



**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) workforce practices in regional
Australia**

Northern Territory Government

2011

Executive Summary

The remoteness of many mining operations of the Northern Territory (NT) and on-going local skills shortages means that fly-in, fly-out (FIFO)/ drive-in, drive-out (DIDO) worker arrangements are utilised frequently in the NT.¹ FIFO/DIDO work practices are likely to continue for the foreseeable future with additional major projects in the NT expected to further increase the demand for skilled workers.

FIFO/DIDO arrangements can lead to both positive and negative outcomes for FIFO/DIDO workers and their families and for local communities that host or provide mobile workers. A key policy challenge lies in assisting communities affected by FIFO/DIDO work practices to reap the benefits of the mining boom while managing the strains that come from rapid expansion and increased pressure on infrastructure, services and resources.

In communities where new operations are established, investment in additional infrastructure and services to service mobile workers may afford an increased standard of living to community members more broadly. Communities which have the capacity to supply or service a FIFO/DIDO workforce may benefit from having new employment opportunities made available to them; from the 'repatriation' of earnings into the home communities; and from investment in local skills building.

However, communities may also experience pressures on the delivery of services if there is a time lag between the demand and the supply of new services. Similarly, communities which lack suitable and affordable housing to accommodate both FIFO/DIDO workers and residents, and residents may see FIFO/DIDO arrangements as adding to existing stresses. The prevalence of mobile workers in a community may also unintentionally reduce investment in the training and employment of resident workers.

There may be a number of strategies to optimise the benefits of FIFO/DIDO workforce arrangements for individuals and communities including: an Indigenous work experience model providing pathways to employment; family-based budgeting education programs; a greater emphasis on family-friendly employment policies; and investment by companies in community life and development.

The NT Government is implementing a range of initiatives relevant to FIFO/DIDO which are aimed at meeting the needs of industry and local communities including: a National Apprenticeship Program; a Reciprocal Scheme between Queensland and the NT; local workforce engagement strategies; and amendments to the NT Mining Management Act aimed at increasing the benefits to communities of mining activity in their region.

The NT Government notes that there are significant data gaps for this part of the Australian workforce which make it difficult to assess the benefits and drawbacks of FIFO/DIDO practices. There would be merit in the Australian Government establishing a framework and mechanisms for data collection and analysis to support policy development for this section of the labour market.

The NT Government Submission provides more detailed information to address each of the Inquiry's Terms of Reference below.

¹ Following the practice of the Australian Bureau of Statistics, this submission defines the entire Northern Territory, including metropolitan centres such as Darwin, Katherine and Alice Springs, as 'regional Australia'.
Northern Territory Government Submission – Inquiry into Fly-in, Fly out/Drive-in, Drive-out Mining Operations

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

FIFO/DIDO work practices are widely used in the Northern Territory (NT), particularly in the mining sector and in the context of large infrastructure and development projects in the Darwin region. Some examples of current FIFO operations in the NT include: the Xstrata McArthur River Mine near Borroloola, the Newmont Tanami projects, the Rio Tinto Alcan Gove operation and the GEMCO manganese operation at Groote Eylandt. FIFO workers were also used in the construction of the ConocoPhillips LNG plant at Wickham Point between 2003 and 2005. The model is expected to continue in the NT to meet the needs of the proposed INPEX Ichthys Project. Over 3000 FIFO workers are expected to commence work on this project at Blaydin Point between 2012 and 2016. FIFO worker arrangements are increasingly being utilised in the construction of major roads in remote areas.

FIFO/DIDO workforce arrangements will also remain an important means by which workers from communities with limited employment opportunities can travel to centres where there are jobs.

A lack of adequate data; however, prevents any detailed discussion on the current and projected estimates of mobile workers in the NT. The Australian Bureau of Statistics does not produce regular reports on FIFO/DIDO workers in the NT.

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

The benefits for companies in the NT utilising FIFO/DIDO include:

- ability to access a skilled and available workforce which can be deployed as needed, particularly when workers with specialised skill-sets cannot be sourced locally;
- flexibility to deal with numerous small jobs in individual communities, (sometimes at short notice), that would not justify the recruitment of a permanent resident workforce;
- ability to construct workers' camps at relatively low cost compared to sourcing more permanent housing for staff; and
- capacity to maintain and deploy experienced work teams on projects in different locations.

The benefits for individuals and families of FIFO/DIDO arrangements include the flexibility to reside in their chosen location when not working.

Costs

The NT Government is not in a position to comment on the financial costs of FIFO/DIDO arrangements.

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

Positive effects

Services and infrastructure established to meet the needs of a non-resident FIFO/DIDO workforce may enhance the well-being of communities by enabling residents to access a better standard of living.

The requirements of a FIFO/DIDO workforce may generate new business opportunities in established communities. This aligns with the NT Government's long term strategy to diversify and expand the economic base of regional towns ('Territory Growth Towns').

Negative effects

The increase in demand for services by a non-resident FIFO/DIDO workforce could place pressure on the delivery of services within communities.

Training of the FIFO workforce is often conducted in the home or administrative bases and not locally or on-site in remote areas. This reduces the economic viability of a permanent training centre in regional locations, disadvantaging the regional residents and minimising their access to quality training. This could undermine efforts to establish training and employment pathways for Indigenous people.

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

There is limited data available to assess the impact on communities of sending large numbers of FIFO/DIDO workers to mine sites. The movement of large numbers of workers from communities could however lead to the loss of valuable workers in those communities. The absence of a high proportion of adults from a community for extended periods may affect family and community relationships and reduce the number of volunteers available to deliver community services. The NT Government notes that any future expansion of the pool of mobile workers may require a greater investment in community support.

A potential benefit of FIFO/DIDO arrangements lies in communities retaining workers and their families who might otherwise permanently leave communities to take up work opportunities elsewhere. FIFO/DIDO workers who earn income by travelling to other locations may spend a significant proportion of their income in their own communities upon their return.

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

Working Future Policy

The NT Government's Working Future Policy is a long-term strategy aimed at encouraging economic diversification in towns across the NT, including those with a large FIFO/DIDO workforce. This includes ensuring the Indigenous working age population has relevant skills for the current labour market. The NT Government is partnering with Shire Councils to develop local workforces through government work (especially repairs and maintenance work). These workforces may be well-placed to provide services to FIFO/DIDO workers, for example, taxi, laundry, catering, tourism and recreation services. Jabiru is an example of a town with a large FIFO/DIDO workforce which has become economically diversified as a result of the presence of a FIFO/DIDO mining operation.

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

There is currently a paucity of data available on the skill sets targeted for mobile workers. The NT Government believes the current demand for skills centres on: electricians, welders, mobile plant operators, fitters, scaffolders, riggers, truck drivers, trades (electrical, mechanical, plant operator), town planners, project managers, human resources managers, injury management specialists, surveyors and hospitality staff.

Appropriately accredited or licensed workers, from professionals through to trades people, are not always available in remote locations and insufficient ongoing work makes it difficult to permanently base such qualified people in remote communities.

Both the NT Government and Australian Government are working to support training that will allow individuals to work within their own communities, as well as be part of a mobile workforce that can potentially operate across the Territory.

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

The NT Government has a number of concerns in relation to the provision of services, infrastructure and housing availability for FIFO/DIDO workers.

A key concern is the availability and affordability of housing for rental and purchase in the NT. The increase in demand for housing created by FIFO/DIDO workers inflates prices and moves houses out of the reach of some individuals, especially those who do not have access to the relatively high wages of the FIFO/DIDO workforce. The NT Government is also aware that FIFO workers are sometimes required to camp or sleep in swags within the facility undergoing construction or maintenance.

In order to address these concerns, there may be merit in exploring the greater use of transportable housing; requiring mine operators to ensure the adequate supply of accommodation and services and encouraging mine operators to make greater use of contractors to provide services to FIFO/DIDO workers.

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

The NT Government suggests that strategies for optimising the FIFO/DIDO experience should be investigated in partnership with the mining industry. Some options which may warrant further investigation include:

- Enhancing the experience for FIFO/DIDO employees through an Indigenous work experience model and targeted recruitment in communities;
- Introducing a family-based banking or budgeting education program;
- Maximising the actual time sharing opportunities for families when workers are at home by scheduling breaks to correspond to weekends and times when partners and children are at home; and
- Investment by companies in social capital, for example, facilitating community events which allow employees and their families to be part of a wider community or supporting the development of facilities for families in their home location.

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

There are a number of opportunities for non-mining communities in the NT to diversify their economic base, including through:

- Development of mobile workforces: As outlined earlier, access to FIFO/DIDO work opportunities may offer an important solution to unemployment in regional and remote communities.
- Indigenous Workforce Development: The use of FIFO/DIDO work practices in mining operations provides significant opportunities for the employment of Indigenous people in remote communities in the NT. An Indigenous Workforce Development model could include mobility, work experience and targeted recruitment and training practices. The model should be complemented by a package that includes travel assistance, accommodation support, cultural support and life skills education, for instance, in budgeting.

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

Examples of current initiatives and responses at the Commonwealth, State and Territory Government level include:

National Apprenticeships Program: The recently launched National Apprenticeships Program (NAP) initiative provides a framework where FIFO/DIDO workforces are sourced from regional Australia for a particular project and site location. The NAP fast tracks trainees who qualify for a forty per cent 'Recognition of Prior Learning' credit, and who complete their apprenticeship within two years on a particular project. The sponsor employer pays all expenses but the home jurisdiction pays for the training to be conducted in the home location on block releases from interstate work. This initiative has employees remaining in their home base for training and family security which provides an incentive for the trainee to return to the home base once completing the training commitment to meet local skill shortage demands.

The NT Government believes that targeted Vocational Education and Training in regional areas is very important. It recommends that the NT initiatives created by Charles Darwin University in Tennant Creek and Darwin for specific trade programs for the gas and mining industries be replicated in other areas, both urban and remote, to deliver the appropriate skills and qualifications required to meet the growing needs of industry across the NT.

Reciprocal Scheme between Queensland and the NT: The NT Government is currently investigating a reciprocal program to support a project in Queensland. FIFO/DIDO trainees sent interstate from the NT will return to the NT for training and to their family base. When a large project is undertaken in the NT, the NT will then attract reciprocal FIFO/DIDO trainees from Queensland.

The NT Government refers the Committee to the approach by the Queensland Government of mandating a minimum percentage of local workers when projects are developed subject to availability of local labour and suggests that this model warrants further consideration.

Opportunities created by amendments to the NT Mining Management Act: Proposed amendments to the NT Mining Management Act would require proponents to provide a Community Benefits Plan. The Plan would detail how an operator intends to engage with a local community to ensure an appropriate level of expenditure in that community and the provision of other tangible benefits. These Plans could provide a means for influencing the use of FIFO/DIDO arrangements, but would need to be carefully considered in terms of economic impact to the proponent versus real benefits gained for the community.

11. Any other related matter.

None

Conclusion

The mining industry in the NT faces challenges of rapid expansion and severe skill shortages, while many regional communities face chronic unemployment, minimal service provision and an inadequate supply of accommodation.

The NT Government recommends that the Commonwealth consider building a long-term strategic partnership with mining companies and State and Territory Governments in order to ensure that FIFO/DIDO work practices are sustainable and support, rather than undermine efforts to foster the economic development of regional centres.

There is a need to consider the implementation of appropriate Indigenous training and workforce development strategies to ensure remote communities in the NT derive tangible, long-term benefits from FIFO/DIDO workforce practices in the mining and construction sectors.

The NT Government supports an evidence-based approach to policy-making and therefore recommends that consultation with peak bodies in the sector occur to institute arrangements for the collection and reporting of relevant data to inform future policy development.

The NT Government looks forward to working with the Federal Government and the Committee on any strategies to improve outcomes in relation to the use of FIFO/DIDO workforce in mining operations.