

Introduction

- 1.1 The Australian resources sector is an integral part of our national economy and national identity. It is what keeps many parts of remote and regional Australia flourishing, offering employment opportunities and building communities.
- 1.2 The phenomenon of fly-in, fly-out (FIFO)/ drive-in, drive-out (DIDO) workforce practices, while not new in this country, is becoming an increasingly widespread feature of workforce provision in Australia.
- 1.3 FIFO/DIDO workforce practices are used to deliver a range of services to remote and regional communities, for example, the work practice is utilised by the medical sector to provide general and specialist medical services to small, remote communities.
- 1.4 Nonetheless, FIFO/DIDO work is predominately associated with the resources industry. It is necessary for the servicing of isolated resource projects and construction phases of resource projects when workforce needs are high but short-lived. However, it is also now regularly being utilised to provide a permanent operational workforce adjacent to established regional towns which led to the call for this inquiry to be established.
- 1.5 Supporting the continued development of the resources industry is and should be seen as a national priority. However, this must be done by enhancing rather than at the expense of regional Australia.
- 1.6 The Committee travelled widely throughout the inquiry, visiting resource communities and FIFO/DIDO 'hubs'. In each town it was acknowledged that in a country as vast as Australia, some inequity in cost of living, infrastructure and service provision is inevitable. However, Australia is also a wealthy country and the growth of the resources industry and accompanying FIFO/DIDO workforce practices are exacerbating to an

extreme level the divide between the cost of living in metropolitan and regional Australia.

- 1.7 FIFO/DIDO presents two very different faces depending on whether the perspective is from a 'host' or 'source' community.
- 1.8 On one side, disturbing stories were told of local residents being pushed into FIFO/DIDO work, children's sporting teams being disbanded due to the lack of available volunteers, doctor's surgeries being unable to service local residents and young women being afraid to walk the street of their home towns because of the number of young men on the streets.
- 1.9 In most towns, the Committee spoke to young people and when asked whether they would stay in their hometowns after school, the resounding answer was no. Some wanted to experience life in a new town and work in a different industry, but others simply could not afford to stay in town on the low wages they could expect as apprentices or trainees.
- 1.10 Accommodation prices are pushing many out of the property market. A three bedroom house in Moranbah or Port Hedland can attract the same, double or even triple the rent of a property with harbour views in Sydney's Double Bay.
- 1.11 On the other side of the story, FIFO/DIDO work practices have allowed many Australians the opportunity to access the wealth of the mining industry without uprooting their families and social networks and, for those who reside in metropolitan areas, maintaining access to the full amenity that comes with urban living. These work practices can allow both spouses to pursue fulfilling careers and for the FIFO/DIDO parent – predominantly fathers – to spend large blocks of time away from work to concentrate on full-time parenting.
- 1.12 Labour and skills shortages mean that employers need to offer a range of work practices, including FIFO/DIDO in order to attract employees. FIFO/DIDO work practices can provide expertise to resource extraction operations and, more broadly regional communities.
- 1.13 FIFO/DIDO work practices are necessary and appropriate for operations in remote areas and the labour intensive construction phase of resource projects. The Committee was encouraged to hear from a number of resource companies that are committed to building regional communities and, where FIFO/DIDO is utilised, it is intended that this should be for a short time or last resort only.
- 1.14 FIFO/DIDO should not be utilised as the primary work practice where it undermines the liveability of regional Australia. In some areas liveability is becoming so eroded that the choice to 'live-in' rather than FIFO/DIDO is simply not available. Concerns were expressed throughout the inquiry

that FIFO/DIDO would become such a norm that future generations would not realise that the option of living in regional Australia is available to them.

- 1.15 Migration from regional areas to cities of people in search of employment opportunities is common in periods of downturn and regional communities understand the need for people to pursue employment. However, they question why, when the jobs are available in regional areas, that little corresponding regional migration occurs.
- 1.16 The large-scale migration to Perth, Brisbane and towns like Mackay to pursue FIFO/DIDO jobs demonstrates that people are willing to move for work opportunities and will understandably reside where the money is on offer. However, whether imposed by government or encouraged by industry, conditions discourage moves to resource communities such as Karratha, Kalgoorlie or Moranbah and this is not a sustainable practice either for companies or regional areas.
- 1.17 From the 1960s to the mid-1980s, the development of the resources industry primarily relied on residential workforces. It was common practice for companies to establish resource communities to accommodate mine employees and their families. During the 1980s, many resource companies relinquished responsibility for standard functions, accountability and assets in resource communities to local and state governments.
- 1.18 Whilst resource companies may no longer have full control and responsibility for resource communities; as major employers, they have a corporate and ethical responsibility to support the communities that support them in a more holistic way than can currently be observed in many towns.
- 1.19 It is time to move beyond the notion that resource companies are responsible for building towns and move towards the notion that resource companies will share the value of their operations though a legacy of strong, vibrant communities with diverse economies.
- 1.20 It is also time to move beyond the notion that the resources industry is temporary. The resources industry does have peak times of prices, production and investment but it has also proven itself to be a functional and sustainable industry that will be a contributor to the Australian economy in the long-term future. The world will continue to be hungry for resources and while resources remain to be exploited, the resources industry will remain resilient.
- 1.21 In many circumstances, measures to ameliorate the impact of FIFO/DIDO work practices are under the control of local and state governments and private sector companies and these bodies are under no obligation to

respond to the recommendations of a committee of the Commonwealth Parliament.

- 1.22 The Committee intends this report to be a comprehensive discussion on the issues raised by FIFO/DIDO workforce practices. Where there are actions that can be undertaken by the Commonwealth Government, the Committee has made these recommendations. Acknowledging the positive contribution that many companies currently make in regional communities, where the Committee has identified actions that should be undertaken by local or state governments, or by resource companies, it has highlighted these proposals.
- 1.23 A key challenge faced by this inquiry was the lack of nationally consistent data on the scope, effect and cost of FIFO/DIDO work practices. It is very easy to identify problems, but without a real grasp on the figures involved, it is difficult to propose solutions. Many of the Committee's recommendations are aimed at meeting this gap. While the anecdotal evidence is convincing, sound policy responses need sound research and analysis. There is an urgent need for a comprehensive Commonwealth Government policy regarding the FIFO/DIDO workforce practice and its impact on regional communities and the recommendations in this report should be treated with an equal urgency.
- 1.24 What is clear from the evidence and the Committee's experiences in Canada and Mongolia is that when governments place expectations on companies, this sets the standards and the expectations of the community and the compliance of companies.
- 1.25 In both Canada and Mongolia, the same companies that operate in Australia are behaving with greater regard for the communities in which they are operating. Indeed in Mongolia, Rio Tinto is actively investigating the long-term implications of the FIFO/DIDO workforce compared to the social and economic benefits of investing in a residential community.
- 1.26 Higher expectations need to be held by Australian governments at all levels regarding the behaviour of resource companies towards regional communities.

Definitions

- 1.27 For the purposes of this inquiry, FIFO/DIDO is understood as work which is undertaken by long-distance commuting on a regular basis for an extended period at such a distance from the employee's home that they are not able to return to their permanent residence at the end of a shift.

- 1.28 Whilst FIFO is the most commonly understood acronym referring to long distance commuters, 'drive-in, drive-out' (DIDO) practices are becoming increasingly common, particularly in Queensland and New South Wales. DIDO is an equivalent to FIFO and does not refer to those workers who have a long daily return commute to their place of residence.
- 1.29 A number of terms were used during the inquiry that refer to long distance commuting –
- fly-in, fly-out – FIFO
 - drive-in, drive-out – DIDO
 - bus-in, bus-out – BIBO
 - ship-in, ship-out – SISO
- 1.30 For ease of reading, 'FIFO' has been used throughout the report. Unless another mode of transport has been specified, where the term FIFO has been used it should be taken as meaning non-resident long distance commuters as defined above and regardless of mode of transport.
- 1.31 The inquiry has not investigated FIFO/SISO in the context of off-shore oil and gas-rigs as the work practice in this industry does not directly impact on regional communities in the same way as the resource industry and there is simply no alternative to FIFO. Nonetheless, the recommendations in this report may have relevance for these operations and workers.
- 1.32 Seasonal agriculture work has not been considered in the context of the inquiry as although some individuals may undertake this work on an annual basis, it does not fall under the definition of regular long distance commuting.
- 1.33 The report refers to 'remote' and 'resource' communities. 'Remote' communities, and mining operations, are taken to mean those locations that are more than daily commuting distance from a well-established community. 'Resource' communities, and mining operations, are understood to be those locations that are within a reasonable daily commuting distance to a well established community.

Conduct of the inquiry

- 1.34 On 23 August 2011 the Minister for Regional Australia, the Hon Simon Crean MP referred the inquiry to the Committee. The Committee sought and received submissions from a wide range of organisations and individuals, representing local and state governments, employer organisations, industry groups, academics and unions.

- 1.35 The Committee received 232 submissions and 23 supplementary submissions. A list of submissions is at Appendix A. All public submissions are available on the Committee's website.¹
- 1.36 The Committee received 21 exhibits provided during public hearings and inspections. A list of exhibits is at Appendix B.
- 1.37 The Committee held 26 public hearings across South Australia, Queensland, Western Australia, New South Wales, Victoria and in Canberra. The Committee heard from 275 witnesses at public hearings and provided an opportunity at most hearings for individuals to make short statements. In total, 42 people provided statements to the Committee at these sessions.
- 1.38 The Committee also conducted site inspections in all of the above states and in the Northern Territory. The Committee offers its sincere thanks to all of those individuals, organisations and business that hosted it. These visits were invaluable to the inquiry and gave the Committee a full appreciation of the scope of the issues being raised by the FIFO workforce practice. Witnesses and public hearings and site inspections are listed at Appendix C.
- 1.39 The Committee was selected for the annual parliamentary committee visit to the Asia-Pacific region. This delegation allows parliamentary committees to explore issues relevant to it in two countries in the Asia-Pacific region as well as promote the work of the Australian Parliament and strengthen relationships in the region.
- 1.40 The Committee chose to visit Canada and Mongolia for this delegation. The delegates representing the Committee were Tony Windsor MP, Barry Haase MP, Kirsten Livermore MP and Michael McCormack MP.
- 1.41 The visit to Canada allowed the Committee to explore how this country is dealing with FIFO at a local, state and federal level. Canada has many similarities to Australia, however the approach and empowerment of local governments is markedly different and much can be taken from this experience.
- 1.42 Mongolia's resource economy is newly emerging and FIFO is a key feature, so this visit allowed the Committee to share some of its learning from this inquiry as well as investigate the approach taken by Australian companies operating in this region under similar geographical conditions to remote Australia.
- 1.43 In addition, Mongolia is a relatively new democracy and our parliamentary relationship is an important one. The visit was a good opportunity to highlight the work undertaken by parliamentary

1 <aph.gov.au/ra>

committees as well as build and strengthen the parliamentary relationship.

- 1.44 The delegation program is at Appendix D and the findings from the delegation are incorporated throughout the report.

Structure of the report

- 1.45 Chapter 2 discusses current and future use of FIFO workforces in Australia and the history of the resource industry's development of regional Australia.
- 1.46 Chapter 3 presents the concerns raised by regional resource communities about the impact that the work practice is having on their communities and Chapter 4 discusses the experience of the FIFO worker.
- 1.47 Chapter 5 focusses on the governance issues for which the Commonwealth has specific responsibility for, including the taxation regime, the electoral system and the response to FIFO from Commonwealth agencies.
- 1.48 Chapter 6 raises the issue of the FIFO workforce in the delivery of health services and concludes with a discussion of the need for more regional training delivery.