



The skills advisor to the resources sector

**Inquiry into the use of Fly-In Fly-Out (FIFO)
and Drive-In Drive-Out (DIDO) work practices
in regional Australia**

**A submission to the House of Representatives
Standing Committee on Regional Australia**

May 2012

Mr Tony Windsor, MP
Chair
Standing Committee on Regional Australia
House of Representatives
PO BOX 6021
Parliament House
Canberra ACT 2600

Dear Mr Windsor,

On behalf of Kinetic Group I would like to submit the following submission to the House of Representatives Standing Committee on Regional Australia in relation to the Inquiry into the use of Fly-In Fly-Out (FIFO) and Drive-In Drive-Out (DIDO) work practices in regional Australia.

The following submission provides an overview of Kinetic Group's role as the skills advisor to the resources sector and outlines our recommendations to help the Senate Committee appropriately frame and respond to the key issues at hand.

Our organisation is committed to ensuring a skilled workforce for a sustainable future, and devising a sustainable FIFO/DIDO workforce practice is imperative.

On behalf of Kinetic Group, I would be more than happy to discuss any of the information contained in this report in more detail to aid in your inquiry.

Yours sincerely,

Derek Hunter
CEO, Kinetic Group

Executive Summary

Kinetic Group has prepared the following submission for the House of Representatives Standing Committee on Regional Australia's inquiry into the use of Fly-In Fly-Out (FIFO) and Drive-In Drive-Out (DIDO) work practices.

Kinetic Group has a unique understanding of the capabilities required of a modern resources sector workforce, and works to ensure a skilled workforce for a sustainable future.

While the debate regarding FIFO and DIDO work practices is extensive and complex, this submission will focus on how the current screening and selection process, and a lack of support services, is significantly jeopardising the effectiveness and stability of the Non-Resident Workforce work practice.

Kinetic Group holds the firm view that FIFO and DIDO work practices are a necessary tool to provide resources industry workforces in remote areas.

However, major retention issues impacting non-resident workforces signal the need to implement more appropriate screening and selection processes and support services to ensure the long term sustainability of this work practice.

The following submission provides a detailed summary of the FIFO and DIDO workforce practice and articulates clear recommendations to alleviate its unstable nature.

Introduction

About Kinetic Group

Kinetic Group is the skills advisor to the resources sector.

Formerly the Mining Industry Skills Centre, Kinetic Group has a unique understanding of the capabilities required of a modern resources sector workforce, and works to ensure a skilled workforce for a sustainable future.

Our role as the skills advisor for the resources sector is to work directly with industry and governments to find solutions to the challenges of planning, and developing a modern workforce for the sector.

Kinetic Group is the Queensland Industry Skills Body and the voice of industry on skilling in the resources sector both in Australia and internationally.

As a Not-For-Profit organisation, any profits made from the sales of our products and services are not paid out to shareholders but are re-invested into the industry through initiatives such as subsidising the cost of products and services; coordinating networks, focus groups and taskforces; undertaking research projects; and providing advice and support services etc.

About the role of FIFO and DIDO in the resources sector

Kinetic Group holds the firm view that FIFO and DIDO work practices are a necessary tool to provide resource industry workforces in remote areas.

The practice was borne of a need to support the sheer number of workers required on mine sites. With no existing community facilities or housing options available to them, camps were set up to accommodate workers.

The non-resident workforce model is appealing for resources companies because it allows an employer to tap into the most talented and skilled workers unrestricted by geographic location.

Key facts

Despite the prevalence and necessity of a non-resident workforce model, there are a number of key points which make the current practice unsustainable and in need of revision:

The key statistics used in this submission are presented in the Kinetic Group Heartbeat Report 2012, an annual workforce report of the resources industry. The full report was launched to industry on 16 May 2012 and is available for download on the Kinetic Group website.

The Kinetic Group Heartbeat Report 2012 draws on a comprehensive sample of human resource data covering 56% of the Queensland mining industry's workforce; with data collected from more than 30,500 employees across 9 participating organisations.

Given the study's significant sample and robust methodology, the Committee can accept the findings with a high degree of confidence.

- A FIFO/ DIDO workforce is less stable and turnover is high

The annual turnover in the sector, including contractors, is 24.4%. Of all separating employees, 18.4% left within the first 12 months of employment.

When we drill down to the annual turnover rate for the Non- resident workforce specifically, this rate is significantly higher than the wider workforce – more than double, in fact.

- A FIFO/DIDO workforce is projected to rapidly increase over the next few years

Almost one third of current mining employees in Queensland live more than 300km from their place of work and forecasts suggest that non-resident workers will increase by up to 5,000 by 2014.

One third of the Queensland resources sector workforce is FIFO/ DIDO and with the growth of the sector set to increase, so to will the demand for a non-resident workforce.

- FIFO/DIDO workers go through the same selection and screening process as regular workers

Regardless of the mode of work (non-resident or resident), anecdotally, the selection and screening process for potential employees cross industry is the same.

This means there is no variance in the selection criteria to specifically address candidate suitability for a FIFO/DIDO work practice.

- There is no other alternative workforce practice to support and ensure the growth of the resources sector

Given the geographic restrictions of mining opportunities, and the rapid timeframes in which industry growth is anticipated, a Non-resident workforce is the only recruitment avenue available to resource companies to ensure they have suitable and appropriately skilled people on mine sites.

- There is a lack of skilling opportunities available to regional communities

The infrastructure and opportunities are not available to people in regional communities unless they are willing or able to move to larger city centres. People in regional communities have little or no chance to develop the skills required by mining companies to support career development in the resources sector.

Recommendations

While FIFO and DIDO work practices are a necessary tool to manage resources industry workforces in remote areas, major retention issues plaguing non-resident workforces signal the need to implement more appropriate screening and selection processes and support services to ensure the long term sustainability of this work practice.

Key recommendation one: Revision of the current process for the selection and screening of applicants

It is imperative that the current process for selecting and screening applicants destined for FIFO/DIDO work be revised.

The attrition rate for the industry is estimated to represent more than \$140 million in associated costs per year.

Of the estimated 9,500 people leaving organisations within the sector each year, 18.4% had commenced their employment in the last 12 months. The annual turnover rate for the non- resident workforce, specifically, is significantly higher than the wider workforce and is more than double the annual industry rate.

Our research suggests that reasons for leaving the sector after such a short time are all related to employee expectations not being met, whether it's due to job fit, working conditions, geographic location or inadequate support.

We believe that structured information courses that specifically address the realities of a fly-in fly-out lifestyle, shift working and isolated communities will go some way to informing potential employees of the significance of the decision they are facing and also help industry reduce the attrition rate.

Often blinded by the lure of money, implementing courses such as this across industry during the screening and selection phase of recruitment will help resources companies appropriately filter and identify workers fit for a FIFO-DIDO lifestyle.

This will help us reduce the attrition rate and create more stability in FIFO/DIDO work.

Key recommendation two: implementation of school-based educational pathways

Significant attention in this debate must be paid to appropriate educational pathways for school leavers.

While we recommend implementing a revision of the current selection and screening processes to include more informative courses which discuss the realities of the FIFO lifestyle for current workers, it is imperative to also educate school leavers in a bid to establish education pathway opportunities.

As the 'next generation' of new entrants to industry, an understanding of FIFO work practices will help manage expectations and ensure those new entrants to the industry have made an informed decision to become a 'career miner' before moving forward with formal training and qualifications.

Education at a school level will help ensure potential employees have made an informed decision about their career and its associated work practices before undertaking further tertiary study or training and applying for resource industry jobs.

Key recommendation three: Provision of skilling opportunities in regional areas, using technology to skill a local workforce

A more balanced makeup of Non-Resident and Resident workers would stabilise the workforce practice. As discussed previously, people in regional communities have little or no chance to develop the skills required by mining companies to support career development in the resources sector. Providing specific skilling opportunities and support to people in the local mining area will help support an uptake in local skilled workers.

Key to the success of this will be the adoption of cutting edge technology, creating realistic, simulated learning environments to ensure rapid and advanced skilling.

Worldwide, the performance of the resources industry is restricted by the shortage of appropriately skilled people. Its needs are not being met and the shortfall is increasing at an accelerating rate. With the demand high and continuing to grow, traditional approaches to skilling and training are not meeting this demand.

Automation technology has outpaced workplace skills development and urgently requires highly specialised resources and approaches.

Technology-assisted training is well established in other high-risk sectors (aviation, defence) but significantly underutilised in the resource sector.

This recommendation outlines the need to provide skilling opportunities for local workers in the area, using integrated technology-assisted learning to accelerate timeframes for skills development.

Examples include simulation, automation and serious gaming techniques.

Key recommendation four: Implementation of more appropriate support services for non-resident workers and their families

For FIFO/DIDO workers, working in isolation and away from the support of family and friends is very challenging. We feel it is imperative to implement more appropriate support services for Non-resident workers, including appropriate networks for their families.

Types of support should include on-site counselling and financial support, as well as support avenues for the families of miners.

Much like the content of information sessions recommended previously, support mechanisms for the families of potential and current employees will establish an understanding of the impact of the work practice on their work-life balance.

Resources companies should take ownership of this service and facilitate direct networking for families of FIFO miners. The Defence Force is an exemplary case study of how to foster a sense of community and belonging among the families of those serving away from home.

Conclusion

Ultimately, it is imperative to stabilise the FIFO and DIDO work practice for resource sector employees. Kinetic Group feels strongly that in implementing the recommendations discussed in this submission, the resources sector will be armed with a sustainable, long term workforce practice that creates stability for the projected growth of the industry, the non-resident workforce, their families and regional communities.