community development.

As the major resources located at existing operations begin to decline in production, an increasing proportion of resource recovery will occur at mines located away from the existing towns. It is unrealistic to house employees in established towns and then require daily travel of considerable distances on top of current 12 hour shift patterns at many modern mining operations. Risks associated with fatigue are also associated with longer traffic journeys.

Competition for labour between industries and operators, particularly in WA and Queensland, is requiring employers to offer increased flexibility in terms and conditions of employment. Like all companies operating in regional Australia, Rio Tinto finds that permanent residential employees are increasingly looking for this flexibility. Equally important for many prospective employees are career and employment opportunities for their partners who may not be working in the same industry. FIFO work arrangements provide greater opportunity for both partners to achieve their career and employment objectives. Without that flexibility, recruitment into the mining workforce would be even more difficult.

It has been suggested that FIFO operations result in a loss of economic opportunity for regional communities. In fact, to the extent that FIFO enables the development of resources that would be uneconomic in the event that a residential workforce was required, the spin-off from these operations generates economic benefits to regions that may otherwise be lost.

### **Key factors when considering workforce arrangements**

Meeting workforce requirements in the resources sector is an increasingly complex and dynamic challenge. The circumstance of each project and mine is different, therefore workforce arrangements must be considered on a case by case basis. Short term project workforces and medium to long-term workforces are inherently different and require different approaches.

Factors that Rio Tinto considers when planning workforce arrangements may include:

- the nature of the operation, including technologies involved;
- duration of mine life and phase of development;
- social demographics, skills requirements and the profile of the regional workforce;
- labour availability and cost;
- health and safety (e.g. fatigue management);

- community expectations and sustainable development principles;
- the nature, culture and history of neighbouring communities;
- social infrastructure (e.g. education, hospitals, child care, government services);
- location and local community context (e.g. attractiveness of region);
- accommodation capacity (including quality and affordability);
- local and regional infrastructure and regional development strategies (e.g. power, water, transport, roads);
- opportunity to source workers from regional communities; and
- business context and commercial considerations.

The examples below from Rio Tinto Coal Australia's operations illustrate three different circumstances requiring different workforce arrangements. Hail Creek is a remote operating mine with a DI/DO workforce, largely from the regional centre of Mackay. It is intended that the Mount Pleasant project in NSW will have a workforce that resides locally in the Hunter Valley, however during construction phase will need to accommodate large numbers of people for a defined period of time. Clermont mine uses concurrent FI/FO and residential arrangements.

### **Case studies: RTCA projects**

#### **Hail Creek**

RTCA's Hail Creek operation in Central Queensland employs a workforce which largely travels in from Mackay and surrounds and stays in an accommodation village at site for the duration of their roster. A key decision-making factor in the DI/DO arrangement is the remote location of the mine which is located 40km northwest of Nebo and 120km southwest of Mackay.

A company-provided bus moves workers to and from the mine to ensure safe transit (rather than people driving personal vehicles for lengthy distances). With employees staying away from families, the type of roster arrangement for employees is critical. The roster involves three days on, one day off, three nights on, five days off. The onsite village is modern with various social, sporting and recreation activities and facilities available.

Given that Mackay is the principal residential location for many employees, RTCA's community relations activities, for example impact assessments and community investment, includes Mackay and surrounding areas.

#### **Clermont**

Rio Tinto Coal Australia has two operations in the Clermont region. The Blair Athol Mine has operated for about 30 years and will close in 2016. The Clermont Mine, located close by, commenced production in mid-2010.

The town of Clermont has a population of about 2,500 and existed prior to mining with a strong and multi-generational agricultural background. Employees of the Blair Athol mine live locally, mostly in Clermont in company housing. The Clermont Mine uses concurrent FI/FO and residential arrangements. Currently just over 50 per cent of employees reside locally in Clermont, while the remainder commute on a FI/FO roster from Brisbane.

While on roster, FIFO employees live onsite at the Clermont Mine accommodation village, about 15 minutes north of Clermont town. Clermont town therefore hosts a residential workforce as well as a FIFO one. There is a shortage of available housing in Clermont and a waiting list of employees wanting to live locally. The residential component of the workforce may increase over time as housing becomes available and RTCA will continue to offer FIFO as part of its flexible work arrangements. Both mines have implemented incentives to encourage 'build, buy or rent' in



the private market. These provisions will essentially maintain the same number of employees living locally after the neighbouring Blair Athol Mine closes in 2016.

Strategies and workforce arrangements for Clermont and Blair Athol mine were determined in consultation with the community and local government. They are part of an ongoing dialogue with these stakeholders that will continue over the life of the mines as the town and workforce requirements change.

With the announcement of Blair Athol closing and Clermont mine commencing, RTCA began discussions with the local government, the Isaac Regional Council (IRC) about the future challenges and opportunities for the community. The Clermont Preferred Futures Strategy was developed in partnership between IRC, Rio Tinto and community representatives. This identified and mapped a “preferred future” for Clermont local area. The IRC now take accountability for the implementation of the strategy and Rio Tinto and community representatives continue to support IRC through a steering committee. It has been integral to many decisions made by Rio Tinto in relation to managing impacts on the local community’s economic and social wellbeing.

The Preferred Futures Strategy considered the shortage of housing in Clermont. RTCA have now committed to supporting private developers to build 100 new homes. This involves RTCA committing to a three year lease of 50 per cent of the total houses built. RTCA employees will rent these houses from the owner/agent. RTCA will continue to rent the properties should the homes remain vacant. This allows 50 per cent to be available to the broader Clermont community, although some of our employees may take these up under private arrangements on the open market.

In early October Isaac Regional Council and RTCA won the Highly Commended award for the Community Economic Development category, at the 2011 Australian National Awards for Economic Development Excellence. The Clermont Preferred Futures Strategy was recognised as a ground breaking partnership between the council and Rio Tinto that has evolved into a successful model of engagement and community development.

Alongside Clermont Preferred Futures the IRC have put together a concept called Adaptive Communities which puts forward options for housing developments. This covers a range of options from integrating mining housing within a town to specially built apartments and creating entirely new mining towns. The objective is to ensure future planning is informed, not imposed, and that residents have a say. Adaptive Communities recognises that what is created today must be flexible enough to be adapted to future social, medical and education needs.

### **Mount Pleasant Project**

The Mount Pleasant Mine Project, which is currently at the feasibility study stage, is located outside Muswellbrook in the Hunter Valley and will accommodate its operating workforce locally as a residential mine in a similar manner to neighbouring operations. There are no plans for FIFO or DIDO, however detailed consideration is regularly given to whether suitable accommodation in the region is available and affordable, especially in view of rapid employment growth in the wider region and its cumulative impact.

### **Summary**

It is important to recognise that different workforce arrangements are required for major capital projects (both green and brown field mine development) and significant maintenance activity compared with the requirements for ongoing mining operations. Significant levels of temporary (contracting) labour may be required to construct mine infrastructure or carry out extensive maintenance activity.

Accommodating transient contractor workforces for short durations presents challenges. Given the significant growth occurring in the Hunter region, the pool of local contractors is often fully utilised. At different times this necessitates the sourcing of significant numbers of qualified labour from surrounding regions.

Typically we have found construction and contracting labour can be sourced from nearby regional areas either on a DIDO or FIFO basis. Safety and fatigue issues are important, along with economic and logistic (e.g. skills availability) considerations when determining appropriate workforce arrangements.

## **2. ADDRESSING THE TERMS OF REFERENCE**

The following section addresses each of the specific Terms of Reference. Case studies from different parts of Rio Tinto's business are used to illustrate particular aspects.

### **ToR 1. The extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised**

The following summarises the extent and projected growth of FIFO/DIDO across Rio Tinto's Australian operations.

In WA, currently around 46 per cent of Rio Tinto Iron Ore's 10,700 employees are on FIFO arrangements. 13 per cent of the FIFO workforce flies from regional Western Australian towns. DIDO is not a significant practice. Planned growth should take employee numbers to 14,700 by mid-2015 with a similar proportion of FIFO as at present.

Dampier Salt, which has three operations at Dampier, Port Hedland and Lake Macleod, has a locally based workforce.

Further North in the Kimberley, Argyle Diamonds still uses some FIFO from Perth and Darwin, although this has significantly diminished in line with Argyle's commitment to localise most of its workforce in the East Kimberley with a high proportion of local Indigenous employees.

On the eastern side of the country, Rio Tinto Coal has 2920 employees (including around 248 in the corporate area). Of these, approximately 74 per cent are residential, while 20 per cent are on DIDO arrangements and 6 per cent are on FIFO arrangements. Of RTCA's six mining operations, only two, Hail Creek and Kestrel, features DIDO and one, Clermont, features FIFO.

Northparkes copper-gold operation near Parkes in NSW does not have a FIFO program.

Rio Tinto Alcan's Gove operation in the Northern Territory is currently the only RTA operation which operates a FIFO roster. This involves approximately 50 employees. The Gove FIFO was introduced around five years ago in response to peak construction activity (the G3 Expansion project which lasted approximately 3 years). There are no plans to increase FIFO at this time at Gove or to introduce FIFO/DIDO at any other RTA operation.

DIDO options for RTA employees and major contractors at Gladstone are being reviewed as a consequence of critical regional housing affordability and availability issues. There are, however, no firm plans for implementing DIDO/FIFO arrangements at this time. The review is considering the associated costs, safety and community impacts of the DIDO option.

In the Northern Territory, the majority of ERA's workforce is based at the Ranger Mine in Jabiru, which is approximately 260 kilometres east of Darwin. Currently 44 per cent of employees are commuting from Darwin on FIFO arrangements, 44 per cent are resident in Jabiru and 12 per cent are based in our Darwin offices. 60 per cent of the FIFO employees are working in the mining department, 15 per cent in plant operations and the rest spread across all other departments. The majority of the FIFO employees are working in trades and in operator roles, however ERA also employs FIFO conditions for professional positions across site.

ERA introduced FIFO arrangements for employees in 2005 due to the shortage of residential housing in Jabiru. Initially operators in the mining department and in trades positions changed to FIFO conditions. In 2007 this arrangement was also offered to processing operators working on site. In 2011 priority preference for residential roles in Jabiru are given to water and tailings, power and electrical, emergency services and plant operations personnel.

## **ToR 2. Costs and benefits for companies and individuals choosing a FIFO/DIDO workforce as an alternative to a resident workforce**

There are a number of significant benefits associated with FIFO/DIDO for companies and individuals in the resources sector. Some of these benefits include:

- the capacity to efficiently mobilise employees to remote locations where there is limited land and infrastructure to accommodate a residential population;
- the ability to mobilise large numbers of employees for defined periods of time (it is often unrealistic for workers to take permanent residence in a town, particularly during construction phase);
- meeting employee preference (FIFO/DIDO allows for flexible working and lifestyle options for employees and the ability to live in a major or a regional centre while working in a remote or otherwise difficult location to move families to or live in);
- the potential for broadening the potential human resources base; and
- providing the means to address the current skilled labour shortage in Australia as well as alleviating the need for additional housing in regional or remote areas.

The following case studies provide further context.

### **Case Study: Rio Tinto Iron Ore**

Many of RTIO's sites are remote from any existing town infrastructure and only require accommodation and facilities for the life of the mine. Building towns and moving families to these remote locations would be expensive and impractical.

The FIFO site villages have a portability that suits the changing requirements at each site. Housing in the existing Pilbara towns is in short supply and expensive to buy or rent. The FIFO arrangement offers very good living conditions close to the work place at a much lower cost than investing in the development or expansion of new or existing towns.

All of RTIO's FIFO remote camps are managed to ensure appropriate behaviour, with strict controls to ensure illicit drugs are not bought onto site, and controls over alcohol consumption.

Although RTIO have 35 per cent of the current workforce in residential arrangements in the Pilbara there is still a need to provide FIFO arrangements in towns where there is a shortage of

residential housing and infrastructure and a preference of many workers to take the FIFO option over relocating their families.

The mix of residential and FIFO in some locations allows for more flexibility in staffing various phases of resources activities. The provision of residential facilities cannot be put in place as quickly as FIFO accommodation.

The development of further land, housing and infrastructure in towns such as Karratha may result in an increase in the quantity and perhaps affordability of housing available for Pilbara workers and their families. Rio Tinto is currently working with the WA State Government and in particular the Pilbara Cities Office to support the State's long term vision of Karratha becoming a vibrant thriving community of 50,000 people. Rio Tinto remains committed to having the majority of its permanent coastal employees as residential employees and has plans to expand its residential housing portfolio in the coastal towns of Karratha, Dampier and Wickham. The target for coastal operations is to have 85 per cent of permanent employees residentially based.

However FIFO remains a necessary supplementary workforce arrangement, even in residential towns, particularly for specialised contractors who are not willing or able to base a permanent contract workforce in remote and regional towns. For example, major maintenance work is periodic and is performed on a campaign basis, requiring specialised contract employees that are not domiciled in the Pilbara towns.

Furthermore FIFO remains an attractive workforce choice for some Rio Tinto employees not willing to relocate themselves or their families to the Pilbara region. Through the regional FIFO program, Rio Tinto is exploring more options for FIFO within the Pilbara, Kimberley, Gascoyne and South West areas with FIFO flights to Broome, Derby, Exmouth, Geraldton and Busselton. These flights encourage families to continue to live in regional areas even when local job prospects diminish.

Rostering arrangements allow employees to work longer hours while on site in return for attractive salary arrangements and a good break between swings. While on site employees can reduce their normal expenses as they have all meals, travel and accommodation provided free.

The increase in the number and routes of FIFO flights also enable access to a larger labour market. Intra and interstate flights mean that people living all around Australia can share the benefits of resources sector growth.

Competition between employers in the Pilbara is resulting in ongoing improvements to the quality of FIFO accommodation and facilities and more flexibility to meet the needs of the growing workforce and their work-life balance.

Improvements in FIFO villages include better sporting and recreation facilities such as swimming pools, gymnasiums, tennis courts, squash, cricket, table tennis, pool tables, barbeques and recreation rooms. The range of food for breakfast, dinner and crib packs is broad with more fresh, healthy options. Sites have well managed wet mess areas that provide a social environment with reasonable controls around hours of operation and the responsible consumption of alcohol. Employee action groups provide a voice for employees in the ongoing improvements made to site facilities and standards.

### **Case Study: ERA Ranger Mine**

The main driver for introducing and maintaining FIFO arrangements for ERA's workforce has been the restriction on residential housing in Jabiru. ERA owns 285 houses in Jabiru. Many of those houses are provided to other local service providers and Aboriginal associations to support the local community. Out of the 285 houses ERA has a pool of 216 houses available for its employees. This number cannot be increased at this point.

Until 2005 all employees had been residential in Jabiru. Introducing FIFO as part of our conditions has had several effects, including:

- a roster change for fixed plant and electrical trades personnel from Monday to Friday to a continuous shift roster;
- more flexibility for current employees which, depending on personal preference, has allowed employees to relocate to Darwin and continue their employment with ERA on FIFO arrangements; and
- more flexibility when recruiting for new positions; depending on personal preferences.

A major benefit for residential employees is the low rental price. ERA heavily subsidises the rent for employees who are residing in company housing. For example the weekly rent for a three bedroom house in Jabiru is \$32. This is well below the market price in Darwin. In addition, part of the remuneration package for residential employees is a Family Location Allowance, which is \$11,000 annually. This allowance compensates residential employees for many things including the high living costs in Jabiru.

Employees who are on FIFO conditions are required to provide their own accommodation in Darwin. However while they are working in Jabiru their accommodation, meals and transport are all provided for. Part of their remuneration package is a Commute Allowance, which reimburses them for additional costs associated with their living arrangements in Darwin. The Commute Allowance is 15 per cent of base salary.

The main cost for ERA associated with residential accommodation is ongoing maintenance. On average approximately AUD\$1m is spent on maintenance each year for the residential accommodation in Jabiru.

### **ToR 3. The effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure**

Rio Tinto acknowledges that various stakeholders have raised concerns about the impact of FIFO workforces on established communities. Some of these concerns have included:

- degradation of the social fabric of a community;
- lack of connection of FIFO workforces to the resident community;
- reduction in community safety due to high proportions of young males living in the community;
- reduced/limited contribution to local businesses ; and
- increased demands on social infrastructure and services

The following case study from Rio Tinto Coal Australia provides insight into the work that Rio Tinto undertakes to understand and respond to community concerns.

### **Case Study: RTCA**

To ensure that it is continuously identifying and responding to the impacts of its operations, RTCA regularly undertakes and commissions research into aspects of local communities.

RTCA undertakes community baseline studies every three to five years for both local and regional communities. In 2009, for example, RTCA commissioned a Bowen Basin Socio-Economic Baseline Study and a Bowen Basin Aboriginal Community Baseline Study. These baseline studies inform RTCA's annual community relations plans and community development funding.

At a regional level, these studies incorporate an overview of the economic environment, key linkages, land use and history and an economic impact assessment of RTCA's operations.

At the local level, extensive analysis is undertaken of population, employment, education and training, housing, community health and safety, cultural diversity and infrastructure. This combined analysis enables the identification of key issues for local communities including the impact of FIFO/DIDO and recommended responses to these issues.

RTCA has also established Community Consultative Committees in both New South Wales and Queensland. These provide an opportunity for the local community to raise any concerns or questions they have on a regular basis in a collaborative environment.

In addition to these formal measures, RTCA maintains ongoing relationships through its community relations staff on the ground. For new projects, RTCA also:

- undertakes social impact assessments and community visioning exercises;
- works with communities to understand what they believe a sustainable level of growth may be;
- undertakes cumulative impact assessments to understand the cumulative impact of significant growth of mining in certain areas; and
- works to understand how best to support communities are in transition.

RTCA also undertakes mine closure planning early to understand how to best withdraw with minimal impact and to enhance local opportunity.

RTCA routinely provides information about its project plans to government agencies including Queensland Treasury's Office of Economic and Statistical Research (OESR). This helps inform infrastructure planning and community investment.

While Rio Tinto acknowledges concerns, it is clear that the presence of FIFO/ DIDO workforces can often have a positive impact on established communities.

In the case of ERA and the town of Jabiru, some examples of the positive impacts of the non-resident component of the workforce include FIFO employees spending money at local businesses such as the newsagent, bakery, and service station, and contributing to community life through volunteering and involvement in recreational activities, sport and cultural events.

FIFO/DIDO contracting companies also contribute to partnerships with local community groups, such as contractor sponsorship for a Kakadu Ball, Children's Xmas Party, or local sporting

teams. Extra FIFO/DIDO numbers have also attracted an increase in government services and infrastructure, for example health professionals and police.

**ToR 4. The impact on communities sending large numbers of FIFO/DIDO workers to mine sites.**

There are many positive benefits to regional communities supplying FIFO workers to remote mining regions. Regional FIFO provides an important source of employment for residents of towns and regions where other employment opportunities may be limited and offers employees a range of work and lifestyle options while creating a new and sustainable labour market.

Regional FIFO assists with work opportunities for people in regional areas where local work may be limited while allowing these workers to maintain their regional base. This provides lower unemployment, economic diversification and an important source of income into regional economies. The spin off to all residents can be very positive, including the provision of new or improved economic and social services and regional economic diversification.

Flying from a regional town also creates a community of interest within the workforce, particularly when workers fly together to the same mine site and support each other both at work and at home. This support network is particularly important for Aboriginal people from small regional communities.

**RTIO regional FIFO program**

As of July 2011, 13 per cent of RTIO’s FIFO Workers (503 people) flew from towns in regional WA. Flights leave from Broome, Busselton, Carnarvon, Derby, Geraldton and Meekatharra direct to mining operations in the Pilbara. In addition, flights leave from Aboriginal communities on the Dampier Peninsula, connecting with flights from Broome to the mines. Flights will commence from Exmouth in late 2011 and Albany in mid 2012. Most workers fly to the inland non-residential mine sites of West Angelas, Hope Downs, Yanidcoogina and Brockman 2, and some fly into Tom Price, Marandoo and Paraburdoo. This is shown in Table 1.

Table 1: Point of origin for RTIO regional FIFO program

Regional Flight Origin	Worker Total	West Pilbara Mines				East Pilbara Mines		
		Bman2/Ndi	Paraburdoo	Marandoo	Tom Price	Yandi	Hope Downs	West Angelas
Busselton	259					71	113	75
Geraldton	144	93	15	24	12			
Carnarvon	18		1	7	10			
Nullagine	1					1		
Derby	21					21		
Broome	50						20	30
Meekatharra	10						10	
<b>TOTAL</b>	<b>503</b>	<b>93</b>	<b>16</b>	<b>31</b>	<b>22</b>	<b>93</b>	<b>143</b>	<b>105</b>

Source: RTIO Workforce Demographic Map produced quarterly: Outlines Regional FIFO Workforce per mine site and source of flights – July 2011

Many of these flight centres draw FIFO workers from surrounding regions and towns. For example, the Busselton FIFO flights draw residents from across the southwest of WA. Indicative

numbers flying out of Busselton and place of residence include Bunbury (76), Busselton (49), Manjimup (14), Dunsborough (10) and Bridgetown (9).

### **Case study: Collaborative regional FIFO initiatives**

RTIO works closely with Local Governments, State agencies, Chambers of Commerce and Industry and community groups in all its regional towns and values their support for its regional FIFO program. The following examples of collaboration between RTIO and local regional WA communities sending FIFO workers to RTIO mine sites illustrates these relationships.

#### **Exmouth**

The Exmouth economy has suffered from changes to the fishing industry and the closure of a fabrication company. Tourism is an important industry, but is seasonal. There are limited local employment pathways for young people.

The Chamber of Commerce and Industry and the Shire of Exmouth have actively pursued Rio Tinto to establish a FIFO operation from Exmouth to the Pilbara and an Information session held in September 2011 attracted over 200 residents. Both the Shire and CCI see the new FIFO operation as a way to grow the town and retain residents who may otherwise have left due to lack of work. FIFO offers career pathways for residents and in particular young people, while also attracting new residents to Exmouth.

#### **Shire of Carnarvon**

Key industries in Carnarvon, including horticulture, fishing and tourism are seasonal and the population and economy remains stagnant. In partnership with the Gascoyne Development Commission, the Shire has asked Rio Tinto to establish a FIFO operation. FIFO benefits include economic growth and diversification and the attraction of new residents to Carnarvon as a lifestyle choice.

#### **Shire of Manjimup**

The closure of a local timber mill prompted the Shire of Manjimup to invite RTIO to discuss economic opportunities. With excess capacity on Busselton flights, RTIO received 50 expressions of interest for work and 20 workers were employed within the space of a month. A bus is provided for workers to travel from Manjimup to Busselton airport to FIFO to mine site. A second phase of recruitment from Manjimup is scheduled at the end of 2012.

#### **City of Greater Geraldton**

The City of Greater Geraldton has produced a FIFO brochure promoting Geraldton as a FIFO hub for the Pilbara and Mid West and is actively seeking FIFO from their town.

### **Regional FIFO and Indigenous employment**

Rio Tinto places significant emphasis on creating employment opportunities for Indigenous workers. There are close to 800 Aboriginal employees in the Rio Tinto Pilbara workforce, and active plans to increase the percentage of indigenous employees as we move towards our 2015 growth targets. Many of these have benefited from traineeships, apprenticeships and internal promotions.



In the East Pilbara RTIO has also awarded multi-million dollar opportunities to Indigenous contracting companies for development work on new mine sites such as Hope Downs 4. These FIFO-based opportunities contribute towards the development of sustainable employment opportunities for the Indigenous workforce.

Regional FIFO arrangements have benefited many Indigenous people in WA. Table 2 provides some insight into the number of Indigenous employees benefiting from RTIO's FIFO arrangements in different regional centres:

Table 2. Origin and workplace of Indigenous FIFO employees.

Origin	No. of Indigenous FIFO workers	Rio Tinto mines
Broome	50	West Angelas; Hope Downs
Beagle Bay/Djarandin/One Arm Point	20	West Angelas, Hope Downs
Derby	21	Yandi
Meekatharra	10	Hope Downs
Geraldton	60	Brockman, Paraburdoo, Marandoo, Tom Price
Carnarvon	7	Paraburdoo; Marandoo, Tom Price

#### **Case study: Closing the Gap: Indigenous employment from Carnarvon**

Carnarvon has a population of 5,681, of which 20 per cent are Indigenous. The Carnarvon Work Ready Program commenced in 2011. Already four people are employed at Marandoo, one at Paraburdoo on a FIFO roster, two at Rio Tinto's Dampier Salt and a further two are employed external to Rio Tinto.

The program provides local unemployed Aboriginal people with the skills required to get into and stay in full time, meaningful employment. It is run in collaboration with local TAFE, job service providers and Dampier Salt. The approach taken is flexible and tailored to individual needs, with intensive support for participants and their families. Support can include the provision of a bus to pick up participants, lunch, a breakfast program for participants and their children, transport of children to schools, liaison with Homeswest on tenancy issues, support with budgeting, liaison with Centrelink, assistance with utility bills, assistance with drug and alcohol counselling and medical appointments if required.

Beyond the initial training phase, Aboriginal mentors at the mine sites provide ongoing support to employees once they have secured employment. A Work Ready Co-ordinator also provides support in the home community for both family and employee. Due to the success of the first program, a second Work Ready program is now being undertaken in Carnarvon.

#### **The experience of a 30 year old Yamatji Man from Carnarvon**

This man first went to local job service provider, Emu Services, in 2010. Until then he had mainly had piecemeal work including stints as a glazier, car detailer, removalist and plumber's assistant, but nothing long term and with a career path. He had also undertaken a number of TAFE courses but this had not led to long term work. TAFE seemed pointless without a job at

the end of the training. He was willing to work but, lacking opportunity and direction, had become a cannabis user and had anger management issues.

He applied for and commenced Work Ready program in 2011. RTIO staff supported him to go through the program, including support to avoid drugs. With the incentive of a job at the end of the training, he missed only one day in an 18 week course and commenced work in Paraburdoo in May 2011. He is now a role model for other Aboriginal people in Carnarvon who have seen what he has achieved and are actively expressing interest in joining the program and obtaining full time work.

### **RTIO Regional FIFO Communities Personnel**

In July 2011 Rio Tinto Iron Ore created a new position, Superintendent Regional Communities to foster positive relationships with regional communities and to ensure that the impact of FIFO is positive for employees, their families and communities.

The Superintendent ensures that Rio Tinto understands the current or potential impact of FIFO on regional communities. The Superintendent is responsible for engaging and developing partnerships with government, industry and the community to ensure that FIFO generates positive economic and social opportunities for regional communities

Rio Tinto also employs specialist Employment Co-ordinators who actively support local people to gain employment with Rio Tinto and provide on the ground support to employees, families and the local community. Employment Co-ordinators are based in Broome, Derby, Geraldton and Carnarvon.

### **ToR 5. Long term strategies for economic diversification in towns with large FIFO/DIDO workforces**

Rio Tinto understands that many regional communities have long term needs and aspirations beyond the life of mining operations. Economic diversification is an important objective in such cases, and has benefits even while mining remains the predominant economic base for the town.

The potential for economic diversification differs greatly between towns and regions. In some cases options such as tourism, agriculture and the encouragement of SMEs based on non-resources based industries has potential. However it is challenging in many cases to foster significant economic activity not linked in some way to the resources sector.

Strategic regional development activity involving government-industry partnerships are being pursued in some areas, for example The Pilbara Industries and Communities Council (PICC) strategies on education, health and Indigenous employment. However in many areas investment in basic infrastructure, energy, water and land is required, and housing is either limited or expensive.

The Pilbara region comprises a number of resources-based towns which remain economically strong and closely linked to the industries on which they have been founded. There is, however, a desire to move the larger of these towns to a regional town status with less dependence on the resources sector. The Shire of Roebourne, for example, is actively seeking to make this shift with Karratha. It has articulated its approach and the challenges of doing so in its Karratha 2020 Report which was the precursor to the Pilbara Cities initiative for Karratha and Port Hedland.

For other inland and isolated purpose-built mining towns that are located next to operating mines (e.g. Paraburdoo and Tom Price), the scope for economic diversification away from mining activity is more limited. In such towns, RTIO uses FIFO practices to supplement existing residential housing. As such, FIFO allows RTIO to manage excess accommodation demand and to not build housing for a peak workforce that will eventually decline as mine production matures and decreases.

While some local governments are making efforts in this direction, ultimately state and federal government involvement is also needed if towns that have historically been mono-economy resources towns in isolated areas are to make this transition. In addition to using FIFO To manage peak accommodation demand for operating workforces, isolated areas like the Pilbara, with resources based mono-economies will always need to have a contractor FIFO component for both construction and maintenance work as it is highly unlikely that a broad based local construction industry would be established in an area without a critical mass of population (probably in excess of 50,000).

In 2008, RTIO conducted a Social Impact Assessment of the Pilbara towns supporting its operations with a view to ascertaining the impacts, perceptions and opportunities of being associated with a major mining operation. The study explored expenditure patterns of FIFO workers, in particular, FIFO workers from the Marandoo mine who lived in a village in Tom Price town. The survey showed that the presence of a FIFO workforce accommodated in or close to town generates a significant economic benefit to that town. Weekly spending by the 119 workers surveyed found a total spend of \$13,000 per week in Tom Price. Nearly half (49 per cent) of all those surveyed spent around \$50 per week and 44 per cent spent between \$100 and \$200 per week. Given the consistent expenditure patterns of FIFO workers, it became apparent that towns supporting FIFO operations have an opportunity for new or additional business development in enterprises which provide services and support for these workers (food and cafes, personal services etc). This is unlikely to change without a major change in the nature of the towns in which companies like Rio Tinto operate.

<b>ToR 6. Key skill sets targeted for mobile workforce employment and opportunities for ongoing training and development.</b>
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Mining operations offer a wide range of employment across all phases of planning, start up, ongoing site operations and rehabilitation. The skill sets involved in FIFO are diverse, encompassing engineering, administration, trades, plant operation, health and safety, training and professional positions. There are also traineeships and apprenticeships, including for mature age workers.

The skills required will vary depending on the nature of the operation, its location and phase of development. For example at ERA, trades and operator roles dominate FIFO positions. This includes heavy vehicle and processing operators and fixed, electrical and mobile maintenance technicians. ERA employs a team of training advisors and officers who develop training plans for employees and a training matrix for each position. As part of the performance process, the leader designs a training and development plan together with the employee. The training and development plan is reviewed at least twice a year as part of the performance discussions between the leader and employee.

At RTCA there are no specific contracting organisations or specific skill sets that only work with FIFO or DIDO arrangements. The decision is largely dependent on the location of the work and workforce availability. For example at some operations an option to commute can be negotiated for business critical, hard-to-fill roles. This approach is regularly reassessed based on workforce availability. Operational realities mean there will be an increased short-term workforce during

maintenance and expansion project work in addition to existing steady state operational workforce numbers.

In the case of RTIO, high demand and competition for labour means the range of skills targeted for FIFO are very broad. Opportunities for training and development are also significant. Many existing employees have progressed through from operators to skilled trades through traineeships or mature age apprenticeships. Many have progressed through the management structure and many have been supported through study assistance to gain professional qualifications in order to progress their careers.

Movement between FIFO or remote residential roles and site based opportunities are also a means of achieving development and progression. There are also many examples of international mobility to RTIO operations in other regions or to other Rio Tinto business units.

#### **ToR 7. Provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees**

The nature of services and facilities offered to FIFO workers varies widely according to the particular circumstances applying at different operations and communities. However competition for labour and increased expectations in relation to services, infrastructure and accommodation standards is driving improvements in the quality of facilities and conditions provided for FIFO workers.

The expansion of Rio Tinto's iron ore production in the Pilbara provides a good illustration of the sorts of facilities now being provided.

#### **Case study: Rio Tinto Iron Ore**

FIFO arrangements in the Pilbara include both remote camp locations and villages and facilities that are in or close to existing towns.

RTIO has extensive camp facilities at several remote mine sites. These vary in size and standard of accommodation, depending on the age of the camp, the duration of the operation, and whether the camp is for construction or operational workforces. Typically the camp facilities include:

- single rooms with bed, chair/desk area, ensuite bathroom facilities;
- on-site mess cafeteria providing breakfast, lunch and dinner and crib facilities;
- on-site licensed drinking area (wet mess) and BBQ facilities;
- sporting facilities including equipped gymnasium, access to fitness instructors, and healthy lifestyle coordinators, swimming pool, indoor cricket nets, walking tracks;
- communication services available, cable TV services, internet, phone connections;
- on-site utilities services for water, sewerage and power; and
- town based villages and accommodation facilities.

RTIO also operates in six established towns including Karratha, Dampier, Wickham, Tom Price, Paraburdoo and Pannawonica. With the exception of Karratha, all were purpose built mining towns, constructed in the 1960s to support the development of the Pilbara iron ore mining region.

All of the established towns have historically had short-stay accommodation for employees who work in the industry without having family present. In the early days, the accommodation was known as Single Men's Quarters or Single Persons Quarters (SPQ) and included purpose built motel-style accommodation with associated recreation and dining facilities. These original SPQ

accommodation facilities are still used in the Pilbara towns, although some of the facilities are due for replacement due to the age of the buildings. The facilities include Peninsula Palms (Dampier), Wickham Lodge (Wickham), Windawarri Lodge (Tom Price) and Rocklea Palms (Paraburdoo).

These facilities provide vital community infrastructure including cafeteria style dining and function rooms and catering facilities that would otherwise not be present in the smaller towns. They also provide vital tourist and short-stay accommodation and are now managed by third parties under commercial arrangements with RTIO.

For example, the Windawarri Lodge facility in Tom Price contains 458 rooms, a dining area that can seat 140 people, a fully commercial kitchen that can serve 320 meals, three function rooms and a swimming pool. During the winter tourist season Windawarri Lodge would accommodate up to 40 tourists per week and hold approximately 20 functions per week.

Windawarri also provides generous donations to the community, last year donating all food and consumables for the Tom Price Pink Ribbon Breakfast which raised \$40,000 for breast cancer research. At the request of community groups, the facility offers laundry services to assist with the running of the Tom Price Hospital, Day Care and Medical Centre.

To manage the acute shortage of accommodation in all Pilbara towns, RTIO has also relied on more temporary forms of camp accommodation, which are traditionally mine-site donga facilities. These facilities are generally located on the perimeter of towns and have often started as construction camps whose life has been extended for use in ongoing operations.

For significant new developments, RTIO is developing integrated in-town FIFO facilities which are setting a new benchmark in quality, purpose-built motel style accommodation designed for a 40 years plus life. Plans for integrated FIFO facilities are aligned with the Shire of Roebourne's policy for Transient Workforce Accommodation.

To support its Cape Lambert port and rail expansion for an additional 50mtpa capacity, RTIO has plans to invest substantially in the town of Wickham for new accommodation and urban redevelopment. Subject to final funding approval and necessary regulatory approvals, RTIO is planning a number of developments to be built from late 2011 onwards including:

- a new residential subdivision at Wickham South that can support approximately 700 dwellings in two main stages. Stage 1 is a 274 lot subdivision for 212 new company houses with provision for up to 27 lots for non-company development;
- 160 replacement and 190 new FIFO motel style rooms (350 in total) along Wickham Drive, the main street of the town;
- a Central Facilities Building which will support the FIFO accommodation for catering and sporting requirements, as well as providing much needed additional community facilities in the town; and
- associated parks, community and town infrastructure.

The proposed Wickham FIFO development represents a new level of permanent quality accommodation designed to be palatable for employees, local residents and local government. The new facilities will be multi-storey, motel-style built for a 40 year operating life with a design that allows for post-operational use. The rooms are larger in size than traditional FIFO accommodation, enabling more in-room functions and features, as well as BBQ areas, recreational space and transit lounge rooms. The facilities conform to the following design principles:

- address the street with architectural façade treatments including shading;

- view lines both within the development and out from the development;
- graduation of private to public spaces for inhabitants;
- facilities on either side of the street, in the town centre;
- permeability/walkability;
- good street lighting; and
- high quality public open space and landscaping.

The following pictures illustrate the Wickham FIFO development.



Figure 1: Aerial impression of Cajuput Villas development on Wickham Drive



Figure 2: Impression of transit lounge breakout area



Figure 3: Interior view of Cajuput FIFO accommodation rooms





Figure 4: Image of the Central Facilities Building in Wickham to provide catering and recreational amenity for Wickham FIFO employees and residents.

Other features of the new Wickham FIFO facilities include:

- crime prevention measures including proximity card access, car parking with external lighting, CCTV to entries;
- traffic management through on-site car parking, walking to the central facilities building and transit lounge, bussing to and from place of work;
- landscaped design with mature plants;
- low consumption washing machines, water saving fittings;
- double glazing, insulated walls, ceilings and floors; and
- prefinished wall and roof claddings.

The design of the new FIFO facilities integrates with the town to provide benefits to both the FIFO employees and the wider community. The location of the facilities will add viability and vibrancy to the centre of the town, and the new Central Facilities Building is designed and will be operated as a multi-purpose facility for the benefit of both FIFO employees and local residents. The CFB will house a cafeteria style eating area, rather than a traditional mess, a licensed dining area as well as a dedicated gymnasium and transit lounge/shift change facilities. The centre will also operate as a recovery and disaster management centre to assist the town's recovery in the event of a cyclone.

***Images of RTIO FIFO camp facilities can be found at the end of this submission.***



### **Case study: ERA**

ERA provides a range of services and infrastructure to FIFO employees, including:

- flights between Darwin and Jabiru for incoming and outgoing shifts;
- regular bus service between Jabiru Airport, Ranger Mine site, Jabiru Mess and FIFO camp;
- air-conditioned rooms with ensuite, king single bed, toilet, shower, locker and cable TV;
- a spacious recreation room with pool table, TV, tea and coffee facilities and lounge chairs;
- a FIFO gym with a range of equipment;
- an active Life Coordinator to provide fitness programs;
- a mess which provides food and non-alcoholic drinks;
- regular cleaning and maintenance;
- clothes washing facilities; and
- power provided by ERA's own power station which provides electricity not only to site, but also to the township of Jabiru including the FIFO camp facilities.

### **ToR 8. Strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry**

Ensuring that the experience of FIFO for employees and their families is a positive one is an important objective for Rio Tinto. This is an essential element of Rio Tinto's workforce retention strategy. Within this, the number one priority for Rio Tinto is health and safety. This applies to our entire workforce, not just those on FIFO arrangements.

In general, the demand for labour and the need to retain employees means that the major employers in the industry are offering improved working arrangements, attractive salary packages and ever improving facilities and conditions on site.

In the Pilbara, for example, Rio Tinto offers family benefits such as a medical insurance subsidy and safety net for out of pocket medical expenses. Employees and their families also have access to an Employee Assistance Program providing counselling and support services.

The introduction of more direct FIFO from areas such as Busselton, Derby, Broome, Carnarvon, Geraldton, Exmouth and Manjimup has resulted in less travel time and more flexible residential options for employees and their families. On-site family days allow families to get a better understanding of life on a mine site.

In addition, if a new or FIFO employee takes up a residential opportunity to relocate their family, RTIO provides relocation assistance and there is an option for property purchase assistance. Other benefits include job opportunities for family members, job sharing options, fatigue management programs and cultural awareness programs.

In the case of ERA's Ranger Mine in the NT, the Company's objective of fostering a positive experience and maintaining work-life balance for employees is facilitated by a range of initiatives including:

- reducing the number of continuous working days to seven, followed by seven days off by the end of 2011;
- introducing daily FIFO so that the employee flies on site the morning before their shift commences and flies straight home after their shift finishes (this is possible because ERA's

FIFO arrangements are from Darwin and the flying time between the airport in Darwin and Jabiru is just 30 minutes);

- providing comfortable accommodation, a wide variety of food and a regular bus service between Jabiru and the FIFO camp so that FIFO employees are able to access Jabiru's facilities and businesses anytime and therefore become part of and support the community. This also enables them also to participate in community events when available;
- giving FIFO employees access to a FIFO gym and providing free the services of an Active Life Coordinator for a healthy lifestyle; and
- providing separate accommodation for night shift workers to facilitate undisturbed sleep during the day.

Rio Tinto Coal Australia has also introduced a number of measures aimed at optimising the FIFO experience for employees and their families. These include:

- an employee assistance program which is offered across the business and provides free, independent, confidential counselling for employees and their immediate family on issues such as stress, anxiety, depression, interpersonal relationships, financial and legal;
- training packages on fatigue management and fitness for duty tailored and directed at people living a commute lifestyle; and
- regular roster reviews to ensure the needs of employees and the business are met. For example Hail Creek employees on the Monday to Friday roster leave site early one night per week and return later the next day to allow for more time at home. Rosters are structured to support work/life balance (e.g. the introduction of a nine day fortnight).

**ToR 9. Potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce**

In general terms the income of employees commuting on FIFO arrangements is higher than for many working in the non-mining sector. By providing a FIFO/DIDO workforce, communities that would otherwise not benefit from the mining boom are able to increase their overall incomes which can in turn lead to improved infrastructure and services for the whole community. These communities can also potentially attract new, higher income residents which they would not otherwise be able to do, thereby boosting the entire regional economy.

In Queensland, for example, some regions have significantly grown their economic base as a consequence of FIFO/DIDO arrangements. Mackay and Rockhampton have become the towns of choice for commuting workers in Central Queensland due to their proximity to the mines, the coastal lifestyle and access to amenities. Most recently the Cairns and Gold Coast councils have indicated a strong interest in becoming a regional hub from which to operate FIFO, thereby diversifying their employment bases beyond the tourism and hospitality industries. These locations are currently experiencing higher unemployment rates as a consequence of a downturn in the tourism industry resulting from natural disasters and the Global Financial Crisis. The unemployment rate in Cairns, for example, is over eight per cent.

In Manjimup Western Australia, the closure of a large timber and sawmill operation has resulted in a huge loss of regional income to local residents. Rio Tinto has conducted employment assessments in the town and has to date employed 24 residents on FIFO arrangements out of Busselton. A further assessment is being planned which should result in additional job opportunities. The work skills and safety culture of the timber workers has resulted in a good fit with available mining opportunities in East Pilbara. These opportunities have also created an employment option that enables families to continue to reside in Manjimup.

Similarly, Indigenous employment in the Pilbara assists in the growth of sustainable opportunities for Aboriginal communities in the Pilbara, Kimberley and other regions in WA. FIFO flights from places such as Broome, Derby, Exmouth, Carnarvon, and Geraldton provide employment opportunities that do not require people to leave their communities.

In summary, direct FIFO from non-mining regional centres meets employee preference and both government policy objectives and private sector operational needs. The projected substantial growth in the resources sector in Western Australia over the next decade provides real opportunities for non-mining regional cities to share in the economic benefits of these projects.

Given FIFO is likely to be an essential component of resource development workforce logistics in the future, deliberative policy intervention by governments in a structured and collaborative way may help distribute the economic benefits of these projects beyond major cities and mining towns.

#### **ToR 10. Current initiatives and responses of the Commonwealth, State and Territory Governments**

Governments at all levels have recognised the importance of FIFO as an essential, sustainable and permanent part of the Australian workplace landscape. The resources industry has welcomed a number of important initiatives and is working with different governments across Australia to develop better strategies to meet the growing demand for labour. This includes supporting and facilitating FIFO operations where they make most sense.

In this context Rio Tinto welcomes the Federal Government's recent announcement of a new workforce agency that will target pressure points in Australia's economy by training and retraining workers for new jobs in growing industries. This recognises that, with the continued growth of the mining sector, it is not feasible or sustainable for all employees to reside in the immediate region in which they work.

Rio Tinto also welcomed the Government's response to the report of the National Resources Sector Employment Taskforce in 2010 and the establishment of an implementation committee to prepare a National Resources Sector Workforce Strategy. The Critical Skills Investment Fund is also an important supporting initiative.

Positive outcomes from this are already being realised. One example is the establishment of the Cairns FIFO development co-ordinator to develop links between resources projects in remote locations and skilled workers, including local unemployed job seekers. It is pleasing that the Minister for Tertiary Education, Jobs, Skills and Workplace Relations has now announced that the Federal Government will fund four additional FIFO coordinators in other priority regions.

This will complement Rio Tinto's own efforts to develop regional FIFO workforces, particularly in WA as outlined elsewhere in this submission. It will also be welcomed by many local governments, several of which are already proactively investing in training and education and other measures to facilitate access to FIFO opportunities for their communities.

On the state level RTIO has been encouraged by the WA Government's Royalties for Regions policy and the Pilbara Cities initiative, under which RTIO has signed an MOU to work with the State Government to explore redevelopment opportunities and planning for the Pilbara towns with an initial focus on Dampier. The provision of adequate infrastructure and services in mining regions by all levels of government is critical to attracting and retaining staff and reducing any negative impact of FIFO.

As an illustration, the lack of town infrastructure improvements and housing development in Jabiru leaves no option other than FIFO/DIDO. Government investment in town infrastructure and housing development may make residential living in Jabiru more appealing. ERA has a long waiting list of FIFO/DIDO employees who would prefer to be residential in Jabiru. The NT Government and the Commonwealth also have long waiting lists for houses in Jabiru. All houses in Jabiru are owned by employers, and there is no freehold property.

Mining companies are increasingly expected to supplement the cost of local infrastructure and services. Rio Tinto suggests that local governments should receive a more appropriate level of government support to deliver critical social and economic infrastructure and essential community services. An improved financial assistance methodology for local government would ensure that councils have an appropriate revenue stream to build and maintain resilient and prosperous communities in mining regions. Incentives to encourage employees and businesses that provide key services such as education and health would also be beneficial in encouraging mining employees to relocate. Rio Tinto supports the Federal Government's Regional Development Australia initiative which is working to address some of these issues.

Rio Tinto notes the current call from some regional councils and community groups for government to set minimum residential percentages for new projects and the recent ruling by the Queensland Coordinator-General to require BMA to maintain their current residential/FIFO ratio for their Bowen Basin operations through their growth projects. While Rio Tinto understands and supports local community desires to maximise the opportunities presented by the resource sector it is essential that workforce strategies are developed on a project by project basis, recognising the unique circumstances facing each community, the need to support sustainable growth and the broader regional, national and global context. It does not seem sensible to impose restrictions on mining operations which would affect the viability of certain mines and quite possibly result in a reduction of overall economic opportunity for regional communities.

Rio Tinto supports the need for shared responsibility in the identification and management of issues associated with FIFO/DIDO and looks forward to continuing to work with government, community and industry on these complex issues.

**Appendix: Selected images of RTIO FIFO camp facilities:**

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