

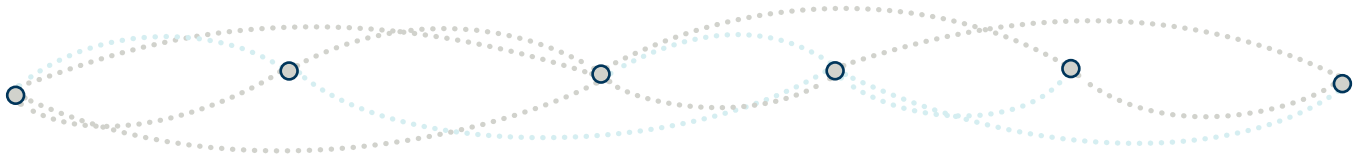


THIESS

Submission to the
House of Representatives
Standing Committee
on Regional Australia

INQUIRY INTO
'FLY-IN FLY-OUT' AND
'DRIVE-IN DRIVE-OUT'
WORKFORCE PRACTICES

OCTOBER 2011



THIESS

Thiess has been at the forefront of Australia's mining industry since we began contract mining at the Blair Athol Coal Mine in Central Queensland and Muswellbrook in New South Wales in the 1940s.

Over the years we have honed our skills, re-engineered methodologies, challenged traditional mine practices and delivered the highest safety standards to become the world's largest coal contract miner.

- More than 3,000 strong mining team
- Experience includes: coal, iron ore, copper and uranium, nickel, gold, silver, lead, zinc and magnesite
- Production exceeds 110m tonnes of coal/iron ore per year
- Work-in-hand tops \$9 billion for the next five years
- Own and operate more than \$3 billion of plant and equipment

Our success can be attributed to the manner we engage the communities in which we operate. Providing local jobs, training and development and business opportunities are a major and overwhelmingly positive social benefit for employees and their families, subcontractors and suppliers in regional Australia. We in turn benefit from an experienced and stable workforce.

In rural and remote regions where skilled resources cannot be sourced locally, we rely on drive-in drive-out (DIDO) and fly-in fly-out (FIFO) workforces to address skill shortages. This trend will continue as the sector grows.

Thiess welcomes the opportunity to present to the House of Representatives Standing Committee on Regional Australia our position on DIDO and FIFO workforce practices, which we view as an integral component of our human resources strategy and critical to our future success as mining contractors.

THE EXTENT AND PROJECTED GROWTH IN DIDO/FIFO WORK PRACTICES

Thiess currently employs 593 staff and 2551 wages employees in its Australian mining operations. The table below indicates the number of mining sites we currently work at across Australia and the composition of the workforces operating at those sites.

Workforce Type	Number of Sites	States
Resident	4	NSW and Qld
Resident/DIDO	1	Qld
DIDO	4	Qld
FIFO	2	SA and WA

As at October 2011, 211 staff and 1397 wages employees were appointed on DIDO or FIFO arrangements. This represents more than 50 per cent of our Australian mining operations workforce.

By 2014, we anticipate that we will be:

- Operating at two additional major sites Western Australia and Queensland, employing 600 personnel on FIFO arrangements at each site
- Increasing our DIDO workforce arrangements at our Queensland-based Curragh and Lake Vermont operations to accommodate expected organic growth
- Progressively shifting our Queensland workforce from DIDO to FIFO arrangements to attract and retain quality staff
- Securing an additional 300 personnel in our New South Wales operations, of which 50 per cent will be residentially-based and the balance on DIDO arrangements.

These forecasts are for operational staff, and do not consider additional construction personnel required to construct new or expanded mine infrastructure.



COST/BENEFIT OF A DIDO/FIFO WORKFORCE AS AN ALTERNATIVE TO A RESIDENT WORKFORCE

Historically, Thiess has recruited its workforce on DIDO and FIFO arrangements when appropriately-qualified personnel cannot be sourced locally. This has increased dramatically in recent times in line with the unprecedented growth experienced by the sector. The shortage of quality accommodation in nearby townships has further compounded these arrangements, with many newly-recruited employees electing DIDO and FIFO work arrangements in preference to relocation.

Given the short-term nature of our contract projects, it is not economically viable for Thiess as a mining contractor to create townships or invest in community housing. Our preference is to make use of camp facilities located near the mine site, typically owned and operated by the mine owner. This arrangement is convenient for our workforce and eases pressure on over-stretched local housing markets. As recently highlighted at Narrabri in New South Wales, a 150-bed workers camp opened to accommodate the FIFO workforce by MAC Services Group has significantly eased the pressure on the Narrabri and surrounding towns.

In Thiess' experience, DIDO and FIFO workforce arrangements are integral to operations and of significant benefit in:

- Securing a workforce to meet operational needs
- Incentivising personnel from non-traditional mining locations to work in regional/remote regions who do not wish to relocate their permanent base
- Alleviating pressure on local housing markets.

Conversely, such arrangements can impact the personnel who spend extended periods away from their permanent base, and ultimately their tenure in the role.

THE IMPACTS OF A NON-RESIDENT DIDO OR FIFO WORKFORCE ON ESTABLISHED COMMUNITIES

INCLUDING COMMUNITY WELLBEING, SERVICES AND INFRASTRUCTURE

These impacts have been extensively canvassed in the 2005 paper entitled *Fly-In Fly-Out: A Sustainability Perspective* produced by the Chamber of Minerals and Energy in Western Australia and are in keeping with anecdotal feedback received by Thiess. Such feedback includes:

- DIDO and FIFO workers neither spend money in the local communities, nor participate in local community activities such as sporting clubs
- As the population in the local community increases with a DIDO or FIFO workforce, there is not a corresponding increase in local community services.

While the claims are valid, they must be considered in a broader context. The mining sector has traditionally attracted a highly mobile, transient workforce. More recently, we have experienced a trend of families moving from regional centres to large coastal centres for lifestyle reasons. Demographers Ian Burnley and Peter Murphy (2004) refer to this as the 'sea change phenomenon'.

To offset these trends and ensure local communities do benefit from our presence in their region, Thiess in conjunction with mine owners, implements local buying arrangements where practical. For example, our contractual obligations for the work we are undertaking at FMG's Solomon Mine project in the Pilbara region requires us to buy locally and seek to employ from the local communities.



WE DEDICATE CONSIDERABLE TIME AND FINANCIAL RESOURCES TO SUPPORTING THE COMMUNITIES IN WHICH WE WORK AND LIVE. THIS INCLUDES SUPPORTING LOCAL BUSINESSES, PROVIDING EMPLOYMENT AND EDUCATIONAL PROGRAMS, AND FUNDRAISING AND VOLUNTEERING FOR LOCAL CHARITIES AS HIGHLIGHTED BELOW:

BLACKWATER CINEMA

Thiess operates Curragh North Coal Mine about 20km north of Blackwater. Providing employment to approximately 240 people, we are an important part of the local community. An important component of Wesfarmers Curragh and Thiess' work in Central Queensland is the relationship within the local community through the Blackwater International Coal Centre (BICC) and the Basilisks Rugby Club.



Residents of Blackwater can now enjoy the latest and greatest movies, thanks to a Thiess-sponsored upgrade of the local cinema. Thiess has injected \$120,000 to upgrade the theatre at the BICC to enable the showing of latest release films.

The BICC is a world-class coal interpretive centre with conference facilities, displays of mining equipment and mining history, a café, picnic area, Japanese garden, wheelchair access and disabled toilets. The coal centre is the first of its kind internationally. It is funded by industry and government, and serves as both a tourist attraction and a social hub for local residents.

PIONEER HOUSE AGED CARE FACILITY, MUDGE, NSW

Our team from the Wilpinjong Coal Mine provided employees and equipment free of charge to create a community garden for residents of the Pioneer House aged care facility. The team was runner up in the NSW Minerals Council's Environment and Community Excellence Awards in recognition of its voluntary work with Pioneer House.

INDIGENOUS WOMEN IN HARD HATS PROGRAM



The Indigenous Women in Hard Hats program supports Indigenous women entering non-traditional roles in the mining sector and has been rolled out at the Burton mine in Central Queensland.

The program involves hands-on experience as well as training in personal development, employment skills and heavy vehicle simulations. It was recently named Best Company Initiative at the 2011 Queensland Resources Council (QRC) Resources Awards for Women.

SUPPORTING LOCAL NOT-FOR-PROFIT ORGANISATIONS

Wherever possible, Thiess supports small businesses and not-for-profit organisations in the areas in which we work. Our Tarong Coal Mine site uses local community organisation Gumnut Place to launder the site's work uniforms. Gumnut Place is a not-for-profit organisation providing employment opportunities for people with disabilities.

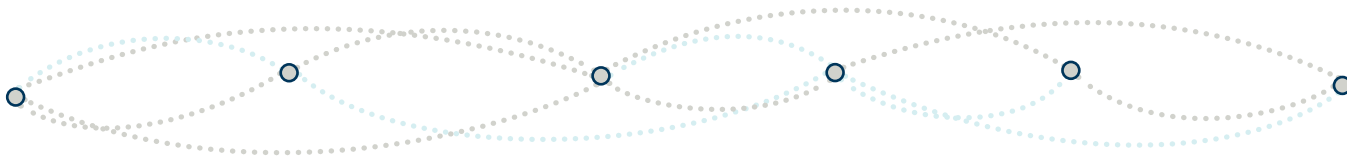
CHARITY FUNDRAISING

Our teams actively raise money for charities, particularly those offering support to those in regional/remote areas. Our Burton Mine team placed in the Top 30 Queensland fundraisers for the 2011 Leukaemia Foundation of Queensland's Shave for a Cure. Pink truck and pink hard hat initiatives have also delivered considerable funding to the National Breast Cancer Foundation.

In 2011, we raised \$20,000 for the Royal Flying Doctor Service to help provide essential medical services in remote and regional Australia.



Thiess recognises that the impacts of DIDO/FIDO arrangements on communities require all key stakeholders to engage collaboratively and develop solutions that balance the needs of the local residential communities with the operational needs for DIDO/FIFO arrangements.



KEY SKILL SETS TARGETED FOR DIDO OR FIFO ARRANGEMENTS

AND THE IMPACT THIS HAS ON OPPORTUNITIES FOR ONGOING TRAINING AND DEVELOPMENT IN LOCAL COMMUNITIES

Thiess' workforce is established on a project-by-project basis, and tailored specifically to meet individual operational requirements. Where possible we draw on suitably-qualified personnel from local communities that are in close proximity to the project, and supplement with additional personnel from across Australia where necessary. The nature of our work demands a wide range of roles and skill sets, including:

- Mining, Mechanical, Electrical and Geo-technical Engineers
- Surveyors
- Environmental Advisors
- Project Managers
- Supervisors
- Administration Support Staff
- Safety Officers/Managers
- HR Officers/Managers
- Digger/Drag Line Operators
- Dozer Drivers
- Truck Drivers
- Mechanical and Electrical Fitters.

Thiess has work readiness and pre-employment programs in place that encourage members of local communities to gain the skills necessary to participate in the mining sector.

- Travel in company time or shared, ie. some travel in company time and own time
- Family support programs as well as access to a free EAP service provider
- Capacity to call / contact home
- Opportunity for staff to work on / off site (combination of remote / local work)
- Gyms at the camps
- Bussing services.

Thiess is continuing to evaluate and monitor the effectiveness of such strategies to ensure we are meeting the needs of employees and their families.

THE FUTURE OF DIDO/FIFO WORKFORCE PRACTICES

DIDO/FIFO workforce practices are critical to the success of our existing operations and key to a sustainable future for the mining industry.

In the words of our Operational Managers:

"If we didn't have it then we would not be able to operate."

"Without FIFO, the operation will shut down."

"At present, paramount."

Thiess is committed to delivering sustainable outcomes for our clients, our people and communities. The work we undertake for our clients requires a well-resourced, highly-skilled and engaged workforce. As industry demands for skilled personnel increase and the employment market tightens, Thiess will become further reliant on both DIDO and FIFO workplace practices into the future.

As our organisation grows, we remain mindful of our responsibility to helping create sustainable communities and ensuring local benefits are genuinely realised wherever possible. We will continue to support such communities through employment, local buying and our community-based programs, but acknowledge more needs to be done to sustain healthy and vibrant regional communities.

As a major contractor in the mining sector, Thiess welcomes the opportunity to work with the Government and other key stakeholders to develop strategies that manage the impacts of DIDO and FIFO workforce arrangements.

STRATEGIES IN PLACE TO OPTIMISE DIDO OR FIFO EXPERIENCE

FOR EMPLOYEES AND THEIR FAMILIES, COMMUNITIES AND INDUSTRY GENERALLY

Thiess ensures the necessary mechanisms are in place to support DIDO and FIFO arrangements. Such mechanisms include:

- Quality of the camp facilities and infrastructure
- Provision of family time in camps so the families gain an appreciation of camp life
- Lifestyle-friendly rosters such as 8/6 or even time
- Flexibility with leave arrangements