
The Parliament of the Commonwealth of Australia

Cancer of the bush or salvation for our cities?

**Fly-in, fly-out and drive-in, drive-out workforce practices in
Regional Australia**

**House of Representatives
Standing Committee on Regional Australia**

February 2013
Canberra

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Cover photograph: Workers boarding a flight in Port Hedland, WA, March 2012.
Photograph credit: Michael McCormack MP, Member for Riverina



Contents

Foreword	vii
Membership of the Committee	xi
Terms of reference	xiii
List of abbreviations	xv
List of recommendations	xix
Identified areas for action	xxv

THE REPORT

1 Introduction	1
Definitions	4
Conduct of the inquiry	5
Structure of the report	7
2 The FIFO workforce practice for resource development.....	9
Purpose-built company towns	9
Long distance commuting	12
The emergence of fly-in, fly-out workforce practices	12
Current profile of the resource industry	13
Workforce profile	16
Labour shortages and conditions	18
Workforce outlook	23
Construction workforces.....	24
Operational workforces	25
Workforce projections	26

Workforce and population data	28
Population-based funding for services	30
ABS definitions.....	34
Challenges in data collection.....	37
Committee comment.....	39
3 'Fly-in' communities	41
Community image and social cohesion	44
'Us' versus 'them'	46
Safety.....	49
Community engagement	51
12-hour shifts	53
Drive-in, drive-out after 12 hour shifts	56
Economic impact	58
Medical services	61
Economic diversification	63
Tourism	64
Business development.....	69
Choice	72
Community benefits	73
Local government involvement in planning	75
Royalties for regions and local government capacity	77
Housing affordability	79
One solution – adequate land release.....	84
Commonwealth assistance	85
4 'Fly-out' communities	89
The FIFO worker experience	92
Accommodation standards.....	93
Health impacts on FIFO workers.....	96
Committee comment.....	100
FIFO families	101
The impact on children	103
'Source' communities	106

	Impact on source communities.....	109
	Benefits for Indigenous communities	110
	Committee comment.....	112
5	Governance.....	113
	Taxation	113
	Fringe benefits tax.....	115
	Zone tax offset	122
	Voting and electoral enrolment.....	126
	Voting accessibility	127
	Committee comment.....	129
	Commonwealth agencies' responses to FIFO.....	130
	Department of Regional Australia, Local Government, Arts and Sport.....	131
	Department of Sustainability, Environment, Water, Population and Communities	132
	Department of Resources, Energy and Tourism	134
	Committee comment.....	135
	Governance model.....	136
	A case study in coordinated response	137
6	Delivery of health services and local training	141
	FIFO and health professionals.....	142
	Workforce shortages	143
	Nurses and allied health professionals.....	147
	Building a residential medical workforce	151
	Committee comment.....	152
	Other services	155
	Youth services.....	155
	Policing	156
	Non-residential workforces and local communities: a case study.....	158
	Committee comment.....	159
	Training and skills development.....	160
	Skills shortages	160
	Recruitment and skills sourcing.....	165
	Local training.....	167
	Commonwealth initiatives	169

Challenges in regional education	169
Committee comment.....	171

APPENDICES

Appendix A – List of submissions	173
Appendix B – List of exhibits	181
Appendix C – List of witnesses, hearings and inspections	183
Appendix D – Delegation program	203
Canada	203
Mongolia	206

DISSENTING REPORT

Dissenting report – Dan Tehan MP	211
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LIST OF FIGURES

Figure 2.1	Share of Exports, by industry of origin, 2006/07	14
Figure 2.2	Share of Exports, by industry of origin, 2010/11	15
Figure 2.3	Operations workforce growth predictions.....	26
Figure 3.1	FIFO/DIDO visitor nights as a proportion of business nights, 2010	68

LIST OF TABLES

Table 2.1	Origin and workplace of Rio Tinto's regional Indigenous FIFO employees in Western Australia	21
Table 2.2	Workforce accommodation in the Pilbara region	34
Table 3.1	Moranbah Medical: Patient location, September 2011	62
Table 6.1	Persons employed in health occupations per 100,000 people, by Remoteness Area, 2006	144
Table 6.2	Occupational employment in Mining, top 20 occupations, 2010	162
Table 6.3	Skill shortages in occupations key to the resources sector, 2008 to 2010	163



Foreword

The Mayor of Kalgoorlie called the workforce practice of 'fly-in, fly-out/ drive-in, drive-out' (FIFO/DIDO) the 'cancer of the bush'. He claimed, and many others agreed, that it is eroding the way of life in traditional mining communities like Kalgoorlie, Karratha, Mount Isa, Broken Hill and Moranbah.

In a different light, FIFO/DIDO is presented as offering work opportunities to ease unemployment in cities and coastal areas, spreading the wealth of the resources industry and raising the question: could this be the salvation for our cities?

A century ago, many country people migrated to the cities in search of work as technology dictated less jobs on the land.

A century later, many see jobs being created in the mining sector in inland Australia with many of those jobs being taken up by city or coastal people who do not live where they work (FIFO/DIDO).

There are warning signs for inland Australia, particularly in those areas that are relatively closely settled, as well as opportunities for coastal regional centres. Obviously, some areas of remote Australia can only be serviced by FIFO/DIDO workforces, but many communities are concerned about the negative impacts on their towns and feel that although they may be the site of the resource activity, they not a major beneficiary.

This inquiry heard extensive arguments from both sides of the debate – the benefits that the high wages and time at home bring to FIFO/DIDO workers and their families, and the damage that the practice is doing to the prosperity of some of those in regional communities.

Above all else, this inquiry heard the mantra of 'choice' – that choice must be provided to workers to fuel the high-speed mining economy. However, the work practice is eroding the liveability of some regional communities to such an extent that it is increasingly removing the choice to 'live-in' rather than simply 'cash-in'. The subsidisation of FIFO/DIDO work practices through taxation concessions to mining corporations distorts the capacity of workers to make the choice to live and work in regional communities and in fact encourages the practice.

Despite the rapid increase in FIFO/DIDO workers in Australia and the impact the practice is having on regional communities, state and federal governments and some companies appear to be oblivious to the damage that it is causing to the lives of regional people, FIFO/DIDO workers and their families.

Some regional communities see an opportunity to become a hub for FIFO/DIDO services. The report examines the implications to those towns and the towns to which the workers travel and highlights challenges for all levels of government.

Policy makers must develop a policy mix that ensures the FIFO/DIDO work practice does not become the dominant practice, as it could lead to a hollowing out of established regional towns, particularly those inland.

The Committee commenced this inquiry not knowing what it would find. What the inquiry found was a dearth of empirical evidence. This means that the state and federal governments have no capacity to respond to this phenomenon in a way that will support regional communities. Corporate employment choices have become the regional Australia policy of many governments and this is simply unacceptable.

There are simple and practical measures that can be put in place to provide more incentive for FIFO/DIDO workers to become residential workers but foremost, governments at all levels must acknowledge that, for some communities – particularly those traditional resource communities, FIFO/DIDO is a cancer.

Regional communities need a champion. This report calls for that champion. It recognises that there are some circumstances where FIFO/DIDO is warranted – for construction and very remote operations. But for operational positions located near existing regional communities, every effort should be made to make FIFO/DIDO the exception rather than the rule.

The same resource companies operating in Australia demonstrated, both in Canada and Mongolia, that they are capable of operating profitably while building regional communities and this report challenges them to extend this approach to their Australian operations.

The inquiry also heard evidence about the use of FIFO/DIDO in delivering remote health services and the benefits that this can bring for both medical practitioners and small communities without the population to support full-time medical specialists. The report supports measures to encourage the continuation of this service provision, as long as it is not at the expense of regional healthcare.

I would like to thank the Deputy Chair, Steve Gibbons MP, and members of the Committee for their dedication to the inquiry. The Committee travelled extensively, including overseas, and has collected a significant body of evidence regarding the impact of FIFO/DIDO in regional Australia. I call on all stakeholders to take careful note of the evidence and recommendations of this report and work towards building a stronger regional Australia.

Tony Windsor MP
Chair



Membership of the Committee

Chair Tony Windsor MP

Deputy Chair Steve Gibbons MP
(from 12 January 2012)

Sid Sidebottom MP
(until 12 January 2012)

Members Hon Joel Fitzgibbon MP
(from 9 May 2012)

Barry Haase MP

Kirsten Livermore MP

Michael McCormack MP

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Secretary Glenn Worthington

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Emily Costelloe



Terms of reference

The Committee is to inquire into and report on the use of 'fly-in, fly-out (FIFO) and 'drive-in, drive-out' (DIDO) workforce practices in regional Australia, with specific reference to:

- the extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised;
- costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce;
- the effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure;
- the impact on communities sending large numbers of FIFO/DIDO workers to mine sites;
- long term strategies for economic diversification in towns with large FIFO/DIDO workforces;
- key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development;
- provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees;
- strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry;
- potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce;
- current initiatives and responses of the Commonwealth, State and Territory Governments; and
- any other related matter.



List of abbreviations

ABS	Australian Bureau of Statistics
ADF	Australian Defence Force
AEC	Australian Electoral Commission
AMA WA	Australian Medical Association of Western Australia
AMMA	Australian Mines and Metals Association
AMWU	Australian Manufacturing Workers Union
AOD	Alcohol and Other Drugs
APIA	Australian Pipeline Industry Association
ARHEN	Australian Rural Health Education Network
ARHRI	Australian Rural Health Research Institute
ASU	Australian Services Union
ATO	Australian Taxation Office
AusIMM	Australasian Institute of Mining and Metallurgy
AYAC	Australian Youth Affairs Coalition
BBRCP	Building Better Regional Cities Program
BIBO	Bus-In, Bus-Out
BREE	Bureau of Resources and Energy Economics
CCIWA	Chamber of Commerce and Industry Western Australia
CCYPWA	Commissioner for Children and Young People Western Australia

CEPU	Communications Electrical Plumbing Union
CFMEU	Construction Forestry Mining and Energy Union
CMEWA	Chamber of Minerals and Energy of Western Australia
CQU	Central Queensland University
CSRM	Centre for Social Responsibility in Mining
CSU	Charles Sturt University
CTEC	Coalfields Training Excellence Centre
CU	Curtin University
DEEWR	Department of Education, Employment and Workplace Relations
DIDO	Drive-In, Drive-Out
DIISR	Department of Industry, Innovation, Science, Research and Tertiary Education
DRALGAS	Department of Regional Australia, Local Government, Arts and Sport
EOWA	Equal Opportunity for Women in the Workplace Agency
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FBT	Fringe Benefits Tax
FIFO	Fly-In, Fly-Out
GP	General Practitioner
GPNNT	General Practice Network Northern Territory
GST	Goods and Services Tax
GUAG	Geraldton University Access Group
GUC	Geraldton Universities Centre
HAF	Housing Affordability Fund
JSCEM	Joint Standing Committee on Electoral Matters
LAFHA	Living Away From Home Allowance
LGAQ	Local Government Association of Queensland

MCA	Minerals Council of Australia
MSOAP	Medical Specialist Outreach Assistance Program
NAHRLS	Nursing and Allied Health Rural Locum Scheme
NAP	National Apprenticeships Program
NCVER	National Centre for Vocational Education Research
NCW	National Council of Women
NDCAS	Narrabri and District Community Aid Service
NHSC	National Housing Supply Council
NRAS	National Rental Affordability Scheme
RHA	National Rural Health Alliance
NRSET	National Resources Sector Employment Workforce
NRWS	National Resources Workforce Strategy
NSWRDA	New South Wales Rural Doctors' Network
NTA	National Tourism Alliance
PHAA	Public Health Association of Australia
PICC	Pilbara Industry Community Council
PPVC	Pre-Poll Voting Centre
QOESR	Queensland Office of Economic and Statistical Research
QRC	Queensland Resources Council
RaRMS	Rural and Remote Medical Services
RDA	Regional Development Australia
RDLWA	Department of Regional Development and Lands Western Australia
RET	Department of Resources, Energy and Tourism
RFDS	Royal Flying Doctor Service
RGPLP	Rural General Practitioner Locum Program
RSDC	Regional Social Development Centre
SACOME	South Australian Chamber of Mines and Energy
SEIFA	Socio-Economic Indexes For Areas

SEWPaC	Department of Sustainability, Environment, Water, Population and Communities
SISO	Ship-in, Ship-Out
STI	Sexually Transmitted Infection
TAFE	Technical and Further Education
TTF	Tourism and Transport Forum
ULDA	Urban Land Development Authority (Queensland)
VET	Vocation Education and Training
VMO	Visiting Medical Officer
WALGA	Western Australian Local Government Association
WANADA	Western Australian Network of Alcohol and other Drug Agencies
WAPC	West Australian Planning Commission
WARCA	Western Australian Regional Cities Alliance
YACWA	Youth Affairs Council of Western Australia



List of recommendations

2 The FIFO workforce practice for resource development

Recommendation 1

The Committee recommends that the Commonwealth Government fund the Australian Bureau of Statistics to establish a cross-jurisdictional working group to develop and implement a method for the accurate measurement of:

- the extent of fly-in, fly-out/ drive-in, drive-out workforce practices in the resource sector; and
- service populations of resource communities.

Recommendation 2

The Committee recommends that the Commonwealth Government, in consultation with state and territory governments, review allocation of funding for communities that receive fly-in, fly-out/ drive-in, drive-out workforces so that funding is based on both resident and service populations.

3 'Fly-in' communities

Recommendation 3

The Committee recommends that the Commonwealth Government commission a comprehensive research study to determine the actual economic impact on the demand for and consumption of local government services and infrastructure from fly-in, fly-out/ drive-in, drive-out workforces.

Recommendation 4

The Committee recommends that the Commonwealth Government commission a study of the impact of non-resident workers in regional resource towns on the provision of medical services and as a result of this study develop a health policy response that supports the sustainability of regional medical services.

Recommendation 5

The Committee recommends that the Commonwealth Government charge the Australian Small Business Commissioner to enhance the capacity of small businesses in resource communities to participate in servicing the demands of the resource sector.

Recommendation 6

The Committee recommends that the Commonwealth Government identify areas where local governments affected by fly-in, fly-out/drive-in, drive-out work practices would benefit from enhanced skills sets and develop training programs to meet the needs of councillors and senior staff in local government.

Recommendation 7

The Committee recommends that the Commonwealth Government task the National Housing Supply Council to urgently develop and implement a strategy to address the supply of affordable housing in resource communities and report to the House of Representatives by 27 June 2013 on the progress of this strategy.

4 'Fly-out' communities**Recommendation 8**

The Committee recommends that the Commonwealth Government commission a comprehensive study into the health effects of fly-in, fly-out/drive-in, drive-out work and lifestyle factors and as a result of this research develop a comprehensive health policy response addressing the needs of fly-in, fly-out/drive-in, drive-out workers.

Recommendation 9

The Committee recommends that the Commonwealth Government develop a best practice guide for employers with significant non-resident workforces aimed at assisting them to develop their own family support programs.

Recommendation 10

The Committee recommends that the Commonwealth Government commission research on the effect on children and family relationships of having a long-term fly-in, fly-out/drive-in, drive-out parent.

Recommendation 11

The Committee recommends that the Commonwealth Government commission research into the economic and social impacts of establishing regional centres as fly-in fly-out source communities.

5 Governance

Recommendation 12

The Committee recommends that the Commonwealth Government review the *Fringe Benefits Tax Assessment Act 1986* to examine the:

- removal of impediments to the provision of residential housing in regional communities;
- removal of the exempt status of fly-in, fly-out/ drive-in, drive-out work camps that are co-located with regional towns; and
- removal of the exempt status of travel to and from the workplace for operational phases of regional mining projects.

Recommendation 13

The Committee recommends that the Commonwealth Government review the *Fringe Benefits Tax Assessment Act 1986* to:

- remove the general exemption for fly-in, fly-out/ drive-in, drive-out workers from the 12-month limit of payment of the living away from home allowance;
- enable specific exemptions for construction projects that have a demonstrated limited lifespan; and
- enable specific exemptions for projects in remote areas where the fly-in, fly-out/ drive-in, drive-out work practice is unavoidable.

Recommendation 14

The Committee recommends that the Commonwealth Government review the Zone Tax Offset arrangements to ensure that they are only claimable by permanent residents of a zone or special area.

Recommendation 15

The Committee recommends that the Commonwealth Government review the Zone Tax Offset to ensure:

- that it provides reasonable acknowledgement of the cost of living in remote Australia;
- that the zones are based on a contemporary measure of remoteness;
- that the zones are based on up-to-date census figures; and
- that it includes a mechanism for regular review to ensure that the offset reflects accurate population figures.

Recommendation 16

The Committee recommends that the Commonwealth Government charge the Australian Electoral Commission to develop an electronic voting system for voters living or working in remote areas to facilitate easier access and ensure more accurate population figures are recorded.

Recommendation 17

The Committee recommends that the Commonwealth Government charge the Productivity Commission with investigating a more appropriate form of governance for remote Australia that is flexible and responsive.

Recommendation 18

The Committee recommends that the Commonwealth Government establish a dedicated secretariat, within an existing government department and based on the Province of Alberta Oil Sands Sustainable Development Secretariat, with responsibility for consulting with state governments and the resources industry in order to:

- compile nationally consistent data regarding the impact of fly-in, fly-out workforces on housing, infrastructure, healthcare, education, social services and future planned resource development;
- develop a regional social and infrastructure impact methodology that will assist resource companies and local governments in assessing the impact of current and planned resource projects including cumulative impacts;
- develop regional infrastructure plans; and
- develop, promote and coordinate community benefits agreements.

6 Delivery of health services and local training**Recommendation 19**

The Committee recommends that the Commonwealth Government develop strategies and targets for achieving fair access to health services for people living in regional and remote areas recognising the use of fly-in, fly-out/drive-in, drive-out health services, providing for appropriate funding and infrastructure support.

Recommendation 20

The Committee recommends that the Commonwealth Government require each Regional Development Australia committee, in consultation with regional health groups such as Medicare Locals, to have a health focus in its strategic plan, specifically focussing on long-term workforce and infrastructure planning and the role that fly-in, fly-out/ drive-in, drive-out medical practitioners will play in future service delivery, with a primary aim to increase residential service delivery.

Recommendation 21

The Committee recommends that the Commonwealth Government develop initiatives to encourage the provision of tertiary education providers to resource communities.



Identified areas for action

Area for corporate action – community volunteer days	48
Area for corporate action – social contracts	51
Area for corporate action – mandatory ‘bus-in, bus-out’	58
Area for corporate action – reducing impact on regional airports.....	67
Area for corporate, state/territory action – small business capacity development.....	71
Area for corporate, state/territory action – social impact assessments and community benefits plans	75
Area for corporate, state/territory action – earlier engagement with local councils	77
Area for state/territory action – land release	85
Area for corporate action – placement of work camps	96
Area for corporate action – family support programs.....	103
Area for corporate action – charters from regional areas	107
Area for corporate action – local training initiatives.....	167

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.

The FIFO workforce practice for resource development

- 2.1 Australia has a long history of remote mining operations, dating back to the mid-nineteenth century. The workforce for these operations resided in small towns of varying size which were generally developed near the mine sites by resource companies.
- 2.2 The prosperity of these towns relied upon the combined efforts of communities, resource companies, workers and their families. The mine could not survive without workers and the town could not survive without the mine. The success of the community and the success of the mine were inextricably intertwined. A resource company was able to grow the economic value of the mine by increasing the social and economic value of the town and its businesses.
- 2.3 This chapter discusses the history of staffing in the resources industry, the current workforce profile and the emergence of FIFO as a workforce practice.

Purpose-built company towns

- 2.4 Early housing for resource sector workforces usually consisted of short-term accommodation such as tents, which were both inexpensive and portable.¹ The building of more permanent forms of accommodation was costly, as most of the building materials needed to be imported into Australia and then transported to site.

1 P Bell, 'Fabric and structure of Australian mining settlements', in A B Knapp, V C Pigott, E W Herbert, eds., *Social Approaches to an Industrial Past: The Archaeology and Anthropology of Mining*, Psychology Press, London, 1998, p. 30.

- 2.5 Mines which were large and prosperous enough to warrant long-term investment in accommodation, soon began to attract permanent housing and form small towns. As these towns grew, businesses servicing both the mine and its workers developed.
- 2.6 Resource communities grew or diminished in response to the availability of the resource being mined, the labour required to extract it and market returns in the operations. This cycle of settlement and abandonment of towns can be seen in the 1900s goldfields towns such as Kanowna, Niagara, Kurrajong and Lawlers.²
- 2.7 Some of Australia's first purpose-built housing for mine workers was constructed in the 'company town' of Kooringa, which was surveyed and established by the South Australian Mining Association in 1845. By 1849, the company was building cottages for its employees from materials they had imported from Europe and the Atlantic seaboard of North America.³
- 2.8 Efforts were made to invest in the development of accommodation in the town, however, approximately 2 000 people – nearly half the town's population – lived in dugouts or burrows. The South Australian census in 1851 reported that in some parts of the town, '[t]here are no houses, the dwellings being excavated in the banks of the Burra Creek.'⁴
- 2.9 This and other early attempts by resource companies to artificially develop towns were generally seen as unsuccessful. At Moonta in the 1860s, a neat government grid plan was laid out for the town, which was largely ignored by the mine workers. They chose instead to build their own cottages along their own streets, resulting in a spontaneous settlement built alongside the government-planned town.⁵
- 2.10 The lack of high-speed and reliable transportation and communication meant that remote towns were often very isolated. Travel to and from regional centres and cities was expensive and time-consuming. Inputs and outputs could only be made in short stages and many towns could only be accessed via a narrow-gauge railway system and a very poor road network.⁶
- 2.11 Apart from a few experiments in company housing, such as those in Kooringa, Australian resource companies did not provide housing to employees on a significant scale. It was not until the 1920s, with companies such as Mt Isa Mines in north Queensland and the Electrolytic

2 Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 99*, p. 7.

3 Bell, p. 31.

4 Bell, p. 31.

5 Bell, p. 34.

6 Western Australian Local Government Association (WALGA), *Submission 156*, p. 14.

Zinc Company in Hobart, that resource companies began investing significantly in the construction of company towns and the provision of company-built accommodation for their employees.⁷

- 2.12 From the 1960s to the mid-1980s, the resources industry development primarily relied on residential workforces, with twenty five new resource communities established by resource companies in Australia between 1960 and 1975 in Western Australia alone. Towns such as Tom Price, Karratha, Newman and Paraburdoo were established to accommodate mine employees and their families; whilst existing towns such as Port Hedland were developed and expanded for the same purpose. Similar development took place in Queensland in towns such as Moranbah, Dysart and Middlemount. Resource companies were assisted in this development through benefits from government in the form of lower rates and taxes.⁸
- 2.13 Large numbers of workers were needed to drive the resources industry expansion. The investment and development of towns was not motivated by philanthropy, but rather economic necessity. The success and prosperity of the mine and the community that serviced it were linked and the resource companies recognised the value in building a local labour supply chain.
- 2.14 In many cases, these purpose-built towns were classified as ‘closed towns’.⁹ The resource company, which had constructed the town, had full control and responsibility over all aspects of town management, maintenance and development.¹⁰
- 2.15 During the 1980s many of these closed towns were ‘normalised’ with resource companies relinquishing responsibility for the town’s standard functions, accountability and assets to local and state governments. Resource companies retained varying degrees of responsibility for these towns and, in most cases, continued to provide a level of support and funding for the ongoing development of community infrastructure and services.¹¹

7 Bell, p. 32.

8 WALGA, *Submission 156*, pp. 20-21; K Storey, ‘Fly-in/Fly-out and Fly-over: mining and regional development in Western Australia’, *Australian Geographer*, Vol. 32, No. 2, 2001, pp. 135-6.

9 WALGA, *Submission 156*, pp. 17-18.

10 WALGA, *Submission 156*, pp. 17-18.

11 WALGA, *Submission 156*, pp. 17-18.

- 2.16 The degree to which this occurred during this period was dependent on the level of economic diversification a town had achieved, with some towns, which were not able to achieve adequate diversification remaining partially closed.¹²

Long distance commuting

- 2.17 Due to the expense of building in remote locations, Australia has a long history of utilising mobile non-resident workforces. Many industries, such as cattle, sheep, cotton and fruit, rely on seasonal workers travelling to remote locations, staying for the season, and returning home or to a new work site after the season is completed.
- 2.18 Long distance commuting, in which workers travel long distances to work and then return to their permanent place of residence at regular intervals, only became possible with the development of reliable, affordable and rapid transportation.

The emergence of fly-in, fly-out workforce practices

- 2.19 Fly-in, fly-out (FIFO) workforce practices in the resource sector are operations in which workers, but not their families, are provided with food and accommodation at or near the mine site. Employee work patterns consist of a rostered number of days on the site, followed by a rostered number of days at their home. This regular rostered 'on' and 'off' work pattern, together with the provision of transportation and accommodation, is what differentiates FIFO from other work involving periodic absences from home.¹³
- 2.20 FIFO workforce practices commenced in Australia in the 1960s¹⁴ as a means of conveying employees to and from onshore and offshore oil rigs. As air-travel became progressively more common and cost-effective, so too did FIFO workforce practices. By the 1980s, a significant proportion of the remote resource sector workforce was FIFO and the use of these workforce arrangements was becoming increasingly common.¹⁵ The Western Australian Local Government Association (WALGA) described the level of increase: 'in the last 20 years, the number of WA FIFO employees had increased 400 per cent.'¹⁶

12 CMEWA, *Submission 99*, p. 7.

13 Storey, p. 135.

14 Australian Mines and Metals Association (AMMA), *Submission 77*, p. 6.

15 WALGA, *Submission 156*, p. 13.

16 WALGA, *Submission 156*, pp. 13-14.

- 2.21 A number of factors have been put forward to suggest the rationale behind the shift away from the construction of purpose-built company towns including:
- increasing costs associated with building and operating towns in remote locations;
 - increasing costs and difficulties of providing social overhead capital;
 - industrial disputes;
 - short project lives due to market considerations or small resource deposits;
 - long and complex approval processes associated with planning, operating and building towns in remote locations;
 - the costs associated with the closure of towns once a resource is exhausted or no longer economically viable;
 - workers' preferences for the opportunities offered by larger metropolitan areas;
 - the introduction of the *Fringe Benefits Tax Assessment Act 1986*, that categorised company housing as a 'fringe benefit', which would be taxed;
 - a tight labour market; and,
 - skilled labour shortages.¹⁷

Current profile of the resource industry

- 2.22 In 2009/10, the resource industry contributed \$121.5 billion dollars to the Australian economy; 8.4 per cent of Australia's gross domestic product (GDP).¹⁸
- 2.23 In the period 2006/07 to 2010/11, the value of exports from the resource industry more than doubled, with the resource sector's contribution to

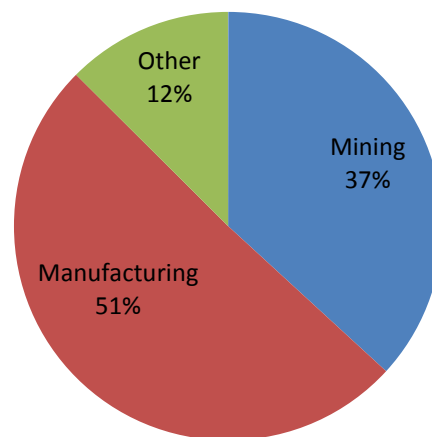
17 CMEWA, *Submission 99*, p. 12; Western Australian Regional Cities Alliance (WARCA), *Submission 89*, p. 2; Queensland Government, *Submission 109*, p. 21; City of Greater Geraldton, *Submission 111*, p. 11; Hyden Progress Association, *Submission 7*, p. 4; Bob Katter MP, *Submission 168*, p. 2; Melinda Bastow, *Submission 90*, pp. 2-3; Camille Oddy, *Submission 182*, p. 2; Jaime Yallup Farrant, *Submission 188*, p. 2; David Smith, *Submission 183*, p. 1; Shely Ourana, *Submission 187*, p. 5; Melinda Wilson, *Submission 184*, p. 2; Ron Mosby, *Submission 175*, pp. 3-4; Storey, p. 136; CMEWA, *Submission 99*, p. 12; Skills Australia, *Submission 102*, p. 7.

18 Australian Bureau of Statistics (ABS), *'Mining' Year Book Australia, 2012*, cat. no. 1301.0, ABS Canberra, 2012.

total goods exported from Australia climbing from 37 per cent in 2006/07 (see figure 2.1) to 55 per cent in 2010/11 (see figure 2.2).¹⁹

- 2.24 As of 2008, Australia boasts the world's largest economic resources of brown coal, mineral sands (rutile and zircon), nickel, silver, uranium, zinc and lead. The country also ranks amongst the top six worldwide for resources of bauxite, black coal, copper, gold, industrial diamond, iron ore, limonite, lithium, manganese ore, niobium, vanadium and antimony.²⁰

Figure 2.1 Share of Exports, by industry of origin, 2006/07



Source ABS, 'Mining', *Year Book Australia, 2012*, cat. no. 1301.0, ABS, Canberra, 2012.

- 2.25 Over the last few decades, the Australian resource industry has diversified through its exploration, mining and processing activities, as well as through the supply and development of information technology, engineering, construction and other services. The increasing globalisation of the industry and the growth of multi-national resource companies have seen an increase in Australian companies investing in overseas mines, as well as overseas investment coming into Australia for exploration and the development or expansion of mining and processing facilities.²¹
- 2.26 According to the Bureau of Resources and Energy Economics (BREE), as of the end of October 2011, there were 102 projects at an advanced stage of development, with a capital expenditure of \$231.8 billion in Australia. This

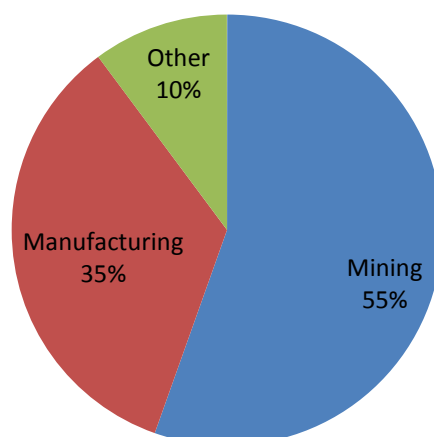
¹⁹ ABS, 'Mining', *Year Book Australia, 2012*.

²⁰ Geoscience Australia, 'Australia's Identified Mineral Resources', <ga.gov.au/minerals/mineral-resources/aimr.html>, viewed 9 August 2012.

²¹ ABS, 'The Australian Mining Industry: From Settlement to 2000', *Australian Mining Industry 1998-99*, cat. no. 8414.0, ABS, Canberra, October 2000.

is an increase of 34 per cent from April 2011, and a 74 per cent increase from October 2010.²²

Figure 2.2 Share of Exports, by industry of origin, 2010/11



Source ABS, 'Mining', *Year Book Australia*, 2012, cat. no. 1301.0, ABS, Canberra, 2012.

- 2.27 There is also significant investment being made into minerals exploration, with Australia recording its second-highest annual mineral exploration expenditure in 2010/11, totalling \$6.2 billion, 9 per cent higher than 2009/10.²³
- 2.28 Although sources disagree on the exact number of mines currently operating in Australia, according to Geoscience Australia, as of August 2011, there were 365 mines in operation.²⁴

22 Bureau of Resources and Energy Economics (BREE), *Mining Industry Major Projects*, October 2011, p. 1.

23 BREE, *Mining Industry Major Projects*, October 2011, p. 1.

24 Geoscience Australia, 'Operating Mines', <australianminesatlas.gov.au/mapping/downloads.html#spreadsheets>, viewed 9 August 2012.

Workforce profile

- 2.29 The resource sector's workforce is characterised as a high income, predominantly male workforce. According to the Australian Bureau of Statistics (ABS), as of May 2012, the resource industry employs approximately 269 300 people.²⁵
- 2.30 The workforce is predominantly full-time, with 97 per cent of workers engaged in full-time employment. The workforce is also older than the national average, with a median age of 40 years, compared to the average 37 years for the national workforce.²⁶
- 2.31 There is very little authoritative national data available on the use of FIFO workforce arrangements therefore it is difficult to establish the extent of the use of FIFO arrangements in the resource industry.
- 2.32 However, despite the lack of national data, a number of private organisations have gathered and compiled information in an attempt to define the FIFO presence in the resource industry. One such survey, of over 100 mine operators and over 18 000 resource industry personnel, was conducted by the Chamber of Commerce and Industry Western Australia in 2005 and found that in Western Australia:
- 76.5 per cent of all personnel were employed directly by mining companies;
 - 23.5 per cent of all personnel were employed by contractors;
 - 53 per cent of all mining employees (contractors and direct employees) were employed on a residential basis;
 - 47 per cent of all mining employees were employed on a FIFO basis, including 4.7 per cent utilising DIDO arrangements;
 - 62.5 per cent of directly employed personnel are residential and 37.5 per cent are FIFO; and
 - 22.3 per cent of contractor personnel are residential and 77.7 per cent are FIFO.²⁷

25 ABS, *Labour Force, Australia, Detailed, Quarterly*, cat. no. 6291.0.55.003, ABS, Canberra, May 2012.

26 Minerals Council of Australia (MCA), *Submission 118*, p. 6

27 Skills Australia, *Submission 102*, p. 9.

- 2.33 The Queensland Office of Economic and Statistical Research (QOESR) regularly produces population reports regarding the presence of FIFO workers for the resource regions of the Bowen Basin and Surat Basin. The most recent reports found that:
- approximately 6 445 FIFO workers on-shift were counted in the Surat Basin in late June 2012;
 - approximately 25 035 FIFO workers on-shift were counted in the Bowen Basin in late June 2012;
 - the Surat Basin's FIFO worker population nearly doubled in 2011/12, growing by 97 per cent;
 - the Bowen Basin's FIFO worker population increased by 22 per cent in 2011/12.²⁸
- 2.34 However, other than privately conducted or state-based reports, and a few others like them,²⁹ the only data available regarding the presence of FIFO on a national scale is the population reports extrapolated by the ABS from the analysis of 2006 census data.³⁰
- 2.35 A common theme, threaded through most of the evidence received by the Committee, highlights the inaccuracy of the census data when measuring the use of FIFO workforce arrangements and the presence of FIFO workers in regional and remote towns.
- 2.36 Andrew Henderson, the Executive Director of the 2011 census stated that:
- We would argue very strongly that the census was never designed to measure a number of the things that people are trying to measure in relation to fly-in, fly-out in the resource communities and we seriously doubt whether it could be redesigned at purpose.³¹
- 2.37 As the available data is inconclusive, a wide range of parties each makes use of their own estimates of FIFO worker presence to support their claims.

28 Queensland Office of Economic and Statistical Research (QOESR), *Bowen Basin Population Report, 2012*, June 2012, p. 1; QOESR, *Surat Basin Population Report, 2012*, June 2012, p. 1.

29 Surveys of varying focus and scope have been conducted or commissioned by, among others, the Pilbara Industry's Community Council (PICC), the Queensland Treasury, the Queensland Resources Council (QRC) and the MCA.

30 ABS, 'Towns of the mineral boom', *Australian Social Trends 2008*, cat. no. 4102.0, ABS, Canberra, 2008.

31 Andrew Henderson, Executive Director, 2011 Census, ABS, *Transcript of Evidence*, Canberra, 15 August 2012, p. 8.

- 2.38 The lack of comprehensive nation-wide data, as well as the impact that this lack of data is having on planning, funding and the formulation of policy, will be explored throughout this report.

Labour shortages and conditions

- 2.39 The resource industry is often characterised by its high wages. Labour shortages and high profitability has led to companies offering very attractive wages to entice workers, skilled and unskilled, to be employed by their operations.
- 2.40 As of February 2012, an employee in the resource industry earns, on average, \$2 269 per week; the highest average weekly earnings in any industry. This is more than double the Australian average of \$1 056 per week; and more than four times the amount that an average employee in the Accommodation and Food Services industry earns each week (\$504 per week).³²

Gender

- 2.41 The resource sector's workforce is predominantly male with only a small percentage of women employed by the industry. However, the proportion of women working in the resource sector has increased in recent years, growing from 11 per cent in 2001 to 15 per cent in 2011.³³
- 2.42 Many resource companies express a desire to increase the proportion of women in their workforces and are attempting to combat the perception that the resource industry is not suitable for female workers. Some resource companies have introduced a range of policies to make work arrangements more flexible and more attractive to women, including: compressed work hours, maternity leave and family rooms.³⁴
- 2.43 Not only are there fewer women than men employed in the resource industry, but those who are, earn considerably less. As of February 2012, a male employee in the resource industry earns, on average, \$2 405 per week. However, a female employee in the resource industry earns, on average, \$1 692 per week, 70 per cent of the average male weekly earnings.³⁵
- 2.44 The National Council of Women identified a number of challenges for women working in the resource industry. Interpersonal relationship stress

32 ABS, *Average Weekly Earnings, Australia*, cat. no. 6302.0, ABS, Canberra, February 2012, p. 13.

33 Equal Opportunity for Women in the Workplace Agency (EOWA) *Labour Force Participation*, February 2012, p. 2.

34 AMMA, *Submission 77*, p. 8.

35 ABS, *Average Weekly Earnings, Australia* cat. no. 6302.0, ABS, Canberra, February 2012, p. 13.

and family commitments are key inhibitors to working in the industry, and in particular working under FIFO arrangements.³⁶ Skills Australia concurred, stating that:

working FIFO is considered generally incompatible with starting a family and caring for young children and most women leave the industry when they start a family.³⁷

- 2.45 These inhibitors and barriers are reflected in the types of positions in which women are generally employed, with the majority of women working in support roles in metropolitan and regional centres. Skills Australia stated that women constitute only seven per cent of technical professionals and three per cent of site-based workers.³⁸
- 2.46 Some of the larger resource companies are endeavouring to address this by working with local government to try and facilitate childcare arrangements.³⁹ However, for many female workers, the difficulties and challenges remain a significant barrier to working in the resource industry and utilising FIFO workforce arrangements.

Indigenous Australians

- 2.47 The resource industry prides itself on the engagement, training and employment of Indigenous Australians, with most resource companies having some form of Indigenous employment program. The Minerals Council of Australia (MCA) stated that, in most instances, resource companies will employ any local Indigenous person with 'job readiness attributes'.⁴⁰
- 2.48 According to the ABS, as of 2006, there are 2 491 Indigenous Australians employed by the resource industry, 2.1 per cent of all employed Indigenous Australians. This constitutes 2 per cent of the 2006 resource workforce – double the average national per centage across all industries.⁴¹
- 2.49 Although there is a higher per centage of Indigenous Australians working in the resource industry than the national average, Indigenous employees earn, on average, less than their non-Indigenous co-workers. According to the ABS, in 2001, Indigenous employees earned, on average, \$993 per

36 National Council of Women (NCW), *Submission 113*, p. 2.

37 Skills Australia, *Submission 102*, p. 7.

38 Skills Australia, *Submission 102*, p. 7.

39 Skills Australia, *Submission 102*, p. 7.

40 MCA, *Submission 118*, p. 11.

41 ABS, *Population Characteristics, Aboriginal and Torres Strait Islander Australians*, cat. no. 4713.0, ABS, Canberra, 2006.

week, compared to the average of \$1 261 per week earned by non-Indigenous employees.⁴²

- 2.50 Some resource companies conduct pre-employment training for local Indigenous jobseekers. This training equips workers with the necessary skills for an entry level position in the resource industry, developing: English language skills, literacy, numeracy, basic mining skills and time management skills. Once jobseekers have attained the necessary level of skills they are considered 'job ready' and are offered an entry-level position.⁴³
- 2.51 The success of training and employment programs for local Indigenous jobseekers was noted by the NSW Government:
- Many of the mines in Western NSW are located in communities with relatively high levels of Indigenous unemployment and have demonstrated positive effects. Cowal gold mine (West Wyalong), for example, has demonstrated success in creating employment opportunities for local Aboriginal communities, while in Cobar a job compact has been established for the local Aboriginal community.⁴⁴
- 2.52 However, the resource industry is not only employing Indigenous Australians who live near mine sites; many Indigenous employees are working under FIFO arrangements. The Northern Territory Government stated that:
- 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.⁴⁵
- 2.53 Rio Tinto is the largest private-sector employer of Indigenous Australians.⁴⁶ Its workforce contains approximately 800 Indigenous employees, a number which they intend to grow.⁴⁷ Rio Tinto employs Indigenous Australians under both locally-based and FIFO arrangements. Many of the Indigenous employees who FIFO are sourced from regional centres, as shown by Table 2.1.

42 ABS, *Australian Social Trends*, cat. no. 4102.0, ABS, Canberra, 2004.

43 MCA, *Submission 118*, p. 11.

44 New South Wales Government, *Submission 145*, p. 4.

45 Northern Territory Government, *Submission 131*, p. 5.

46 MCA, *Submission 118*, p. 5.

47 Rio Tinto, *Submission 149*, p. 14.

Table 2.1 Origin and workplace of Rio Tinto's regional Indigenous FIFO employees in Western Australia

Origin	No. of Indigenous 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.

Source Rio Tinto, *Submission 149*, p. 17.

2.54 However, whilst FIFO arrangements may benefit some Indigenous jobseekers, the Centre for Social Responsibility in Mining (CSRМ) highlighted some key factors that can limit Indigenous participation in the resource sector workforce, including:

- Indigenous communities' distance from primary FIFO hubs;
- inflexible employment practices;
- camp accommodation taking people away from country, support networks and family groups; and,
- social isolation.⁴⁸

2.55 CSRМ also acknowledged the efforts made by some resource companies to address these issues including:

- on-site and in-camp mentor programs;
- flexible recruitment and retention practices;
- culturally sensitive leave allocations; and,
- all-of-operation cultural training.⁴⁹

2.56 Despite efforts currently being made to encourage and support Indigenous FIFO employment in the resource industry, debate continues regarding the extent to which FIFO workforce practices inhibits or supports Indigenous take-up of employment and training opportunities in the resource sector.

48 Centre for Social Responsibility in Mining (CSRМ), *Submission 73*, p. 7.

49 CSRМ, *Submission 73*, p. 7.

- 2.57 A number of Indigenous communities in Canada have successfully engaged with the resources industry by supplying camp management and staff and negotiating seasonal employment rosters that also allow for cultural obligations.⁵⁰

Locally-based employees

- 2.58 As noted earlier, neither the exact number of employees who operate under FIFO arrangements nor the number of locally-based employees are currently available. Despite this lack of data, the AusIMM asserted that those workers who live locally are earning, on average, considerably less than their FIFO co-workers.
- 2.59 AusIMM conducted a survey in 2010 on Employment and Remuneration which showed that there is a significant difference in the average income of those employees working under FIFO arrangements compared to those employees who live near regional and remote mines. AusIMM found that across all responsibility levels, FIFO employees earn, on average, \$8 600 more in salary alone (maximum \$15 000 and minimum \$4 000).⁵¹
- 2.60 The survey found that those employees living and working in capital city-based offices were earning, on average, \$13 000 more in salary (maximum \$45 000 and minimum \$8 000)⁵² than those living and working in regional centre offices.
- 2.61 No analysis or commentary was provided on these findings. However, one possibility, which might account for the degree of disparity in wages between local and FIFO workers, could be a result of AusIMM's calculation of the average wages. For example, if high level administrators and executives were included in the calculation it might have skewed the results towards capital cities where such positions are usually based.

Shift length

- 2.62 A wide range of roster arrangements are utilised by the resources industry. Rosters typically consist of a set number of days on-site and a set number of days off-site, with an on-site day typically consisting of a twelve-hour shift. Rosters, both shift-length and on/off cycles, are a key issue which was repeatedly raised throughout the inquiry.
- 2.63 Shift patterns, or cycles as they are often called, can range from short, nine days on five days off, cycles to the much longer, twenty-eight days on

50 Meetings held 27 and 28 August 2012, St John's, Newfoundland, and 30 August 2012, Edmonton, Alberta, Canada.

51 AusIMM, *Submission 58*, p. 15.

52 AusIMM, *Submission 58*, p. 15.

seven days off, cycles.⁵³ The typical length of a roster cycle is usually linked to the distance that is needed to be travelled to the mine-site, with DIDO arrangements generally using shorter roster patterns than FIFO arrangements.⁵⁴

- 2.64 A survey conducted by the Australian Minerals and Mines Association (AMMA) found that respondents were generally happy with their roster cycles, which included: two weeks on two weeks off, eight days on six days off, six weeks on six weeks off and five weeks on five weeks off.⁵⁵
- 2.65 Based on employee retention rates, the AusIMM observed that the roster pattern with the lowest level of employee turnover is nine days on, five days off. AusIMM also suggested that this might be due to this roster cycle granting employees every second weekend off, providing them with greater opportunity to engage with their family.⁵⁶ Industry employers Ensham and Vale, who both use a seven days on seven days off roster, stated that their rosters were developed to prevent workforce fatigue and to grant their employees time with their family.⁵⁷
- 2.66 The impact of 12-hour shifts will be explored in the following chapter.

Workforce outlook

- 2.67 As the construction phase and higher level of investment and production in the resources sector continues, so too does the high demand for labour. The resource industry's need for labour, which is already greater than the labour market is able to easily provide, is expected to continue to grow. Many resource companies are utilising FIFO arrangements to source workers, especially skilled workers, in the increasingly tight labour market.
- 2.68 A survey conducted by the AMMA found that, when asked if they expected their FIFO workforces to grow:
- 74 per cent of respondents expected growth in the next two years;
 - 51 per cent of respondents expected growth in the next five years;
 - 42 per cent of respondents expected growth in the next seven years;
 - 43 per cent of respondents expected growth in the next ten years;

53 Skills Australia, *Submission 102*, p. 8.

54 AMMA, *Submission 77*, p. 13.

55 AMMA, *Submission 77*, p. 12.

56 AusIMM, *Submission 58*, p. 15.

57 Ensham Resources, *Submission 66*, p. 5; Vale, *Submission 87*, p. 4.

- 22 per cent of respondents expected no growth over the next ten years; and that,
- some companies responded that they were unsure whether growth would occur.⁵⁸

2.69 When discussing workforce requirements, it is important to differentiate between the requirements of the two main phases of resource projects: construction and operational.

Construction workforces

2.70 Construction workforces are, generally, large workforces which focus heavily on one project in one area for a short period of time. The first three to five years of a mine constitutes what is known as the construction or start-up phase of the project. At the onset of a project, approximately two-thirds of positions created will be temporary, with the remaining third continuing once the mine site becomes operational.⁵⁹

2.71 Due to the short-term nature of these positions, construction workforces are usually employed under FIFO arrangements. The MCA highlighted this as a regular practice for all construction projects, both resource and infrastructure-related, in regional, remote, and non-metropolitan areas of Australia.⁶⁰ Skills Australia also supported the use of FIFO in these circumstances:

The lack of available services and infrastructure, particularly in remote locations, prohibits the extended residence of construction workers. As the construction phase ends, maintaining a population of construction workers at one mine-site becomes redundant. A better use of this workforce is to move it to a new location where construction is being undertaken. FIFO, therefore, is the most practical option for this sector of the workforce.⁶¹

2.72 This view was also supported by proponents of resident-based workforces. In Karratha, Regional Development Australia Pilbara stated that 'during the construction phase FIFO clearly has a logic to it'.⁶²

58 AMMA, *Submission 77*, p. 11.

59 Chandler MacLeod, *Submission 68*, p. 1.

60 MCA, *Submission 118*, p. 8.

61 Skills Australia, *Submission 102*, p.6.

62 Ian Hill, Consultant, Regional Development Australia Pilbara (RDA Pilbara), *Transcript of Evidence*, Karratha, 28 March 2012, p. 9.

2.73 The Australian Pipeline Industry Association (APIA) highlighted the practical and essential use of a FIFO construction workforce in its industry:

The location of the work on the project moves, and so does the location of the accommodation. It is generally impractical for companies to relocate project workers to a specific region or town and it is standard practice for a pipeline project to transport stand-alone camps to service the workers for the life of a project. This minimises the 'on-site' transport requirements of the workforce, and also limits the impact a pipeline project workforce has on local community infrastructure.⁶³

2.74 Whilst there is little contention regarding the use of FIFO workforce arrangements during the construction phase of a project, the operational workforce is a very different matter.

Operational workforces

2.75 Operational workforces are, generally, smaller than construction workforces and have a long-term involvement in a resource operation. This workforce is usually employed by the project owner or a service contractor. The operational phase, compared to the relatively short construction phase, stretches out over the life of the mine and provides on-going employment opportunities.

2.76 The use of FIFO arrangements for positions in operational workforces has drawn criticism from local communities. As Fiona White-Hartig, the President of the Shire of Roebourne stated, 'We want the operational workforce in our towns.'⁶⁴

2.77 However, recruitment agencies are finding it difficult to source local labour. Chandler McLeod, a workforce advisory and recruitment agency:

noted that, in the first instance, mining and resource companies prefer to engage with local workers where possible. However, this pool is very quickly exhausted particularly in regard to skilled workers.⁶⁵

2.78 Skills Australia (Figure 2.3), predicted a steady increase in the proportion of operational workforces utilising FIFO workforce practices.

2.79 This is not necessarily supported by figures provided by Rio Tinto Iron Ore, which currently has 46 per cent of its Western Australian workforce

63 Australian Pipeline Industry Association (APIA), *Submission 37*, p. 1.

64 Fiona White Hartig, Shire President, Shire of Roebourne, *Transcript of Evidence*, Karratha, 28 March 2012, p. 28.

65 Chandler Macleod, *Submission 68*, p. 5.

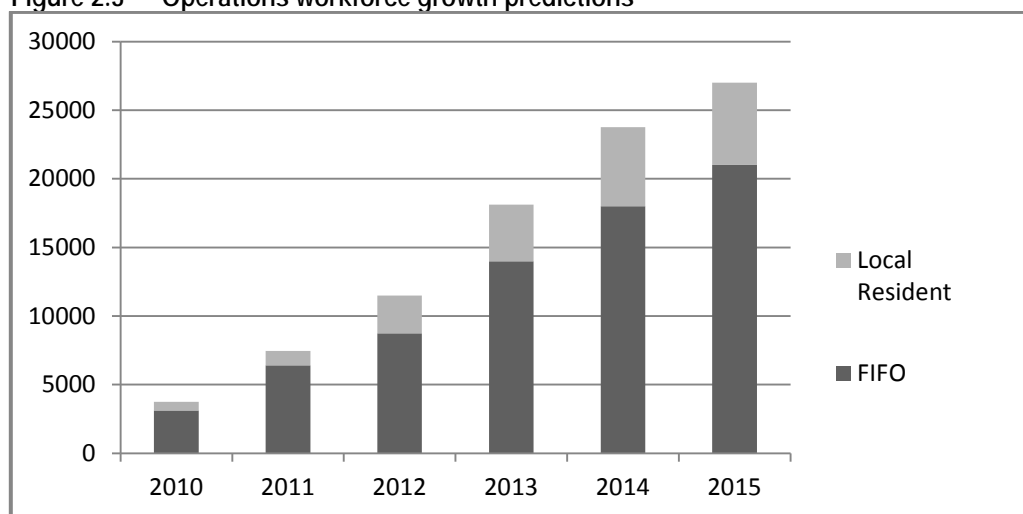
on FIFO arrangements and predicted this percentage to remain at this level as the workforce increases.⁶⁶

- 2.80 The shortage of labour, particularly skilled and experienced labour, is a common justification for the use of FIFO workforce arrangements. The Chamber of Minerals and Energy of Western Australia (CMEWA) stated that, 'FIFO is a critical element of maintaining a viable resources sector as the industry is challenged by significant tightening of the labour market,'⁶⁷ a sentiment echoed by Rio Tinto and Skills Australia.⁶⁸

Workforce projections

- 2.81 Any projections regarding the growth of FIFO workforce practices are compromised by the lack of data regarding the current extent of the use of FIFO workforce practices. Nonetheless, many submissions referred to projections of increasing FIFO use in the resources sector,⁶⁹ alongside an increase in residential labour, albeit to a lesser extent, as noted in Figure 2.3.

Figure 2.3 Operations workforce growth predictions



Source Skills Australia, *Submission 102*, p. 12.

⁶⁶ Rio Tinto, *Submission 149*, p. 10

⁶⁷ CMEWA, *Submission 99*, p. 13.

⁶⁸ Rio Tinto, *Submission 149*, p. 7; Robin Shreeve, Chief Executive Officer, Skills Australia, *Transcript of Evidence*, Canberra, 15 February 2012, p. 7.

⁶⁹ For examples see: Skills Australia, *Submission 102*, pp. 4-6, 8-10, 11; Department of Regional Australia, Local Government, Arts and Sport (DRALGAS) *Submission 153*, pp. 2, 8; WALGA, *Submission 156*, pp. 18-19, 23-24, 27, 30, 34; Australian Manufacturing Workers' Union (AMWU), *Submission 32*, pp. 4-5; MCA, *Submission 118*, pp. 8, 10; RDA Pilbara, *Submission 98*, pp. 3, 5; Pilbara Regional Council, *Supplementary Submission 43.1*, pp. 2, 5. Australian Services Union (ASU), *Submission 211*, p. 7; AusIMM, *Submission 58*, p. 8; CMEWA, *Submission 99*, p. 13.

- 2.82 In the absence of definitive national data regarding the current use of FIFO workforce practices and projections, many submissions, including those submitted by Skills Australia (see figure 2.3), referred to the CMEWA's annual State Growth Outlooks.⁷⁰
- 2.83 Despite the frequency of citation, the CMEWA's 2011 State Growth Outlook does not provide much insight into the growth of FIFO workforce practices. The report forecasts state labour requirements, predicting that the highest growth regions are the Pilbara, Mid-West, and Perth/Peel regions, with the majority of the additional workforce requirements being driven by projects in the Pilbara.⁷¹
- 2.84 The report predicts that currently planned projects in the Pilbara will require an additional 34 000 workers in 2012 in the region, reducing to 21 000 above the 2009 workforce by 2015 and that the Mid West region will require an additional 7 500 workers by 2012. The report predicts that incremental FIFO demand sourced from the Perth/Peel region will peak at approximately 30 000 in 2012, remaining at 15 500 by 2015.⁷²
- 2.85 In addition to the State Growth Outlook, the CMEWA released the Pilbara Population and Employment Study in November 2012.⁷³ The report utilised surveys to capture data at the level of individual projects and used the results, in combination with ABS census data, to develop an incremental growth profile for population and housing demand in the Pilbara.
- 2.86 In the absence of other data sources, almost any statistical information and workforce predictions are valuable; however, the lack of accurate nationwide data regarding the current and projected use of FIFO workforce practices should be of great concern to government and impact communities.

70 For examples see: Skills Australia, *Submission 102*, pp. 4-6, 8-10, 11; DRALGAS, *Submission 153*, pp. 2, 8; WALGA, *Submission 156*, pp. 18-19, 23-24, 27, 30, 34; AMWU, *Submission 32*, pp. 4-5; MCA, *Submission 118*, pp. 8, 10; RDA Pilbara, *Submission 98*, pp. 3, 5; Pilbara Regional Council, *Supplementary Submission 43.1*, pp. 2, 5.

71 CMEWA, *State Growth Outlook*, 2011, p. 4.

72 CMEWA, *State Growth Outlook*, 2011, p. 4.

73 CMEWA, *Pilbara Population and Employment Study*, November 2012.

Workforce and population data

- 2.87 There is very little firm nation-wide data available on the use of FIFO workforce arrangements in the resource industry. This lack of data makes it difficult to properly establish the extent of the use of FIFO arrangements in the resource industry and future workforce projections as well as the full impact on communities in terms of consumption of town services (for example, infrastructure such as roads, sewerage and water consumption).
- 2.88 The FIFO workforce is, in effect, a 'shadow population' – serviced by a regional community without an equitable contribution to the local government's finances, either in terms of rate payments nor state or federal government grants based on head of population.
- 2.89 The lack of data was raised consistently by stakeholders ranging from local government to resource companies.⁷⁴ All agreed that without access to accurate, up-to-date information on the numbers of FIFO workers, the impacts of the workforce cannot be adequately assessed or addressed.
- 2.90 Available data consists primarily of surveys conducted by private organisations, state and local governments.⁷⁵ This data does not provide the necessary scope and national overview, instead, usually focusing on a particular region or aspect of FIFO employment arrangements.
- 2.91 Local governments expressed concern that the estimation of FIFO workforce numbers is deliberately and unrealistically low. The Pilbara Shire Council stated that:

State and resource industry FIFO workforce projections for the Pilbara, for up until 2020 are unrealistically low and fail to reflect the existing level of FIFO activity in the region.⁷⁶

74 For examples see: ARC Research Team, *Submission 95*, p. 5; Minister for Tertiary Education, Skills, Jobs and Workplace Relations, *Submission 151*, p. 1; Skills Australia, *Submission 102*, p. 3; Pilbara Regional Council, *Submission 43*, p. 1; Shire of Ashburton, *Submission 60*, p. 4; Northern Territory Government, *Submission 131*, p. 2; MCA, *Submission 118*, p. 3; Construction Forestry Mining and Energy Union (CFMEU), *Submission 133*, p. 8; Commissioner for Children and Young People Western Australia (CCYPWA), *Supplementary Submission 88.1*, p. 1.

75 Surveys of varying focus and scope have been conducted/ commissioned by, among others, the PICC, the Queensland Treasury, the QRC and the MCA.

76 Pilbara Regional Council, *Submission 43*, p. 1.

- 2.92 The Shire of Ashburton raised similar concerns, stating that:
- Existing planning, for the impact of FIFO workforces, by the State Government and the resource industry is severely compromised by grossly inaccurate Australia Bureau of Statistics population data, which underestimates the permanent population in the region by approximately 20 per cent.⁷⁷
- 2.93 The concerns of local governments were shared by the resource industry. The MCA stated:
- One of the greatest unknowns related to FIFO is accurate data on the quantum of workers involved nationally across all industries where they originate from and where they work. Until we have this data it is not possible for any sensible policy response to be developed.⁷⁸
- 2.94 The Queensland Government produced perhaps the most comprehensive data on the use of FIFO workforce.⁷⁹ However, the data does not seem to be widely known or utilised. Community organisations suggested that data was non-existent or inaccurate:
- I think it has a lot to do with the funding from the state and getting the figures right. They say, 'We did a census and there are 1 500 people in Dysart.' That is not an accurate number, because, at any given time, there could be 4 000 or 5 000 people there. The cost to our local government and to the community, with our infrastructure failing, means it is not worth arguing over a few numbers. If they could acknowledge that, yes, this itinerant population does exist and they do use the roads and infrastructure, and give the funding accordingly, then I think it could be a whole lot better.⁸⁰
- 2.95 The lack of available data has been a significant challenge to this inquiry. Given the mobility of the FIFO workforce, comprehensive, national, data on the extent of the FIFO workforce is essential if any policy initiatives are to be developed to address the issue.

77 Shire of Ashburton, *Submission 60*, p. 4.

78 MCA, *Submission 118*, p. 3.

79 For examples see: QOESR, *Bowen Basins Population Report, 2012*, June 2012 and QOESR, *Surat Basin Population Report, 2012*, June 2012.

80 Elizabeth Fox, Dysart Community Action Association, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 18. See also concerns raised by: Moranbah Medical Centre, *Submission 2.2*, p. 2 and Isaac Regional Council, *Submission 81*, p. 8.

Population-based funding for services

- 2.96 Population estimates published by the ABS are used as a basis for the allocation of resources and funding. Thus, inaccurate population data, which underestimates the number of people using services, can result in the underfunding of services in resource communities.
- 2.97 The importance of accurate population estimates to ensure adequate funding for services in resource communities was raised by local government and community organisations.⁸¹ The Regional Social Development Centre (RSDC) stated that:
- [There] is not a fair measure of the population of mining communities, the actual burden on their services and infrastructure, and the increased government funding required to support influxes of FIFO workers.⁸²
- 2.98 The Queensland Government also highlighted the difficulty that a lack of data presents when planning for the provision of government services and infrastructure:
- The lack of nationally consistent data to enable accurate quantification of the FIFO population makes it difficult to plan for government services (e.g. health), the establishment of which can have a long lead in time. In addition, the fluctuation in workforce size associated with different project stages (e.g. construction versus operation) requires the development of a flexible model of service provision that can accommodate peaks but do not invest in services and infrastructure that are not required in the long term.⁸³
- 2.99 Funding for services and infrastructure is commonly allocated, by state and federal governments to local governments based on the residential population of a local government area. This practice, whilst suitable for communities with largely static residential populations, does not take into account the large non-resident population of many resource communities.

81 For examples see: Moranbah Medical Centre, *Submission 2.2*, p. 2; Narrabri and District Community Aid Service (NDCAS), *Submission 206*, p. 3-4; Isaac Regional Council, *Submission 81*, p. 8; Pilbara Regional Council, *Submission 43*, p. 1; Shire of Ashburton, *Submission 60*, p. 5; ARC Research Team, *Submission 95*, p. 28.

82 Regional Social Development Centre (RSDC), *Submission 78*, p. 5.

83 Queensland Government, *Submission 109*, p. 10.

Financial Assistance Grants and the Regional and Local Community Infrastructure Program

- 2.100 Financial Assistance Grants are provided to local governments under the *Local Government (Financial Assistance) Act 1995*. The grant consists of a general purpose component which is distributed on a per capita basis between the states and territories as well as an identified local road component which is distributed between states and territories according to fixed historical shares. The grants are paid in quarterly instalments to state and territory governments for immediate distribution to local governments.⁸⁴
- 2.101 The Regional and Local Community Infrastructure program is an initiative under the Nation Building Economic Stimulus Plan,⁸⁵ which provides funding for local government authorities to build and modernise community infrastructure. Under round three of the initiative (June 2010):
- all councils received a base grant of \$30 000;
 - councils classified as ‘urban fringe’ or ‘urban regional’ and who have at least 30 000 residents received an additional growth component of \$150 000; and
 - all councils with at least 5 000 residents shared in the distribution of the remaining funds in proportion to their 2009/10 general purpose Financial Assistance Grant.⁸⁶
- 2.102 Many resource communities received more than the base grant of \$30 000 under round three of the program. For example, the Shire of East Pilbara was granted \$217 000, the Town of Port Hedland was granted \$150 000. In Queensland, the Isaac Regional Council was granted \$314 000 and the Mackay Regional Council was granted \$434 000 and in New South Wales, the Narrabri Shire Council was granted \$226 000.⁸⁷
- 2.103 The allocation of funding for both of these programs is directly connected to the residential population of a local government area. Resource communities, whose residential populations are dwindling whilst their non-resident populations continue to increase, are placed at a significant disadvantage under these funding structures.

84 DRALGAS, *Financial Assistance Grants to Local Governments* <regional.gov.au/local/assistance/index.aspx>, viewed 15 November 2012.

85 The Nation Building Economic Stimulus was a Commonwealth Government initiative to respond to the global financial crisis. For more information on this program please see: <economicstimulusplan.gov.au/pages/default.aspx>, viewed 15 November 2012.

86 DRALGAS, *Community Infrastructure Program: Round Three - \$100 million allocated component*, <regional.gov.au/local/cip/cip100.aspx>, viewed 15 November 2012.

87 DRALGAS, *2010 RLCIP Allocations*, <regional.gov.au/local/cip/cip100.aspx>, viewed 17 December 2012.

2.104 Troy Pickard, President of the WALGA, stated:

The primary objective of FAGs [Financial Assistance Grants] are to improve the capacity of local government to provide their residents with an equitable level of service, improve the financial capacity of local government to provide certainty of funding, and improve the efficiency and effectiveness of local government. At present the Australia government annually adjusts the quantum of [Financial Assistance Grants] using an escalation factor based on inflation and population growth. While important, these factors do not accommodate the quantum of growth generated in many of Western Australia's local governments by the resources boom in the past decade.⁸⁸

2.105 In order to equitably allocate funding, both the residential and service populations of communities need to be considered. However, without accurate population estimates, the equitable distribution of any population-based funding is compromised.

Population data projects

2.106 Because there is such variation in the reliability of population data, some local governments in resource regions, such as those in the Pilbara, have undertaken detailed research to inform their planning, as evidenced by the Pilbara Regional Planning Committee's planning and infrastructure framework.⁸⁹

2.107 Work is being undertaken in Queensland by the QOESR which has established the Resource Communities Research Program to investigate and quantify the population, workforce and accommodation impacts of resource development in Queensland. The program focuses on population data collection, population projections and the monitoring of resident and non-resident (FIFO) populations as well as the subsequent impacts on resource communities. QOESR has recently published population reports on the Bowen Basin and the Surat Basin.⁹⁰

88 Troy Pickard, President, WALGA, *Transcript of Evidence*, Perth, 18 April 2012, p. 27.

89 Pilbara Regional Planning Committee, Western Australia Planning Commission, *Pilbara: planning and infrastructure framework*, January 2012.

90 QOESR, *Surat Basin Population Report, 2012*, June 2012; QOESR, *Bowen Basin Population Report, 2012*, June 2012.

- 2.108 The comprehensive 2011 report on the Bowen and Galilee Basins found that:
- one in five people living in the Bowen Basin in July 2011 was a FIFO worker;
 - the Bowen Basin's full-time equivalent population grew by 7 220 (or seven per cent) between 2010 and 2011;
 - the Isaac region contained around two-thirds of the Bowen Basin's non-resident population in July 2011;
 - the full time equivalent (FTE) population of the Isaac region is now approaching that for the Central Highlands region and is expected to outgrow the Central Highlands in 2012 due to the strong growth in its non-resident population;
 - over 29 310 workers (54 per cent were contractors and 46 per cent were company employees) were engaged in mining operations across the Bowen Basin in July 2011;
 - fewer than half (43 per cent) of all mining operations workers in the Bowen Basin were residents of the same local government area where they worked in July 2011;
 - the capacity of worker accommodation villages in the Bowen Basin expanded rapidly (by 28 per cent) in 2010/11;
 - worker accommodation villages housed 86 per cent of all non-resident workers in the Bowen Basin in 2011; and
 - the FTE population of the Bowen Basin is projected to reach 128 550 by 2018, comprising 101 790 residents (79 per cent) and 26 760 non-resident workers on-shift (21 per cent).⁹¹
- 2.109 Despite the detailed work being undertaken by this state government agency, anecdotal evidence to this inquiry indicated that resource regions are completely unaware of this data, with a number of local governments reporting that they have also been conducting population data projects, in some cases resorting to going door to door to collect accurate population data.
- 2.110 In the Pilbara, the AECgroup was commissioned by the Pilbara Regional Council to prepare an economic impact assessment of the Pilbara FIFO workforce. The report estimated that 56.1 per cent of the workforce is accommodated at remote sites. Table 2.2 outlines the population data gathered by the report showing the overwhelming FIFO workforce in some areas.

91 QOESR, *Bowen and Galilee Basins Population Report, 2011*, April 2012, pp. v-vi.

Table 2.2 Workforce accommodation in the Pilbara region

Local Government Area	Workforce located at remote sites (site camps)	Workforce located in communities (town camps, town accommodation and residential)	Total workforce in resource sector
Shire of Roebourne	5 539	6 174	11 713
Town of Port Hedland	0	5 296	5 296
Shire of Ashburton	9 473	4 984	14 460
Shire of East Pilbara	10 732	3 663	14 395

Source Pilbara Regional Council, Supplementary Submission 43.1, p. 6.

2.111 The data projects undertaken by QOESR and the AECgroup provide valuable insights into FIFO workforce practices in their respective regions. However, there remains no nation-wide empirical data regarding the FIFO workforce.

ABS definitions

2.112 Other than private surveys and research projects, the only Australia-wide data available regarding the presence of FIFO workers in a community is extrapolated by the ABS from the national census. However, the ABS is not able to accurately pinpoint the FIFO versus local resident workforce population because the census is not designed to accurately collect FIFO workforce data.

2.113 When analysing the data obtained from the national census to determine the population of a town or region, the ABS considers three forms of population: resident population, working population and service population.

Resident population

2.114 A resident population is the population usually living in a particular town, city, region or state. There are three questions on the census used to determine the resident population, which ask:

- where the person usually lives;
- where the person usually lived one year ago; and
- where the person usually lived five years ago.⁹²

2.115 The 2011 census form defined questions relating to where a person usually lives as, 'that address at which the person has lived or intends to live for a total of six months or more in 2011'.⁹³ Most Australians have one home

⁹² ABS, *Submission 223*, p. 2.

⁹³ ABS, *Submission 223*, p. 2.

and are easily able to answer questions about where they usually live. However, for a FIFO worker the answer is not as simple.

- 2.116 The ABS is currently exploring the feasibility of a question relating to a second residence for the next census in order to attempt to capture this lost data, however, at present there is no incentive, nor obligation, for FIFO workers to give any indication on the census form that they may reside in resource communities for significant proportions of the year.⁹⁴
- 2.117 The estimated resident population is used to decide electoral distribution for local, state and federal elections as well as being used to measure funding for essential services such as health, public housing, education and infrastructure.
- 2.118 Funding allocations that are based on the estimated residential population, which does not take into full account the number of people working in a town and utilising its services, will result in underfunded services for both the residents of resource communities and the visiting FIFO workers.

Working population

- 2.119 In addition to resident population, the census gathers information about the working population of a region. The working population is determined by the workplace address for the main job held in the week prior to the census night.⁹⁵
- 2.120 Working population data, when analysed in conjunction with resident population, can be used to estimate the number of people who work in a resource community, but who do not live there.
- 2.121 However, as with residential population data, the accuracy of this data is reliant on the location that FIFO workers choose to list as their workplace address. Contractors and workers, who travel from site to site, may choose to list the contracting company's headquarters. Similarly, FIFO workers, even those based at a single mine site, may choose to list their employer's head office address instead of the address of the mine itself.⁹⁶

Service population

- 2.122 Official population estimates prepared by the ABS distinguish between a region's resident population and service population. Many Australian communities host large non-residential populations, such as tourist destinations, agricultural areas at harvest time, and resource regions. The

94 ABS, *Submission 223*, p. 2.

95 ABS, *Submission 223*, p. 3.

96 ABS, *Submission 223*, pp. 3-4.

service population takes both the residential and non-residential populations into account.

- 2.123 The service population is the number of people who use services (that is, water, roads, medical services, garbage collection, etc.) in a region. FIFO workers, therefore, would be considered part of a resource community's service population, even if they are not counted as part of the residential population.⁹⁷
- 2.124 The Pilbara Regional Council highlighted the importance of this data by, outlining the strain placed on services accessed by both residential and FIFO populations:
- Community services such as GPs, emergency rooms, ambulances, hospitals, pharmacies, nursing services, dentists and police confront significantly increased levels of demand as FIFO workers are as likely to use their services as local residents.⁹⁸
- 2.125 However, the service population, especially in areas such as resource regions, can be difficult to accurately estimate. The ABS has investigated a number of ways to provide better estimates of service populations, including: testing new census questions, using supermarket sales data and extrapolations based on the number of community resources such as ATMs.⁹⁹
- 2.126 In 1999, the ABS conducted a pilot study to assess the feasibility of producing service population estimates for selected local government areas, which incorporated a case study of FIFO workers in the Shire of Wiluna, Western Australia. The case study found that:
- The fairly low propensity of fly-in/fly-out workers to report the LGA in which they work as their usual residence means that Census counts based on place of enumeration [where the form was completed], rather than place of usual residence, are probably a better basis on which to estimate the total service population of the LGA.¹⁰⁰
- 2.127 The case study also suggested the use of other sources of information on FIFO presence, such as accident reporting data, to establish accurate estimates of service population in resource regions. The ABS stated that:

97 ABS, *Submission 223*, p. 4.

98 Pilbara Regional Council, *Submission 43.1*, p. 8. For other examples see: NDCAS, *Submission 206*, pp. 3-4; RSDC, *Submission 78*, p.5; Isaac Regional Council, *Submission 81*, p. 8; Shire of Ashburton, *Submission 60*, p. 5; and Queensland Government, *Submission 109*, p. 10.

99 ABS, *Submission 223*, pp. 4-5.

100 ABS, *Demography Working Paper 99/3: Service Population Pilot Study: An Investigation to Assess the Feasibility of Producing Service Population Estimates for Selected LGAs*, ABS, Canberra, 1999, p. 27.

Viable methods of estimating the fly-in fly-out mining workforce have been produced using a variety of ABS data, such as building approvals, tourist accommodation and labour force estimates and other administrative data with the census.¹⁰¹

- 2.128 However, despite the efforts of the ABS, accurate data regarding the use of FIFO workforce arrangements, as well as data regarding the presence of FIFO workers in regional communities is not widely available, and where available, is not well communicated.
- 2.129 This lack of data impacts on the ability of all levels of government to plan and fund services in regional communities.

Challenges in data collection

- 2.130 The ABS acknowledged the importance of accurate population data:

Regions need information about resident and service populations to plan for the opportunities and demands of industries using FIFO practices, and to monitor the impacts of these practices on communities and workers in the region. Without adequate data, regions will be unable to anticipate demand for infrastructure and amenities (such as housing, health and emergency services).¹⁰²

- 2.131 The ABS identified three key challenges in regards to measuring FIFO populations:

- the complexity of measuring different population groups;
- the breadth of subjects about which information is required; and
- the geographic concentration of communities affected by FIFO work practices.¹⁰³

- 2.132 Patrick Corr, Director of Demography at the ABS also noted the inherent difficulty in recording FIFO worker numbers:

The challenge we have had is that very few people who are in a fly-in fly-out place leave a breadcrumb behind of their address. They do not change their Medicare address; they do not update their driver's license; and they do not change their electoral enrolment, so you do not see them on your electoral roll. So there is no place – other than going back and recounting people every time – where there is a record.¹⁰⁴

101 ABS, *Submission 223*, p. 4.

102 ABS, *Supplementary Submission 223.1*, p. 1.

103 ABS, *Supplementary Submission 223.1*, p. 1.

104 Patrick Corr, Director Demography, ABS, *Transcript of Evidence*, Canberra, 15 August 2012, p. 11.

- 2.133 The ABS noted that, due to the complexities involved in measuring transient service populations in resource regions, they are not able to produce comprehensive service population estimates for resource regions with their current resources.¹⁰⁵

Australian Bureau of Statistics proposed scope of data development

- 2.134 The ABS identified four crucial statistical developments that are needed to enable the accurate collection of FIFO-related data:

1. Expand the concept of residence to include 'second residence' and improve the quality of resident population counts.
2. Develop service population estimates for host regions (counts of FIFO workers and other service populations in the regions).
3. Improve estimates of internal migration (resident population flows between regions).
4. Estimated projections of resident and service population for regions.¹⁰⁶

- 2.135 The ABS asserted that there is significant, but unexploited, potential in data collections which provide data at a regional level. If appropriately resourced, regional data experts could work together with government and other analysts to support robust regional analysis. The ABS stated that it:

could provide additional analysis on the social, economic, and demographic characteristic of regions impacted by FIFO and, in turn, guidance for other data users to more effectively report on the outcomes of FIFO work at both the personal and community level. For example, the ABS is able to produce small area data for educational qualifications and rates of volunteering, to list some of the potential indicators of community wellbeing.¹⁰⁷

- 2.136 ABS stated that providing the necessary measurement and analysis required to develop and publish accurate population data in FIFO communities is beyond the capacity of their current work program. However, the ABS expressed its confidence that:

With appropriate resources, the ABS, with its data collection infrastructure and ability to integrate new data and methods with existing economic and social datasets, is well positioned to meet this need.¹⁰⁸

¹⁰⁵ ABS, *Submission 223*, pp. 4-5.

¹⁰⁶ ABS, *Supplementary Submission 223.1*, p. 3.

¹⁰⁷ ABS, *Supplementary Submission 223.1*, p. 5.

¹⁰⁸ ABS, *Supplementary Submission 223.1*, p. 5.

Committee comment

- 2.137 There are significant difficulties associated with collecting data in remote and regional communities, as well as challenges to capturing accurate and up-to-date information on FIFO workers. However, this information is essential to addressing any impacts that FIFO is having on regional and remote communities.
- 2.138 The lack of publicly available, accurate, nationally consistent information on a FIFO workforce, both across the resource sector and in individual communities and towns, is unacceptable and must be remedied. Governments at all levels and industry must share responsibility for the failure to grasp the scope of the use of FIFO and its impact on communities.
- 2.139 The Committee acknowledges that, during the conduct of this inquiry, the Minerals Council of Australia commissioned a study on the changing demographic profile of resource communities and commends it for finally meeting the sector's responsibility in this regard. Unfortunately this data was not available to the Committee in time for an adequate analysis to be utilised in this report.
- 2.140 The states are responsible for mine approvals and therefore should have a reasonably accurate picture of the intended use of FIFO workforce practices. However, given the movement of people across the country, both resource and feeder communities need an accurate picture of population movements in order to plan essential services, there is a need to collect this data at a national level.
- 2.141 The Committee considers that the ABS, in consultation with the states, is best suited to collect, collate and publish information regarding FIFO workforce.

- 2.142 In addition, the allocation of funding for services and infrastructure should also take into consideration both the resident and service populations of a region so as to ensure that resource communities are allocated sufficient funding to service both local residents and FIFO workers.

Recommendation 1

The Committee recommends that the Commonwealth Government fund the Australian Bureau of Statistics to establish a cross-jurisdictional working group to develop and implement a method for the accurate measurement of:

- **the extent of fly-in, fly-out/drive-in, drive-out workforce practices in the resource sector; and**
- **service populations of resource communities.**

Recommendation 2

The Committee recommends that the Commonwealth Government, in consultation with state and territory governments, review allocation of funding for communities that receive fly-in, fly-out/drive-in, drive-out workforces so that funding is based on both resident and service populations.

'Fly-in' communities

- 3.1 The primary concern about the use of FIFO operations is their impact on established communities and the perceived rejection of towns and their way of life in favour of high wages and temporary camp living environments.
- 3.2 Established resource communities were keen to emphasise that they did not oppose resource companies and development. On the contrary, these towns expressed great pride in the resource operations that they sustained and that had sustained them, in some cases for generations. However, these communities expressed concern at an apparent shift in the balance where companies are prioritising quick profits over long-term sustainability.
- 3.3 Long-term resource communities such as Kalgoorlie, Broken Hill and Mount Isa have no agenda but to see the continued growth and sustainability of the resources sector, however they also want to remain communities, not just work camps.
- 3.4 The Mayor of Kalgoorlie-Boulder expressed the pride that many local communities feel:

I sit here today representing a true goldfielder. ... I am very proud of that ... I grew up in a community where families were created and grew together, living close and sharing their lives. Parents became grandparents and so on and multiple families lived in the same area. That was in the day of the eight-hour shifts, of course. Together we lived, worked and played in the one community. That was Kalgoorlie-Boulder. You knew the name of your neighbours. As you walked down Hannan Street or Burt Street, you could say hello to the majority of people, even though the twin towns had anywhere between 20,000 and 30,000 people at times. ...

It is the small regional communities that have laid the foundations for this booming industry, and spurning those communities will be to the ongoing detriment of our great nation. The government need to make a decision: do they bow to what I think is appropriately called 'the cancer of the bush' – fly-in fly-out – or do they go proactive and do something to foster the continuing existence of small towns?¹

3.5 The General Manager of Broken Hill welcomed the resurgence in mining activity in the region but made the point:

The objective is to ensure that we have a residential workforce, first and foremost. That is a factor of having a city that is liveable, that people want to move into and live in with their families, as opposed to the fly-in fly-out option. I know that is easier said than done – the easier option potentially is the fly-in fly-out – but I think these regional cities offer a real alternative for accommodating supporting housing communities, which is why the whole infrastructure argument is critical. If you do not have regional cities such as Broken Hill, Kalgoorlie and Mount Isa supported, funded and liveable then fly-in fly-out will always be the cheaper alternative. But it is not cheaper in the longer term.²

3.6 The Mayor of Mount Isa reiterated that the community was not opposed to the industry, but wanted industry to work with, rather than against the community:

We accept the fact that, where you are going to construct a new mine, construction workers will fly-in fly-out. There is no debate; there is no discussion. ... about 97 per cent of Xstrata's employees are residents of the city. At times, they have to fly crews in to do specific work. We do not see ourselves as them and us. There will always be a need for fly-in fly-out. ... What we are saying is let us be realistic.

We are not demanding; we are simply saying: let us work together with the industry.³

3.7 The negative impacts of FIFO are heightened for non-traditional resource communities, such as Roma and Narrabri and new workforce source

1 Councillor Ron Yuryevich, Mayor, City of Kalgoorlie-Boulder, *Transcript of Evidence*, Kalgoorlie, 19 April 2012, pp. 11-12.

2 Frank Zaknich, General Manager, Broken Hill City Council, *Transcript of Evidence*, Narrabri, 16 May 2012, p. 23.

3 Councillor Tony McGrady, Mayor, Mount Isa City Council, *Transcript of Evidence*, Canberra, 12 September 2012, p. 3.

communities such as Mackay that are experiencing a rapid change in town identity and diminishing local amenity.

- 3.8 The majority of submissions from local governments and individuals suggested that FIFO was overwhelmingly negative, whereas industry submissions focused on its positive aspects.
- 3.9 This chapter focuses on the concerns, frustrations and challenges faced by regional host communities. From the Pilbara and Goldfields in the West to central Queensland the same story was reported about the impact of FIFO. Communities are finding that:
- community image, identity and social cohesion are declining and there is a marked divide between residents and FIFO workers;
 - community safety is declining;
 - engagement in community life is declining, in part due to the pressure of 12-hour shifts; and
 - in drive-in, drive-out (DIDO) regions, road safety is of serious concern with a mounting accident and death toll.
- 3.10 Many local councils also argued that the economic cost for supporting FIFO workers was having a significant impact on council budgets. In Western Australia, the 'Royalties for Regions' program was widely lauded, and councils in Queensland called for a similar program. However, the lack of targeted analysis about the real cost of the FIFO workforce for host communities means that royalty money from state governments and company support initiatives, can be inappropriately targeted.
- 3.11 This chapter continues to identify areas where empirical evidence is needed to support communities in planning infrastructure, community facilities and population growth. There is also a need for resource companies to engage local government with forward planning and focus their community support on addressing the priority needs of those living in the area.
- 3.12 Presenting these concerns in a comprehensive way and identifying the root of some of the concerns may provide a catalyst for a conversation between resource companies and communities.
- 3.13 Resource companies and many accommodation providers do make a real effort to engage with communities through funding community infrastructure and sponsoring community events. The following observations are not intended to detract from their efforts in this regard. However, aligning a FIFO workforce with a residential community presents a complex array of challenges that could benefit from a different corporate approach.

- 3.14 The Commonwealth Government should pay particular attention to the community concerns reported in this chapter. It is concerning to note that a government publication to guide resource company engagement with communities states that the social impact for FIFO operations is 'likely to be less than for residentially-based operations'.⁴ Indeed, it was comprehensively argued by the resources sector that FIFO operations have less of an impact on local communities than a local workforce.⁵
- 3.15 This is clearly not the experience of communities throughout Australia and this argument fails to distinguish between positive and negative impacts. Regional communities welcome the addition of new residents that can help their towns grow, rather than hosting the burden of a 'shadow population'.
- 3.16 While the Committee was in Canada, a senior officer within a major international resources company suggested that for companies, tough decisions were tougher to make while living in the community; FIFO gives executives the capacity to have some separation from the decision making. She admitted that union-driven workplace agreements had forced the company away from a preferred FIFO model but having moved away from FIFO, a residential workforce is now the preferred model as the company has found a greater capacity to react to operational requirements and is clearly accountable for corporate behaviour.⁶

Community image and social cohesion

- 3.17 Whether built around agriculture, tourism or mining, regional towns in Australia have a strong sense of identity and community. A large influx of non-resident workers is a permanent disruption to the social fabric and feeling of a town and this 'shadow population' has a serious and negative impact on the safety, image and amenity of communities.
- 3.18 The equating of FIFO with social instability is generating significant discord in communities as well as making them less desirable as a residential option. Communities with significant FIFO populations are finding themselves torn between wanting to support the major employer and wanting to maintain the culture of their towns.

4 Department of Resources, Energy and Tourism (RET), *Leading practice sustainable development program for the mining industry: Community engagement and development*, Canberra 2009, p. 41.

5 Queensland Resources Council (QRC), *Submission 125*; Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 99*.

6 Meeting held 28 August 2012, St John's, Newfoundland, Canada.

- 3.19 Many who submitted to the inquiry expressed pride in their towns, the lifestyle they had and the fact that they had raised children in a safe and open environment. They expressed dismay that non-resident workers were unwilling to relocate and felt that with a better introduction to the lifestyle afforded in regional communities that they may make a different decision.⁷
- 3.20 However in some towns, such as Moranbah, where the FIFO worker presence is starting to dominate, the resulting transient feel to the town is making it less desirable for both existing and new residents.
- 3.21 The Isaac Regional Council estimated the number of non-resident workers (20 000) to equal the resident population (22 650).⁸ The impact on future residency plans is significant: a study undertaken in 2009 found that planned length of residency in Moranbah fell by an average of sixteen per cent if major work camps were to be developed, due to the presence of FIFO workers.⁹
- 3.22 Many individuals noted the impact on the amenity of their homes and lifestyle and the feeling that the economic drivers could override community concerns. Even simple things like unmaintained properties are seen to 'bring down' a town:
- Declining visual amenity due to growth in the number of houses occupied by multiple temporary residents who did not care for gardens or premises. The more houses in the street taken up by miners sharing the rent, the bigger the decline in neighbourhood status with many large vehicles parked in the area and increases in noise levels.¹⁰
- 3.23 Industry needs to be concerned about the decline in supporting communities, particularly in areas with long project lives and untapped resources. Isaac Regional Council noted:
- Communities who feel they are not invested in or connected to major industry employers become strong advocates for change. A social licence to operate, and positive legacy is important for companies to ensure further operations are assessed and approved swiftly. A non-resident workforce brings many corporate reputational risks.¹¹

7 See for example: Kylie Peterson, *Submission 26*; Moranbah Traders' Association, *Submission 108*; Melinda Bastow, *Submission 90*; Alison Southern, *Submission 176*.

8 Isaac Regional Council, *Submission 81*, pp. 1, 3.

9 John Rolfe, *Submission 63*, p. 12.

10 Queensland Nurses Union, *Submission 97*, p. 5.

11 Isaac Regional Council, *Submission 81*, p. 4.

- 3.24 The Minerals Council of Australia (MCA) also noted the impact declining communities has on recruitment:

Research suggests that communities that do not have sufficient infrastructure, social amenity and economic diversity will not attract new residents and this will in turn constrain the industry's recruitment capacity.¹²

- 3.25 Communities find themselves in a catch-22 situation where without a strong residential base they cannot attract new residents to build the population and infrastructure of a town. The inquiry heard many stories of individuals choosing to leave towns like Karratha and Moranbah to pursue training or for their children to complete secondary schooling simply due to the overwhelming feeling that the towns were becoming 'FIFO' towns.¹³

- 3.26 Communities also expressed concern that FIFO is rapidly becoming the only response to the growth in the resources industry and that resource companies are making no effort to build communities. Unfortunately, this is causing significant community discord which is further impacting on social cohesion in host communities.

'Us' versus 'them'

- 3.27 An 'us versus them' mentality was reported throughout the inquiry, with submitters from across the country revealing a concerning trend in anti-FIFO worker sentiment, which, in some circumstances, is leading directly to social disorder.

- 3.28 Isaac Regional Council noted:

Aside from visual amenity, the proportion of residents to non-residents also contributes to the sense of being 'taken over' by work camps ... Small rural towns have a strong identity and sense of community - an important part of the social capital of these towns - that is being threatened by the dominance of mining. Lack of integration between resident and non-resident workers creates a strong 'us vs them' mentality and non-resident mine workers are blamed for a disproportionate share of crime and anti-social behaviour. There are also increasing level of fear being reported.¹⁴

12 Minerals Council of Australia (MCA), *Submission 118*, p. 11.

13 For example see: Moranbah Traders' Association, *Submission 103*; Melinda Bastow, *Submission 90*; Dysart community Association, *Submission 161*.

14 Isaac Regional Council, *Submission 81*, p. 7.

- 3.29 Several residents of Karratha in Western Australia suggested that the demographic of young male workers was particularly problematic:
- A community relies on families. A FIFO workforce is often a large influx of men 25-40 years old. This can have law and order issues, as well as social issues regarding the development of an “us versus them” attitude.¹⁵
- 3.30 Karratha school students also reported hostility towards FIFO workers:
- Yes, I think there is hostility in the community towards them. It is like, 'We are the locals and they should not be here because it is our turf.'¹⁶
- 3.31 The inquiry received evidence of the ‘us versus them’ attitude leading directly to violent behaviour. Unfortunately, the FIFO demographic of predominately young men can prove to be a volatile mix when faced with some unhappy residents:
- ‘If there was trouble brewing, the glares across the bar as soon as the police aren’t around, bang: it would be on... It’s very much us and them; they sit there, you don’t look at them or talk to them and the only words really exchanged are: F... you, let’s fight... F... FIFOs, it’s them.’¹⁷
- 3.32 Conversely, for the majority who are peacefully working FIFO rosters, the perception that they are responsible for violence and disruption in regional towns is equally disturbing. A support group for FIFO families raised concerns about the attitude in the national media:
- Because FIFO/DIDO work practices have grown relatively quickly in Australia, it almost seems like there’s a divisive ‘FIFO families versus regional communities’ mentality starting to appear in the national conversation. This is not helped by media reports headlined along the lines of “FIFO workers destroy regional communities: expert” (WA News, 21 June 2011).¹⁸

15 Camille Oddy, *Submission 182*; David Smith, *Submission 183*; Melinda Watson, *Submission 184*.

16 Erin Newman, Student, St Luke’s College, *Transcript of Evidence*, 28 March 2012, Karratha, p. 30.

17 ARC Research Team, *Submission 95*, p. 23.

18 Mining Family Matters, *Submission 28*, p. 28.

- 3.33 Overwhelmingly, it was felt that the divisiveness between resident and non-resident workers could be mitigated with efforts to provide more positive opportunities for interaction:

There is also some work to do in improving social cohesion within mining communities, particularly in the smaller mining communities – some activities which provide opportunities for non-resident workers and residents to come together and break down some of the us versus them mentalities prevailing in those communities. That is about looking at ways to celebrate diversity but also encouraging workers and families to see that it is not so bad living in Moranbah – you can actually have a great life in those towns.¹⁹

- 3.34 As discussed below, many residents feel that FIFO workers are simply disregarding the fact that they are within communities that deserve to be treated with respect.

- 3.35 A number of submissions called on resource companies to develop corporate volunteering programs to help improve relationships between locals and FIFO workers but also to help showcase the local community to potential new residents. It was noted that many of the men living in camps are highly skilled and would have a lot to offer in positions like men's sheds or youth mentoring.²⁰

Area for corporate action – community volunteer days

- 3.36 Many residents called on the opportunity to showcase their towns to FIFO workers and families. Companies reported holding FIFO family days on site and corporate volunteering programs for office-based staff. Extending these programs into host resource communities would be beneficial in breaking down the divisiveness developing between FIFO workers and host communities as well as showcasing regional communities to potential residents.**

19 Deborah Rae, Social Development Director, Regional Social Development Centre (RSDC), *Transcript of Evidence*, Mackay, 23 February 2012, p. 8.

20 Judith Wright, Member, Soroptimist International of Karratha and Districts, *Transcript of Evidence*, Karratha, 28 March 2012, p. 5.

Safety

- 3.37 One of the key features of regional communities is the liveability of the community – the fact that safety is unquestioned and young people are able to play and travel without adult supervision.
- 3.38 FIFO practices change community demographics, typically injecting a large number of young men living in temporary accommodation and with no community connection and little to do when off shift. These changes can heighten community concerns about declining safety.
- 3.39 Communities across the country expressed fear, mistrust and uncertainty about the presence of FIFO workers. The following statements from the senior students of Moranbah State School highlights the concerns repeatedly reported from many communities:

Samuel Vella: You mentioned safety. With fly-in fly-out workers, while most people are pretty respectable you always have the ones who are not. When girls are bored and have nothing to do, they go out with their friends, go to parties and walk along the streets at night. With more and more of these fly-in fly-out guys, how can you know that they are not going to try anything? If they have less respect for the community, they might think: This isn't my town. I'll do what I want, go back to Brisbane and everything will be okay.' That is another concern. I have seen it get a little [less] safe. It is a safe town; it is a good town.

Chantelle Winter: I am 17. I would never walk the streets, even at eight o'clock, because there are so many guys driving around and things and it is a bit scary sometimes. I do not really go out at all because I do not feel safe.

Kevin Hackney: The fly-in fly-out people do not treat Moranbah as a community. I work at the workers club behind the bar. I have my RSA so I can earn money for my family. I used to know a lot of the regulars. But lately, over the past two or three months, there have been a lot of fly-in fly-out people. Regarding safety, when we close up it gets violent sometimes – out of control. We always ask people whether they are fly-in fly-out people just to check. If we ban them, we have to know if they live here or not, because we have to alert the police either way. When that happens, it is hard to ban someone who is a fly-in fly-out worker because you might not see them for a while.

With the violence, you see them walking down the streets and running amok. They go nuts along the streets, shouting and kicking and stuff. The cops are always getting called over to the workers club and the Black Nugget pub, because a lot of the fly-in

fly-out people do not care. When I am walking home at night, it is scary sometimes. I like walking along by the MAC camps. You see drunken guys who do not live in the MAC camps and it is scary. They run amok and do silly stuff, destroying stuff because they know that it is not their community. 'We got the money; we don't care.' That is their attitude towards us. And that is while we struggle and try to make the community the best it can be.²¹

- 3.40 There were many more reports over the course of the inquiry about violence, predatory behaviour and high alcohol and drug use. This indicates serious problems with the implementation of FIFO work practices.
- 3.41 This is an issue that the resource companies need to address directly. As discussed in the next chapter, accommodation providers make serious efforts to provide facilities to ensure that workers have entertainment options at-camp rather than impacting on local towns. Nonetheless, where FIFO workers are disruptive the deleterious effect on the social fabric of communities contributes to the 'anti-FIFO' sentiment.
- 3.42 For police, keeping control in towns with a high FIFO population is a challenge. The Police Federation stated:
- Police, generally, in smaller, regional communities ... know the people in their own patch and who they might need to keep a closer eye on. It is called community policing. In these communities it is the unknown factor. With an ever-changing group of residents it is hard to keep track of who is who in the community and who might need closer attention.
- I am also advised it appears that a number of companies and contractors have a mindset of, 'We don't care what happens after-hours as long as they show up for work and don't misbehave in the camps.' A number of my colleagues also suggest that the old concept of 'one fight; next flight' does not seem to exist in many locations nowadays and perhaps this is because so many companies and contractors are desperate for staff and they are prepared to turn a blind eye to such behaviour.²²
- 3.43 Even with concerns about community safety and amenity, the majority of evidence supported connection between camps and towns so that local businesses could benefit, and a number of submissions criticised those

21 Samuel Vella, Chantelle Winter, Kevin Hackney, students, Moranbah State High School, *Transcript of Evidence*, Moranbah, 21 February 2012, p. 31.

22 Mark Burgess, Chief Executive Officer, Police Federation of Australia, *Transcript of Evidence*, Canberra, 2 November 2011, p. 2

camps that replicated facilities (bars and gyms) available in town. However, the underlying theme also sought for employers and accommodation providers to insist on a standard of behaviour from FIFO workers that respects local towns.

- 3.44 Whilst most accommodation providers require commitment from residents to some form of behavioural code of conduct, these are linked to accommodation, not employment, so the consequences for breaching an agreement of this type are limited.
- 3.45 From the experience of Canadian companies managing the same issues, addressing these issues will build far greater social capital for resource companies than many other community support initiatives.
- 3.46 For example, as part of contracts with resource and contracting companies, the Town of Labrador City has insisted that all workers in camp accommodation sign a social contract as a condition of residency. These contracts are linked to employment, so a breach can result in dismissal. The contracts have been developed in conjunction with a community advisory group so while the company sets the consequences, the standard of behaviour expected is set by the community. The Labrador City Mayor, Karen Oldfield, confirmed that the contracts were making a practical difference by emphasising to workers that they were living in a community that deserved to be treated with respect and were contributing to more positive relationships between FIFO workers and residents.²³

Area for corporate action – social contracts

- 3.47 **A key concern throughout the inquiry for communities is the lack of respect shown by FIFO workers towards the town. This has been proven to be effectively managed by employers requiring social contracts to be signed by all FIFO workers, linked to employment, about the standard of behaviour required by the community and companies operating Australia should consider the implementation of these contracts.**

Community engagement

- 3.48 In every town visited through the course of the inquiry, residents reported being unable to field sporting teams, provide coaches for kids sport or run the Rotary club because they are unable to fill volunteer rosters. In small communities, volunteers run many of the services taken for granted in larger towns, indeed small communities are absolutely reliant on volunteers for the delivery of some basic services, such as the ambulance.

23 Meetings held 27 August 2012, St John's, Newfoundland, Canada.

- 3.49 As well as providing essential services, volunteering has been shown to build:
- ... social capital, the networks of social relationships, of trust and reciprocity, which form the basis for social and emotional well-being. Leading social researchers have demonstrated its importance as the 'glue' which holds communities together. Social ties can be both informal (e.g. friends and family) or more formal (as in volunteering) but these create the basis for systematic improvements in crime rates, education, economic growth and health.²⁴
- 3.50 The decline in volunteering was seen as an example of the decline in social and emotional investment that people are willing to put into regional communities.
- 3.51 A number of factors were blamed for the decline in community engagement, including 12-hour shifts, ageing population and less willingness in young people to actively volunteer. However, the primary concern raised was a declining permanent population through the move to a FIFO workforce.
- 3.52 There were also many concerns expressed about FIFO workers not understanding that community assets are often in place due to the efforts of volunteers:
- FIFO workers are coming from all parts of the country and 'take for granted' the infrastructure that community volunteers have fund raised for, or built, over many years. We hear complaints about what we don't have - eg hospital in-patient whingeing because the TV was not a flat-screen! He was quickly informed there was no TV at all until the community pulled together to raise tens of thousands of dollars for the supply and installation.²⁵
- 3.53 In some cases, the resource companies themselves were causing a drain on volunteer services, instead of providing employee services:
- One of the disadvantages and anomalies of having a mine as closest neighbour is that, when there is a mine injury, they often call on the local St John Ambulance volunteers to come out and collect the injured patient. Even for a squashed finger, it seems ... that in order to claim workers compensation (or such), the ambulance service must be called and must be used to transport the patient. This puts a lot of unnecessary extra strain and demand
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24 RSDC, *Submission 78*, p. 7.

25 Soroptimist International of Karratha and Districts, *Submission 67*, p. 3.

on Hyden's small volunteer brigade. Whilst we understand that some donations are made to St Johns in lieu of this, having a small team of volunteers overworked for non-emergencies – is not reasonable or sustainable.²⁶

- 3.54 It is not just the host communities that are finding a drain on their volunteers, source communities also complained that having workers away for long periods on FIFO shifts meant that they are unwilling to participate in volunteer activities due to fatigue and because they could not commit to regular time:

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.²⁷

- 3.55 While this is not an exclusively-FIFO issue, for those resource-rich but resident-poor communities, the issue is compounded by the impact of the explosion in FIFO work practices and the feeling that communities are being degraded, rather than built by the resources industry.

12-hour shifts

- 3.56 Most mines operate twenty-four hours, seven days a week; their workforce rosters based on two 12-hour shifts. The use of 12-hour shifts has drawn considerable criticism, with concerns ranging from employee fatigue and mental health to the inability to participate in local community activities.

- 3.57 A recent report by Griffith University found that despite the resource industry being the first to achieve a 35 hour week, it now has the second longest hours of any industry (second only to road transport.) The report also found that the long working hours were leading to an erosion in family life and the choice to move away from residential to FIFO work.²⁸

- 3.58 The Australasian Institute of Mining and Metallurgy (AusIMM) stated that:

Members have observed that since the minerals industry went from five days per week, 8 hour shifts to continuous 12 hour rosters, the fabric of regional town societies has fundamentally changed with significant impacts on sporting clubs, volunteer groups and social events. The economic need to work assets

26 Hyden Progress Association, *Submission 7*, p. 3.

27 Northern Territory Government, *Submission 131*, p. 4.

28 D Peetz and G Murray, "You get really old, really quick": Involuntary long hours in the mining industry,' *Journal of Industrial Relations*, vol. 53, no. 1, 2011, pp. 13-30.

continuously has been the driving force behind this in many towns, but the quality of life for town based families has been reducing across the country and often acts as an impediment to choosing to live residentially. Many single professionals and minerals families believe that with these rosters and having so much time off in blocks that there is little point remaining in a town especially when they want coastal standards of living.²⁹

- 3.59 Moranbah residents noted the challenge that 12-hour shifts pose to maintaining active community organisations:

Moranbah has many active sporting, and social clubs, which helps to keep a thriving healthy community together, but with the introduction of 12 hour shifts and people deciding they might like to reside elsewhere and commute, which is their choice, to FIFO, DIDO, & BIBO, many of these clubs have had to devise alternative and flexible hours to retain team memberships.³⁰

- 3.60 The Australian Manufacturers Workers Union argued that shift work patterns could be contributing to the skills shortage:

In current circumstances, there appears to be an unwillingness of sufficient workers to apply their skills to the resources sector under the terms and conditions of employment offered to them. Terms which may affect the decision of these workers range from wages paid, the location of work, to conditions such as FIFO employment, non-permanent contract-to-contract employment and 12 hour shifts, worked for 13 day fortnights, often five weeks on one week off.³¹

- 3.61 Accommodation provider Sodexo stated that they offer variable shifts depending on whether workers were local or FIFO, simply in order to attract workers:

Our experience is that people who are doing FIFO want to do 12-hour shifts because it means that they can maximise their time at work but they can also maximise their time at home, and people who are coming from the local community want to do shorter shifts because they still have all of the obligations at home, particularly to do with child care and keeping a family running at the same time as they are providing a service at the mining operation. We have found over time that we need to be incredibly flexible in how we offer work. ...

29 Australasian Institute of Mining and Metallurgy (AusIMM), *Submission 58*, p. 12.

30 Moranbah Traders Association, *Submission 103*, p. 4.

31 Australian Manufacturing Workers' Union (AMWU), *Submission 32*, p. 18

For example, we do some operations in Dysart, where the FIFO workers would work 11-hour days. The local workers could choose to work an eight-, nine- or 10-hour day. They could also choose to work just Monday to Friday or a five-day week out of any seven days. That is one example. We do that in many places. Roxby Downs is another place and there is Karratha, Port Hedland and Cloncurry. There are lots of communities where we do that. What is interesting is that, when you give people the opportunity to do that and give them the opportunity to have assistance with rental, many of them still choose to do FIFO.³²

- 3.62 The Communications Electrical Plumbing Union (CPEU) argued that, even with a corresponding reduction in wages, most workers would choose to work a more lifestyle friendly eight to ten hour shift than a 12-hour shift:

If we were to go out and do a survey of workers in the industry and they were given an opportunity and an actual choice with respect to whether they wanted to work 12-hour shifts or eight-hour shifts and what that meant to them and their families, I reckon there would be a resounding response that they would go back to eight-hour shifts. I am happy to be put on record on that and am happy to be challenged about that. Quite simply, there were enormous numbers of disputes when 12-hour shifts were introduced. There were enormous numbers of disputes when seven-day rosters and equal-time rosters were introduced, simply because people understood at the time the need to have that family life balance. Those 12-hour shifts, seven-day rosters and equal-time rosters take away the opportunity to have equal time with family and life balance. I am happy to have that challenge put out there.

I think that it is now ingrained in such a way that people just come to accept that those are the terms they have to work with and they do their best around them.³³

- 3.63 In contrast, the MCA stated that 'there would be World War III if we tried to change some of those workers back out of 12-hour shifts back onto eight-hour shifts.'³⁴

32 Linda Nunn, Industrial Relations Manager, Sodexo Pty Ltd, *Transcript of Evidence*, Melbourne, 14 June 2012, p. 3.

33 Allen Hicks, Assistant National Secretary, Electrical Division, Communications Electrical Plumbing Union (CEPU), *Transcript of Evidence*, Sydney, 25 May 2012, p. 19.

34 Christopher Frase, Director, Education and Training, MCA, *Transcript of Evidence*, Canberra, 23 May 2012, p. 2

- 3.64 For FIFO workers, the preference for long shifts is understandable as the long shifts mean they do not need to find activities to fill their down hours:

My son's FIFO roster for construction is again different. He works 10 hours per day and is away for four weeks and back with his family for one week. During this time away, other than depression, his other concern is that he is working away to make money for his family and there is no room to negotiate overtime. He says that he is working to get more money and he would rather work more hours than sit depressed in his room for longer hours.³⁵

- 3.65 This was reiterated by BHP Billiton:

Hiltaba will have its own facilities to accommodate people, but typically – you see it at the Olympic village and at the Roxby village inside the town – people who work 12-hour shifts are not too boisterous post the 12-hour shifts. They go in there, they have their meals and they tend to want to sleep and be ready for the next day's shift, especially when they are working those long rosters, under those conditions. So putting them out there really is a solution that we think best reflects the attitude of the majority of people in the town.³⁶

- 3.66 Nonetheless, it is clear that 12-hour shifts have a negative impact on residential communities. The Committee heard repeated stories of families choosing to move to larger centres and FIFO for work, simply because the burden of a 12-hour shift meant that FIFO work offered greater family time.

Drive-in, drive-out after 12 hour shifts

- 3.67 Of most concern is evidence of DIDO workers completing a 12-hour shift and driving three or more hours home, leading to a high accident and death rate on regional roads.³⁷ The accident rate in the Bowen Basin is particularly high,³⁸ and as DIDO workforce arrangements increase throughout southern Queensland and New South Wales, there can be little doubt that a similar trend will develop in new mining areas.

35 Vivien Kamen, Member, Soroptimist International of Karratha and Districts, pp. 2-3.

36 Kym Winter-Dewhirst, Vice President, External Affairs, BHP Billiton, *Transcript of Evidence*, 8 December 2011, Adelaide, p. 6.

37 See for example: Construction Forestry Mining and Energy Union (CFMEU), *Submission 133*, p. 50; Moranbah Medical Centre, *Submission 2*.

38 Isaac Regional Council, *Submission 81*.

- 3.68 Understandably, after a long period of 12-hour shifts, workers are keen to get home as quickly as possible and some DIDO employees are putting themselves at an unacceptably high risk of accidents:
- Concerns have been raised by Annette Hennessey, Qld State Coroner, about fatigue related accidents and mortalities due to non-resident workforce arrangements in the Qld mining industry (Queensland Courts, Officer of State Coroner, 2011). Under current conditions, fatigued non-resident workers are more likely to be killed or injured in motor vehicle accidents as they commute either end of work cycles than in the workplace.³⁹
- 3.69 Isaac Regional Council reported a significant number of fatigue and congestion-related incidents on the highway and an increasing number of traffic fatalities. While many employers provide bus services to Mackay, the Australian Services Union noted that the practice of employing workers on individual contracts (that is, without direct employer supervision) was leading to people taking higher risks to get to and from worksites by driving before and after the end of long shifts.⁴⁰
- 3.70 Employers and accommodation providers were quick to condemn fatigued driving because of the related risk between fatigue and traffic accidents. A number of employers noted that they insist on a 'bus-in, bus-out' only policy, however, they had little control over those who did not live 'in camp'. Accommodation providers reported being very aware of the need to provide resting rooms for workers who had finished shifts to utilise before driving home but had little control over the uptake.⁴¹
- 3.71 The Committee travelled a common DIDO route – the Peak Downs Highway between Moranbah and Mackay – and observed the traffic congestion on a road that was only built to be a rural link but now hosts heavy industrial and workforce traffic.
- 3.72 It is worth noting that the oil sands operators in Fort McMurray, Alberta, Canada, have collectively agreed to have no car parking on site. This means that that all workers, including locals, have no option but to take a company-provided bus to site. This has significantly reduced fatigue- and congestion-related traffic accidents and is worthy of consideration in areas such as the Bowen Basin.

39 ARC Research Team, *Submission 95*, p. 14

40 Isaac Regional Council, *Submission 81*; Australian Services Union (ASU), *Submission 211*.

41 Roger Bradford, General Manager, Strategic Development, Ausco Modular, *Transcript of Evidence*, Brisbane, 24 February 2012, p. 21.

Area for corporate action – mandatory ‘bus-in, bus-out’

- 3.73** **Fatigue- and congestion-related traffic accidents (including a high rate of fatalities) are a serious concern in areas, such as the Bowen Basin in Queensland, with a high concentration of mines and DIDO employees. Resource companies acting collectively can have a significant impact on the accident rate by instituting mandatory regional ‘bus-in, bus-out’ policies.**

Economic impact

- 3.74 One of the most significant concerns for local governments is a lack of investment by resource companies in host communities. Despite the provisions made for FIFO workers (accommodation, meals and entertainment), local governments stated that they still have a significant economic impact on the region, which is not compensated for under existing models for local government funding nor resource company investment. Indeed, as has been alluded to at various points throughout this chapter, the provision of amenities to FIFO workers can limit benefits to businesses in host communities.
- 3.75 Many councils affirmed that they were carrying the economic burden of FIFO workers on provision of local government services and infrastructure without adequate compensation for these costs. Councils reported infrastructure shortages of:
- community infrastructure and services;
 - rail and road infrastructure;
 - town services, including water, road and sewerage;
 - airport, including airstrip, infrastructure; and
 - telecommunications infrastructure.⁴²
- 3.76 Local governments have little capacity to plan for their future infrastructure needs. This is because there is a lack of planning, control and forward projection of FIFO numbers and a complete absence of any robust, independent research about the real cost impact of FIFO workforces on host communities. Indeed, a recent KPMG discussion paper on the ‘infrastructure ripple effect’ suggested that the required

42 See for example: WA Regional Cities Alliance, *Submission 89*; Isaac Regional Council, *Submission 81*; Point Samson Community Association, *Submission 55*, Shire of Ashburton, *Submission 60*.

infrastructure investment to support the resources industry 'must run into several hundreds of billions of dollars'.⁴³

3.77 The Pilbara Regional Council stated that the planning framework for FIFO in the Pilbara is not soundly based because there is no real overall understanding of the number of people being impacted:

- there has been a systemic failure to establish 'existing conditions' with an under-estimation of residential population by the ABS of at least 12 000 people;
- the State planning commission has underestimated FIFO figures by 20 per cent for 2010, 60 per cent by 2015 and up to 90 per cent underestimated by 2020.⁴⁴

3.78 Little evidence of the actual dollar cost of the FIFO workforce for local governments was reported. In a report released in May 2012 on this issue by the Local Government Association of Queensland (LGAQ) found the same dearth of robust research. However, the LGAQ did report that a 2010 survey of resource community councils found the following budget impacts as a direct result of resource industry growth:

- the five-year capital outlay for eight councils totalled \$421 million or between three and 21 per cent of council budgets;
- combined capital and recurrent costs was estimated to be \$770 million;
- projected total rate revenue from increased resource activity was \$87 million, or 3.5 per cent of total expected project royalties and falling well short of estimated expenditure.⁴⁵

3.79 In addition to the infrastructure costs to a local government area, there is an impact on the indirect economy of a local region. There are very few studies of which this Committee is aware that has analysed the direct and indirect impact of the FIFO workforce on local communities.⁴⁶

3.80 The Pilbara Regional Council recently commissioned the AECgroup to undertake an economic impact assessment of the Pilbara FIFO workforce and to analyse the expenditure patterns of a FIFO versus residential worker in the Pilbara region. Based on an estimate of 33 100 FIFO workers in the region in 2011/12, the economic contribution (through expenditure at local business) was estimated to be:

- \$339 million in output;

43 KMPG, *Australia's resources boom: the infrastructure ripple effect*, 2011, p. 5.

44 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 5.

45 Local Government Association of Queensland (LGAQ), *Scoping Study: impact of fly-in fly-out/drive-in drive-out work practices on local government*, May 2012, p. 10.

46 Pilbara Regional Council, *Supplementary Submission 43.1*; John Rolfe, *Submission 63*, p. 15.

- \$180 million in gross value add;
 - \$123 million in wages and salaries.
- 3.81 In contrast, had these 33 100 workers been local residents, the local economy would have benefitted from:
- \$2 126 million in output;
 - \$1 087 in gross value add;
 - \$709 million in wages and salaries.⁴⁷
- 3.82 This constraint on economic growth through loss in expenditure reinforces constraints being imposed by a lack of affordable housing discussed above. Many councils reported being unable to fill essential positions and reported lost opportunities for economic development due to a lack of housing, 'for example, McDonalds has decided not to open a store in Newman because of the lack of affordable housing for workers.'⁴⁸
- 3.83 Despite the substantial body of work that has been undertaken for the Pilbara Regional Council it is concerning that the bulk of evidence regarding the economic impact of the FIFO workforce practice is at best anecdotal.
- 3.84 The lack of research and data available to local governments is hindering their ability to plan for future impacts on infrastructure and hindering the capacity for state governments and the Commonwealth to adequately fund local governments.

Recommendation 3

The Committee recommends that the Commonwealth Government commission a comprehensive research study to determine the actual economic impact on the demand for and consumption of local government services and infrastructure from fly-in, fly-out/drive-in, drive-out workforces.

47 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 6.

48 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 7.

Medical services

- 3.85 Considerable evidence was presented that FIFO workers are having an impact on the provision of medical services. Anecdotal evidence indicated long waiting times and significant additional workload burdens placed on doctors.
- 3.86 The Shire of Yilgarn, in southern Western Australia noted that FIFO workers were placing a considerable burden on the local general practitioners, particularly when managing workplace accidents and emergencies:
- we have 1 200 more people in our shire at the moment just in Koolyanobbing alone – in that area to the north. They all need a doctor. They make appointments and come in for medicals. If they have an accident on the mine, they come back in and are transported by volunteer ambulance officers. They use our medical facilities. That is another population that we have. Some of those camps have 400 people in an area no bigger than a footy field. They have their own little problems, as you are aware and as the inquiry has heard, in terms of health problems and health issues. They do demand – and command – the services of our doctor. Sometimes, with the accident and emergency in particular, the doctor is called away from the clinic to attend to someone in an emergency situation.⁴⁹
- 3.87 The increasing workload burden on doctors is impacting on doctor-patient relationships and there were some implications made that medical staff did not have the capacity to proactively manage the health of residents:
- In order that Aboriginal people to participate in the Mining Industry opportunities they must be fit and healthy and/or able to control their health status. This will not happen if services by the Health Services are not proactive and effective.⁵⁰
- 3.88 Table 3.1 illustrates the burden that FIFO workers are placing on Moranbah Medical's services, with 35 per cent of all patient presentations over the course of a month identifying their place of usual residence as a place other than Moranbah. Even excluding the seven per cent of patients that live in nearby Coppabella, Nebo and Dysart, 28 per cent of patients identify their residence as well beyond the catchment area for Moranbah Medical's services.

49 Jeff Sowiak, Chief Executive, Shire of Yilgarn, *Transcript of Evidence*, Kalgoorlie, 19 April 2012, p. 5.

50 Mary Attwood, *Submission 205*, p. 3.

3.89 Moranbah Medical also provided figures that show that non-resident patient presentations (excluding Clermont and Dysart) have risen from 18 per cent in June 2007 to 23 per cent in June 2011, with a further increase to 28 per cent in September 2011.⁵¹

Table 3.1 Moranbah Medical: Patient location, September 2011

Patient identified location of residence	Percentage of total patients seen	Number of patients
Moranbah	65	1 541
Mackay/Sarina surrounds	5	121
Clermont/Capella surrounds	5	122
South East Corner – Brisbane/Gold Coast	5	135
NSW, ACT, Victoria, WA, Tasmania, NT, New Zealand	4	83
Sunshine Coast and hinterland	3	65
Coppabella/Nebo surrounds	2	36
Bowen/Ayr/Townsville	2	49
Gin Gin/Bundaberg/Gladstone/Childers surrounds	2	47
Dysart/Middlemount surrounds	2	35
QLD – other	2	28
Proserpine/Airlie/Cannonvale surrounds	1	28
Rockhampton/Gracemere/Blackwater/Emerald	1	33
Toowoomba/Darling Downs surrounds	1	32

Source Moranbah Medical, *Supplementary Submission 2.1*

3.90 Moranbah Medical noted that non-resident worker presentations to Moranbah Hospital were also high, but was unable to provide data to support this claim. In Moranbah, as well as most other small regional centres, the same doctors service the hospital as well as provide private practice services, therefore the increased workload at one detracts from services on offer at the other.⁵²

3.91 There can be little doubt that ‘continuing to mistakenly assert that non-resident workers do not place pressure on health care and other essential services is dangerous and short-sighted in the extreme.’⁵³

3.92 Not only does a FIFO workforce place a burden on medical service providers, it restricts access to these services for local residents. However, there is a lack of consistent data about the extent of this issue and the cost to regional medical services.

51 Moranbah Medical, *Submission 2*, p. 3.

52 Moranbah Medical, *Submission 2*, p. 3.

53 Moranbah Medical, *Submission 2*, p. 4.

- 3.93 Without robust empirical evidence about the extent of the impact of non-resident workers on regional medical services, it is difficult to develop policy of funding models to address the issue.
- 3.94 Chapter 6 of this report makes recommendations about the need for better planning at the local and national level to support regional health delivery. However, this will be difficult to achieve without a baseline analysis of the impact of non-resident workers on medical services in regional resource areas.

Recommendation 4

The Committee recommends that the Commonwealth Government commission a study of the impact of non-resident workers in regional resource towns on the provision of medical services and as a result of this study develop a health policy response that supports the sustainability of regional medical services.

Economic diversification

- 3.95 Growth in the resources industry and an influx of FIFO workers has the capacity to bring great wealth to regional areas and, in some cases, the development of a new mine is diversifying local economies:
- ... if given the choice we would rather have fly in fly out mining as close as we do, and in some ways reaps some benefits, rather than be just an agricultural-centric town with a single facet economy and no mining interests at all.⁵⁴
- 3.96 The lack of economic diversification in many resource communities is obvious:
- It is indicative of the lack of economic diversity, that 'logo emblazoned' fluoro safety shirts are the main attire seen at the shopping centres, airports, hotels. This attire is not restricted to FIFO, neither is it restricted to males, but it does re-enforce the image of Karratha being a 'work camp' vs being the cosmopolitan community that sits below this veneer.⁵⁵

54 Hyden Progress Association, *Submission 7*, p. 3.

55 Soroptimist International of Karratha and Districts, *Submission 67*, p. 3.

- 3.97 Despite the opportunities, however, the development of a mine does not necessarily translate to diversification in the economy, and in some cases actually degrades the level of diversification already in place.

Tourism

- 3.98 Tourism is a natural focus for economic diversification for many resource communities. While some are not traditionally thought of as tourist destinations, many resource communities are located in extraordinary parts of Australia and have the capacity to promote themselves as key holiday destinations for both domestic and international travellers:

The Pilbara's natural and cultural heritage assets, such as its coastline, Karijini and the Burrup Peninsula's rock-art galleries, are planned to be 'conserved, celebrated and cherished'. In particular, the tourism sector has significant development potential, and strategies must be found to facilitate this expansion notwithstanding the various impacts, some detrimental, that resource development activities have on accommodation and services costs to visitors.⁵⁶

- 3.99 Indeed, some areas are capitalising on the resource industry and featuring tours of operations, such as the KCGM Super Pit in Kalgoorlie.⁵⁷

- 3.100 Tourism is a significant contributor to the national economy. The National Tourism Alliance (NTA) noted that tourism:

- contributes \$34 billion, or 2.5 per cent of Australia's GDP;
- generates approximately \$23 billion in export earnings, over 9 per cent of total exports;
- directly employs 500 000, 4.5 per cent of total employment, and indirectly employs 320 000;
- generates almost \$7 billion in taxation revenue; and
- in regional areas has generated over 220 000 jobs with 46 cents in every tourism dollar being spent in regional areas.⁵⁸

- 3.101 Nonetheless, while the two largest mining-dependent states, Queensland and Western Australia have a national gross value add from mining of 24 and 51 per cent respectively, the dependency on tourism is comparatively

56 Regional Development Australia Pilbara (RDA Pilbara), *Submission 98*, p. [2-3].

57 See <superpit.com.au/AboutKCGM/Tours/tabid/76/Default.aspx>, viewed 17 December 2012.

58 National Tourism Alliance (NTA), *Submission 129*, p. 2.

low. Queensland's tourism dependency is 3.7 per cent, while Western Australia has the nation's lowest tourism dependency at 2.2 per cent.⁵⁹

- 3.102 Growth is being experienced in Western Australia in the business travel sector and this is directly attributable to FIFO. Unfortunately this growth is having a significant impact on the leisure sector of the tourism industry.

Workforce shortages

- 3.103 The capacity of the tourism industry to attract and retain staff is well documented, with 30 per cent of tourism industry leaders ranking 'the shortage of skilled labour among their top three business impediments.'⁶⁰ The Tourism and Transport Forum (TTF) Australia has identified that labour and skills are the greatest supply challenge in meeting growth targets.⁶¹

- 3.104 While there are reasons specific to the tourism industry for this supply challenge, TTF Australia noted that:

The concern is acute in regional areas, where tourism operators are having difficulty finding and retaining skilled staff as they are unable to compete with the wages offered by other sectors such as resources.⁶²

- 3.105 The tourism industry is directly competing with the resources sector for labour, particularly in Queensland and Western Australia where growth in the resources sector is growing at three to four times the rate of growth in the tourism sector. Tourism Research Australia noted:

Increased wages and lower profitability and productivity of affected industries, are in some sectors reducing the incentive for investment and limiting the ability to attract capital and labour.⁶³

- 3.106 Tourism providers are also finding it difficult to house staff who are unable to pay high rental prices, the consequences of which were discussed earlier in this chapter.

Access to transport and accommodation

- 3.107 Even when tourism operators are able to find sufficient staff, access to transport and accommodation for the leisure sector is being seriously hampered by the rising trend of FIFO work.

59 RET, Tourism Research Australia, *Snapshots 2011: The Impact of the mining boom on tourism*, November 2011.

60 Tourism and Transport Forum Australia (TTF), *Submission 134*, p. 1.

61 TTF, *Submission 134*, p. 1

62 TTF, *Submission 134*, p. 2

63 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

- 3.108 Tourism Research Australia has found that flights and accommodation are being 'crowded out' by business and employment use. The Tourism and Transport Forum confirmed that 'the growth in seats to resource areas leaves a net reduction in tourism seats.'⁶⁴
- 3.109 In areas where DIDO predominates, road safety is of serious concern. The Queensland Government raised concerns about road safety in a state where road touring is popular:
- Extra road traffic generated by DIDO workers has the potential to increase traffic and reduce safety on the road networks in regional areas, making them less attractive for the self-drive touring market. The safety, reliability and efficiency of Queensland's road network has direct impacts on Queensland's tourism industry because of the regionalised nature of our population centres and tourist attractions/destinations.⁶⁵
- 3.110 Conversely, some have argued that FIFO has enabled investment in regional aviation which directly benefits tourism.⁶⁶ The aviation industry has clearly benefited from the growth in FIFO, for example, Tourism Research Australia (TRA) has found that between 2006 and 2010 the 'available seat kilometres between Perth and Karratha grew at an average annual rate ... of 25 per cent'. Similarly, the Brisbane-Mackay route has grown at an average annual rate of 14 per cent between 2001 and 2010.⁶⁷
- 3.111 However, the growth in seats does not translate to better tourist access, TRA noted:
- While there has been significant capacity growth on mining-related routes, load factors have also remained high suggesting strong demand for these additional services which potentially restricts seat availability for leisure tourists.⁶⁸
- 3.112 A number of submissions also complained about companies 'block booking' aisle and window seats on commercial flights, resulting in families being unable to sit together and the presence of FIFO workers at small regional airports. Many comments were also made about the appearance of workers going directly from a shift to a flight:
- When I do manage to get a booking I notice they have a hefty contingent of 'orange jackets' flying. They are often quite objectionable in presentation in that they are not socially clean in

64 NTA, *Submission 129*, p. 3.

65 Queensland Government, *Submission 109*, p. 13-14.

66 CMEWA, *Submission 99*, p. 17; Queensland Government, *Submission 109*, p. 13.

67 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

68 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

dirty working clothes, exude the smell of stale alcohol and exhibit rowdy behaviour. It is a relief to get off at the other end!⁶⁹

Area for corporate action – reducing impact on regional airports

3.113 A number of local councils noted that they would like to have a process put in place that would streamline on-site check-in for workers so they were transported directly to the flight rather than waiting at the airport and impacting on the amenity for leisure and local travellers.

3.114 Where leisure travellers are able to access airline seats, they have difficulty sourcing accommodation. Shortage of tourist accommodation is seen as a key impact on the decline in tourist activity levels in some resource areas. The NTA noted:

Tourism is losing accommodation and product capacity as bed stock is taken over by corporate and FIFO along with accompanying price rises. In some cases, destinations have become virtually off-limits to leisure tour operators as all available accommodation has been contracted to mining operators, for up to 6-10 years in some cases.⁷⁰

3.115 Research undertaken by Tourism Research Australia supports this finding. Across the country, business nights as a reason for travel have declined in all states except Queensland and Western Australia, with 30 per cent of business nights in regional Australia attributable to FIFO workers.⁷¹

3.116 Indeed, the percentage of FIFO visitor nights as an overall proportion of business nights is growing across all regions engaged with the resources industry. As demonstrated in Figure 3.1, over 40 per cent of business nights in some regions are attributable to FIFO.⁷²

3.117 This is concerning because increased accommodation prices push travel to affected communities out of the average leisure traveller's affordability, and in some cases removes them from the leisure market altogether. The Town of Port Hedland stated:

Currently the Town of Port Hedland has no backpackers facilities ... and there is little incentive for anyone to operate a backpackers accommodation business when they can rent out their premises to FIFO companies for in excess of \$2 000 per week.⁷³

69 Margaret Christie, *Submission 120*.

70 NTA, *Submission 129*, p. 4.

71 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

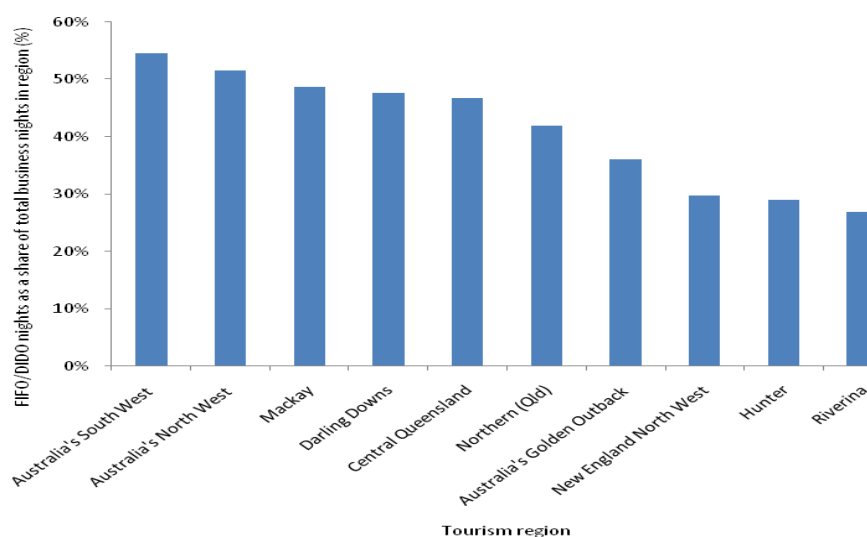
72 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

73 Kelly Howlett, *Submission 59*, p. 1.

3.118 Cobar Business Association outlined the conflict they feel about rising occupancy rates as opposed to the downturn in tourism capacity of the town:

While it is good that our local motels are fully booked, it makes it very difficult for other businesses in town, including the local Council and contractors, to find accommodation for visiting professionals. It also has a significant impact on our local tourism industry with many tourists who intended to stop in Cobar forced to continue their journey due to a lack of accommodation options.⁷⁴

Figure 3.1 FIFO/DIDO visitor nights as a proportion of business nights, 2010



Source Australian Government, Department of Resources, Energy and Tourism, *Tourism Research Australia, Snapshots 2011: The Impact of the mining boom on tourism, November 2011* from National Visitor Survey 2010.

3.119 Regional tourists expressed frustration at this situation. For instance, Diana and Gordon Plowman stated that, during two trips covering 12 000 kilometres of outback Queensland, they could not find weeknight accommodation in many towns and advance bookings were cancelled with little notice due to block company bookings.⁷⁵

3.120 The Queensland Government noted:

The FIFO/DIDO model has the potential to reduce the capacity of regional Queensland to benefit from tourism. For example, tourist accommodation in local towns that would typically be used by leisure visitors may be utilised - particularly during the pre-construction and construction phases, by the FIFO/DIDO

74 Cobar Business Association, *Submission 38*, p. 2

75 Diana and Gordon Plowman, *Submission 20*.

workforce, putting pressure on the availability of tourist accommodation. In some cases, employers of FIFO/DIDO workers have booked out accommodation premises for an extended period of time, even if not fully utilised. In other cases, mining companies have purchased accommodation premises (e.g. caravan parks). Reports of complaints from travellers about the unavailability of accommodation in towns that tourists wish to visit are not isolated. As a result, these destinations have lost these visitors and the economic benefit (in terms of expenditure) tourists would have otherwise brought.⁷⁶

- 3.121 A decline in tourism service capacity not only has serious consequences for individual business operators, but also has consequences for the ability of towns and regions to develop an economically diverse base that will be sustainable beyond the life of the supporting mine.

Business development

- 3.122 One of the key complaints about FIFO related to the failure of accommodation providers to source basic services from the local community:

There are concerns at the lack of investment from FIFO dominated projects in regional communities. There is evidence of projects in the Pilbara which have assessed the production change and found that there was effectively no input or integration with the local or regional economy. Even to the extent some projects weren't even buying basic services such as bread from the region - even though there were suitable providers of this.⁷⁷

- 3.123 The co-location of work camps containing mini supermarkets, bars and other services, despite the town's facilities being in close proximity, erode what little benefit the camps could provide.
- 3.124 Whilst communities may have service providers willing to provide goods and services, they may not have the capacity to meet the supply demand. Geoff Dearden, General Manager Development of The MAC Service Group, a national accommodation supplier, stated that some local suppliers had been able to grow with The MAC's growth:

When the business started 10 or 12 years ago it was obviously much smaller. We started buying meat through a local butcher in Mackay for the Bowen Basin sites. We still use that same butcher.

76 Queensland Government, *Submission 109*, p. 13.

77 City of Greater Geraldton, *Submission 111*, p. [11].

He supplies 7 000 meals a day. He has decided to invest with us and we have remained loyal to him. So there is that opportunity.⁷⁸

3.125 Understandably, Mr Dearden noted that one of The MAC's purchasing criteria is supply certainty to ensure the capacity to deliver services 24 hours a day, seven days a week and small businesses in regional centres are often unable to meet this requirement.

3.126 The Pilbara Regional Council also noted that the provision of FIFO trade and service industries restricted the availability of these services to the local community:

These arrangements operate to the severe detriment of local residential communities. More specifically the FIFO services (eg. Electricians and refrigeration engineers) are restricted in their operations to the resource operations and are not available to the general population. Furthermore, potential, locally based services which do not have access to resource based work are unable to survive servicing the domestic market alone. Often, the result is local communities are deprived of many of the services and trades which would normally be found in communities of comparable size.⁷⁹

3.127 The Committee took significant lessons from its experience in Newfoundland and Labrador in Canada about development of local businesses through community benefits plans. In short, for a resource company to operate in the province, they must adhere to a community benefits plan. These plans cover local hiring, Indigenous and gender equity plans, contribution to infrastructure and skills development and supplier development.

3.128 For example, the Hebron offshore petroleum community benefits agreement specifies the following activities to take place in the Province:

- fabrication and construction in the Province;
- front-end engineering and design (specified 50 000 person hours);
- detailed engineering (specified 1.2 million person hours);
- project management office in the Province (specified one million person hours plus locals-first employment);
- procurement and contracting (proponents will develop local supplier capacity);

78 Geoffrey Dearden, General Manager, Development, The MAC Services Group Pty Ltd, *Transcript of Evidence*, Brisbane, 25 May 2012, p. 32.

79 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 7.

- research, development, education and training (\$120 million contribution to local supplier development and \$1 million to local tertiary education institutions for project skills development); and
 - gender equity and diversity planning.⁸⁰
- 3.129 Recognising that the Hebron Project is a long-term project for the region, the industry stakeholders and the local and provincial governments have addressed the need to build in-province capacity – both in terms of skills and local small business capacity.

Area for corporate, state/territory action – small business capacity development

- 3.130 In many small towns, particularly the new resource areas, local businesses may not have the capacity to service FIFO operations whether camp services, workforce training or product development. However, with some capacity development, many local businesses may be able to position themselves to take advantage of service delivery to the FIFO workforce.**
- 3.131 Furthermore, despite the apparent opportunities for Aboriginal companies to establish business relationships with resource companies, there is a lack of support for them in navigating mining and business regulations.⁸¹
- 3.132 In Mongolia, the Committee learned that as part of community engagement alongside the Oyu Tolgoi mine, Rio Tinto is supporting the growth of small businesses in the nearby town of Khanbogd that will eventually become the residential community servicing the mine. This very small community currently does not have the capacity for rapid expansion, but by assisting businesses to develop in a sustainable manner, Rio Tinto envisions that the town will be able to grow with a diversified economy.⁸²

80 Government of Newfoundland Labrador, Department of Natural Resources, *Hebron Royalties and benefits*, <nr.gov.nl.ca/nr/energy/petroleum/offshore/projects/hebron_royalties.html> viewed 31 October 2012.

81 Mary Attwood, *Submission 205*, p. 7.

82 Meetings held Wednesday, 5 September 2012, Oyu Tolgoi mine and Khanbogd town, southern Mongolia.

- 3.133 The Commonwealth Government recently established a Small Business Commissioner to provide information, advice, advocacy and representation of small business interests. The Committee believes that one of the Commissioner's key priorities should be to develop initiatives to build supply capacity in resource communities.

Recommendation 5

The Committee recommends that the Commonwealth Government charge the Australian Small Business Commissioner to enhance the capacity of small businesses in resource communities to participate in servicing the demands of the resource sector.

Choice

- 3.134 It was argued consistently throughout the inquiry that FIFO work practices were necessary because workers needed to be afforded choice about where they lived and worked. However, it was clear that the impact of FIFO work practices was effectively limiting the capacity of workers to choose to relocate closer to their workplace due to high housing costs, limited education opportunities and, in some cases, mandatory FIFO positions.
- 3.135 The Committee encountered disturbing reports that existing residential workers were being forced onto FIFO contracts, despite a desire to remain as residential employees:
- My husband has been told that his contract will now be fly-in fly-out. If he wishes to take that contract up, it is his choice. He has worked for the company for 26 years and we have lived up here [Karratha] for 28. 'The time has come whereby your job now is fly-in fly-out, whether you like it or not.'⁸³
- 3.136 The assertion that locally-based permanent workers are being forced to work FIFO and live in accommodation camps is deeply concerning. While the Committee does not accept the arguments for imposing FIFO quotas, it does believe that all permanent FIFO positions should be identified and have justified reasons for not being locally based.

83 Joanne Pritchard, Friendship Co-ordinator and Past President, Soroptimist International of Karratha and Districts, *Transcript of Evidence*, Karratha, 28 March 2012, p. 4.

- 3.137 FIFO is often the best employment practice for a construction workforce. However, for permanent workforces, the Committee is of the very strong opinion that FIFO should only be used in very limited circumstances.
- 3.138 It would be inappropriate to recommend mandatory residential or FIFO levels. These are matters for local and state governments and employees and employers to negotiate. However, there are very many things that can be done to encourage the growth of a residential workforce.

Community benefits

- 3.139 One of the key lessons that the Canadian experience may provide Australia is the use of community benefits plans. Impact benefits agreements with local Indigenous communities are a common feature of resource development, particularly in Western Australia, but are often focussed on compensation for land use. While resource companies are very aware of their role as contributors to community infrastructure, this happens in an ad-hoc manner, contributing to the perception that companies do little to build residential towns.
- 3.140 The community benefits plans in place in Canada focus less on compensation and ad-hoc provision of facilities and more on building community sustainability and economic diversity, including local business and skills development as noted above.
- 3.141 Community benefits plans are linked to mine approval, and required through whatever powers the local government or province may have – including in some case being required for environmental approvals.
- 3.142 Some of the features of community benefits plans include:
- local hiring targets including specified in-Province employment hours;
 - in existing communities, FIFO limited to construction, with permanent employees allowed to FIFO on an exception-only basis;
 - negotiated layout of FIFO camps – for example, locating camps close to town with studio rooms that include a kitchen and no mess or bar facilities so that workers must purchase food locally;
 - designing FIFO camps to integrate to the urban landscape of the town and ensuring that the design can be put to alternative uses when no longer required as FIFO accommodation;
 - housing development and infrastructure upgrades; and
 - seasonal mining employment for university students and agricultural workers.

- 3.143 In addition to community benefits plans, some companies had also negotiated specific Aboriginal FIFO plans that identified Aboriginal communities that wanted to either run FIFO camps or take advantage of FIFO employment.
- 3.144 Similar to some of Australia's Indigenous communities that have access challenges during wet/dry seasons, some of Canada's Aboriginal communities are isolated until winter opens ice roads so they were being engaged in seasonal employment which has a range of community benefits, including suiting cultural obligations.
- 3.145 Newfoundland and Labrador provincial authorities advised that the community benefits plans were mandatory for any resource development and included monthly reporting requirements. Officials also noted that companies had accepted the need for community benefits plans and time had shown that they did not impact on profitability or competitiveness.
- 3.146 The resource companies are not alone in implementing community benefit agreements. Alongside company commitments, the provincial government supported business growth through targeted investment in skills and business development to bring local companies up to a competitive level.
- 3.147 Indeed, resource companies stated that they embraced the community benefits plans as they put structure around what otherwise was ad-hoc (even if significant) contribution to the community.
- 3.148 The Committee acknowledges that many resource companies do make significant contributions to communities and there are many company-supported initiatives funded by resource companies. All of the companies and industry organisations that provided evidence to the inquiry expressed their commitment to community support initiatives.
- 3.149 The Chamber of Minerals and Energy of Western Australia (CMEWA) has issued guidelines regarding best practice FIFO integration.⁸⁴ The eight guiding principles to apply best practice in FIFO integration reflect the evidence received during this inquiry.
- 3.150 However, many local councils advised that infrastructure investment is focussed largely on 'headline' projects such as new swimming pools and sporting facilities without legacy maintenance funding.⁸⁵
- 3.151 The rise in the use of FIFO workforces and the degradation of regional communities, both actual and perceived, means that corporate support

84 CMEWA, *A Matter of choice: Capturing the FIFO opportunity in Pilbara Communities*, April 2012.

85 For example, see Darryl Gerrity, Mayor, West Coast Council, *Transcript of Evidence*, Melbourne, 14 June 2012, p. 29.

needs to be undertaken in a way that is more strategic, transparent and accountable.

- 3.152 Very few resource communities stated that they did not want growth in mining operations, they simply want more consideration taken of their communities in the process. Part of the frustration by local governments was focussed on their exclusion from the approvals process and lack of engagement with resource companies in productive and proactive planning.
- 3.153 There is a clear lack of empirical evidence about the social impact of FIFO workforce practices on communities. However, it is clear from the anecdotal evidence that residents' experiences of FIFO are overwhelmingly negative.
- 3.154 Although social impact assessments are undertaken for all new and expanded mining operations and these are used to inform the approvals process, councils argued that the assessment outcomes focused more on state than local priorities.

Area for corporate, state/territory action – social impact assessments and community benefits plans

- 3.155 **The Committee encourages the implementation of more rigorous social impact assessments and community benefits plans mandated as part of any mine approval process.**
- 3.156 Social impact assessments are generally undertaken for state approvals processes and requirements vary across jurisdictions. Queensland currently has the most rigorous scheme, but local governments often feel excluded from the process and outcomes. The Committee urges all state the territory governments to implement the requirement for social impact assessments prior to any mine approval and fully involve local governments in the consideration of these assessments.

Local government involvement in planning

- 3.157 Local governments are key stakeholders in the management of the impact of FIFO workforces, however they have limited opportunity to influence these impacts at the key stage of regulatory approval.
- 3.158 For example, the Pilbara Regional Council stated:
- Section 120 of the Western Australia Mining Act 1976 limits the authority of local government based town planning schemes, (although there is significant debate as to precise limits imposed by this particular legislation);
 - The operators of most of the more major and established resource projects, particularly those relating to iron ore and

natural gas (both of whom are major employers), have entered into agreements with State government of Western Australia and those agreements are enshrined in statute (ie “State Agreements”). These pieces of legislation often limit local government input to planning processes to little more than consultation; and

- In many cases, the “State Agreements” referred to above limit, or restrict completely, the ability of local governments to collect anything other than minimal “Unimproved Value” (UV) rates, of operations which are internationally commercially significant.⁸⁶

3.159 Similarly in Queensland, local councils raised the following concerns about the resource approval process:

- tenure approval process – non-transparent tenure approval process and inadequate local government consultation and time to respond to applications;
- no legislative requirement to notify councils of tenure applications, therefore councils are often unaware of applications until approval has been granted and cannot adequately plan for their impact;
- no requirement for social impact management plans to be incorporated in environmental impact statements;
- no processes to financially compensate councils for the workload associated with participating in the approvals process.⁸⁷

3.160 As discussed above, resource companies should not be responsible for service provision as part of their core business; however, they and state governments are failing to adequately communicate the extent of a FIFO workforce to those responsible for planning.

3.161 The need for better planning was consistently repeated throughout the inquiry, but most local governments simply do not have the basic information they need to plan for services:

The region needs better planning – but this would mean coming up with a better / different way of counting the users of services. At the moment nobody is even sure of how many people there are at any given time in Moranbah, so planning around service provision is simply not possible.⁸⁸

86 Pilbara Regional Council, *Submission 43*, p. 8.

87 LGAQ, *Scoping Study: impact of fly-in fly-out/drive-in drive-out work practices on local government*, May 2012, pp. 13-14.

88 Moranbah Medical, *Supplementary Submission 2.2*, p. 2.

3.162 The Queensland Resources Council (QRC) argued that the shortfall in service provision is not the fault of FIFO workers, but rather a failure of government planning for infrastructure and service provision.⁸⁹ The Committee agrees with this argument to some extent, however, where resource companies are injecting a significant additional population in the form of FIFO workers to a region, they have some responsibility to ensure that these workers have adequate access to services – even if only through the provision of information to assist local councils with early planning.

Area for corporate, state/territory action – earlier engagement with local councils

3.163 Local governments, as the key service providers in local communities, as well as being the group that can communicate with local businesses about future growth and planning needs, must be involved at an earlier stage of the planning process.

Royalties for regions and local government capacity

3.164 The Western Australian Government's 'Royalties for Regions' program was cited regularly throughout the inquiry as a significant driver of growth capacity in the resource communities of Western Australia. The program reinvests 25 per cent of mining and onshore petroleum royalties into regional Western Australia to fund projects in health, education, community assets and infrastructure, housing and water.⁹⁰

3.165 Western Australian local governments largely supported the scheme and the Committee was impressed by the number of developments it observed in communities as a direct result of the funding. Regional Development Australia Pilbara (RDA Pilbara) stated:

Potentially the cornerstone of planned and positive change in the Pilbara Region is a new approach by the State Government, encapsulated in its Pilbara Cities Vision and in the Royalties for Regions initiatives and funding programs. These are intended to change forever any remaining perceptions of the Pilbara as a group of mining towns and with little to offer lifestyle-wise apart from the richness of the Region's natural attractions.⁹¹

3.166 Queensland councils called for similar royalties schemes to be put in place.⁹² In late November 2012 the Queensland Government made a commitment of funding under a 'Royalties for the Regions' scheme,

89 QRC, *Submission 125*, p. 17.

90 RDLWA, <rdl.wa.gov.au/royalties/pages/default.aspx>, viewed 10 December 2012.

91 RDA Pilbara, *Submission 98*, p. [9].

92 Mt Isa Shire Council, *Submission 162*; Isaac Regional Council, *Submission 81*.

although this is a base level of funding, and substantially less funding than available in Western Australia.⁹³

- 3.167 The inquiry heard a range of stories from local governments about the investment that companies were making in local communities that ranged from the very positive to the non-existent. Some argued that the payment of royalties was making companies reluctant to make additional investment:

Before the royalties came in, we got a far better response than we are getting at the moment. Now that royalties have come in, the mining companies turn around and say to us, 'We're paying royalties to the state government; therefore we shouldn't have to double-dip to assist you with building roads and so forth.' ... we do not have any formal structure but we do have regular meetings with them and we do impress upon them the need to be part of the community, to be good citizens and to make some contribution.⁹⁴

- 3.168 The MCA identified that there is a need for increased capacity in local governments:

Local governments in several jurisdictions struggle to provide services in the rapidly changing environment to populations with increasingly high expectations. In Western Australia local governments are struggling to manage the large inflow of funding generated through the Royalties for Regions scheme. In some cases a shire's operating budget has doubled but has not been accompanied by an increase in staffing levels necessary to effectively manage the increased budgets. There is a need for the capacity of local governments to be enhanced, particularly those that are receiving Royalties for Regions funding to maximise their potential for delivering desired outcomes.⁹⁵

- 3.169 Local councils need greater support to develop the skills base and capacity to effectively service resource communities. All the local government representatives that the Committee met over the course of the inquiry were highly skilled individuals who were serving their communities effectively and professionally. However, many also recognised the need for greater support in managing their ever-widening portfolio of responsibilities.

93 The Western Australian program is a \$6.5 billion program compared to a \$495 million initial investment followed by a \$200 million annual investment by the Queensland Government.

94 Peter Patroni, OAM, JP, Shire President, Shire of Yilgarn, *Transcript of Evidence*, Kalgoorlie, 19 April 2012, p. 3.

95 MCA, *Submission 118*, p. 12.

- 3.170 Accordingly, the Committee is recommending that the Commonwealth Government, in consultation with state and territory governments other appropriate stakeholders, identify areas where local governments affected by FIFO work practices would benefit from enhanced skills sets and develop training programs to meet the needs of senior officials in local government bureaucracy.

Recommendation 6

The Committee recommends that the Commonwealth Government identify areas where local governments affected by fly-in, fly-out/drive-in, drive-out work practices would benefit from enhanced skills sets and develop training programs to meet the needs of councillors and senior staff in local government.

Housing affordability

- 3.171 A key issue encouraging the use of FIFO is the lack of housing availability and affordability in resource communities. A basic lack of available housing is pushing prices beyond the reach of many workers and making resource towns an unattractive option for new residents.
- 3.172 The primary cause of the current accommodation crisis in resource communities is a lack of adequate planning and appropriate land release.
- 3.173 FIFO is not the solution to housing affordability in resource communities. The continued failure to address this issue simply has a flow-on effect for non-resource, or 'source' communities. For example, the cost and lack of availability of housing in Moranbah has pushed up the cost of housing in Mackay and, as in resource communities, service workers in Mackay are now struggling to find affordable accommodation.

The consequence of unaffordable housing in resource communities

- 3.174 High housing costs are not only discouraging permanent migration to regional towns, but encouraging permanent residents to 'cash out' by selling their properties for a high price and moving to more affordable towns and cities – many choosing to take up FIFO work back to the original town.
- 3.175 Service workers including teachers, doctors, police officers, public servants and council workers are being forced to move due to a lack of

affordable accommodation and small business owners report difficulties recruiting workers simply due to a lack of affordable accommodation.

3.176 The Moranbah Traders Association stated:

We have plenty of examples of businesses in this town already having major difficulties obtaining staff, including my own – but I am only a small example. There are people being forced to leave town because they cannot afford to live here.⁹⁶

3.177 In the Pilbara, it is common practice for employers, including those outside of the resources sector, to provide accommodation to their employees. However, as the cost of accommodation increases, this practice is becoming unsustainable. In Karratha, the Shire President advised:

If you have a small business, you cannot shell out \$1 million to accommodate a worker who earns \$35 000 a year, and the reality is that, if you work in retail, that is what you do earn.⁹⁷

3.178 Not only is this encouraging residents to leave their home town, but it is discouraging workers who want to relocate their families to resource communities. Rio Tinto stated that ‘there is a shortage of available housing in Clermont and a waiting list of employees wanting to live locally.’⁹⁸

3.179 In fact, many Rio Tinto projects have had to turn to FIFO (or DIDO) practices as a result of the lack of available housing:

DIDO options for RTA employees and major contractors at Gladstone are being reviewed as a consequence of critical regional housing affordability and availability issues.⁹⁹

3.180 Due to the high demand for accommodation within resource communities, even basic housing is increasingly beyond the financial reach of people within the community. A local school teacher in Karratha stated that she loved teaching in regional areas, but housing affordability and infrastructure is a major burden on teachers:

For my little flat here and thank God we get a stipend from CEO [Catholic Education Office], costs \$1 200 a week. I pay what I would pay in Perth, which is \$160 a week, so the Catholic Education Office actually has to pick up that extra cost so I can teach here in the Pilbara.¹⁰⁰

96 Peter Finlay, President, Moranbah Traders Association, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 13.

97 Lynne Craigie, Shire President, Shire of East Pilbara, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 15.

98 Rio Tinto, *Submission 149*, p. 8.

99 Rio Tinto, *Submission 149*, p. 10.

100 Sheila Frye, *Transcript of Evidence*, Karratha, 28 March 2012, p. 38.

- 3.181 In Moranbah, available accommodation presented as a major obstacle to permanent residency:

... Moranbah is well placed to ... attract doctors. I think the work is interesting. It is financially rewarding for them, and there can be clear career pathways as well with the age of the current practice owners. The major challenge is accommodation. We have long been lobbying for some kind of a partnership between various stakeholders in terms of putting together some kind of a medical workforce housing precinct. Possibly – this is just pie in the sky – Queensland Health provide land; council, you possibly do this; industry, that and have a real collaborative effort to put together some kind of a precinct. You might have a couple of duplexes, some units and a full family home, because that is the other thing: doctors come in all shapes and sizes. Expand that not just for doctors but for the medical workforce, because the pharmacies are in the same boat. The physios are in the same boat. The dentists – that is another story. It is about attracting and retaining health professionals to this town, not just doctors. That is the first thing, and for us what has been key is affordable accommodation.¹⁰¹

- 3.182 The cost of accommodation is having an even greater impact on financially vulnerable members of the community. In Mackay:

That is where the problem starts with accommodation for the employees of small businesses, even for the small businesses themselves, for young people, for unmarried mums and the elderly who want to stay in town because all their family is there.¹⁰²

- 3.183 Apprentices and those who are undertaking tertiary education are frequently unable to afford to live in their home town. In Karratha, a high school student stated:

I think the cost of rent affects people's choice to stay here. For us, next year, if we do not work at the mining stuff, it will be hard to pay the rent because it is quite high so most kids are resorting to moving down to Perth where the housing is a bit cheaper.¹⁰³

101 Laura Terry, Practice Manager, Moranbah Medical, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 5.

102 Jim Pearce, Community Advocate, Central Queensland Resource Communities, *Transcript of Evidence*, Mackay, 23 February 2012, p. 23.

103 Danielle Upton, Student, Karratha Senior High School, *Transcript of Evidence*, Karratha, 28 March 2012, p. 30.

3.184 The lack of affordable and available accommodation is also impacting the availability of housing for Indigenous Australians in Western Australia. In Port Hedland:

All of this is happening while some local Aboriginal people live in tents and makeshift camps in the shadow of 1,000-room fly-in fly-out camps.¹⁰⁴

3.185 An Aboriginal elder confirmed this: 'What I am saying here is that we are getting blocked off. As Aboriginal people, we cannot get houses.'¹⁰⁵

3.186 In Narrabri, Centacare referred to the difficulties in sourcing emergency accommodation for their clients, including: youth, families, people from Indigenous and culturally and linguistically diverse backgrounds and people impacted by mental health and homelessness:

Competition for such bedspace was challenging prior to the roll out of the FIFO mine workforce. Competition for such bed space has since become impossible. Bedspace is pre-booked well in advance by the mines and contracting companies.¹⁰⁶

3.187 Despite this desperate need for affordable housing, the Social Housing Initiative (SHI), a part of the Nation Building Economic Stimulus Program¹⁰⁷, constructed very few social housing dwellings in resource communities. The program constructed three dwellings in Karratha; two in South Hedland; nine in Roebourne and fourteen in Kalgoorlie.

3.188 There is high demand for social housing across Australia, but it is disappointing that the lack of available social housing in resource communities has not attracted greater attention from the Government. The Committee is concerned with the frequency with which people in resource communities are being pressured to leave their homes and towns as a result of the high cost of housing.

104 Robert Neville, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 24.

105 Patricia Mason, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 27.

106 Centacare, *Submission 207*, p. 2-3.

107 The Nation Building Economic Stimulus Program is a key component of the Commonwealth government's stimulus strategy. It has provided approximately \$27 billion towards more than 48 000 short and medium term building construction projects. For more information regarding the program see: <economicstimulusplan.gov.au/pages/default.aspx>

3.189 Many residents who own their homes are taking advantage of the high market values to 'cash out' and move to more affordable areas. Allen Cooper, the Chief Executive Officer of the Shire of East Pilbara described this trend:

To use the term, they have snatched the money and ran. They have actually left town. You are losing people who have a good connection with the town and who have been there for a long time. You are losing local knowledge.¹⁰⁸

Case Study - Karratha Service Workers Accommodation

The Karratha Service Workers Accommodation project was supported by the Royalties for Regions program (the program). The program allocated \$30.4 million in funding to deliver 100 affordable rental accommodation units with the facility to house up to 250 eligible people in the Warrambie Estate in Karratha.

To be eligible¹⁰⁹ for a Karratha Service Workers Accommodation lease, a worker must:

1. Be employed in a job designated as providing an essential service to the community. This may be in:
 - a. a not-for-profit, non-government organisation;
 - b. a local, state or federal government department where the services are located in the Shire of Roebourne and directly service these communities;
 - c. a business enterprise providing services within the Shire of Roebourne.
2. Due to income constraints require assistance in finding suitably priced accommodation and may be still eligible for Governmental rental assistance. .
3. Provide services to the broader community and not directly or largely to the Resources Sector Clients.

The proposed weekly rents are: \$300 per week for a one bedroom home; \$400 per week for a two bedroom home and \$500 per week for a three bedroom home.¹¹⁰

Fiona White-Hartig, the Shire President for the Shire of Roebourne, expressed her support for the program and the Council's appreciation of the State Government's support; however she also warned that although the rates were comparatively less expensive, they might still not be 'affordable' for many members of the community.

3.190 Those who are renting must choose between attempting to keep up with the crippling high rents and leaving their home town. In Moranbah 'the reality is those price pressures remove all choice for families in housing and their capacity to live in our region'.¹¹¹

108 Allen Cooper, Chief Executive Officer, Shire of East Pilbara, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 15.

109 For the list of eligibility criteria see: <nvlifestyledevelopments.com.au/apply-now/am-i-eligible.aspx> viewed 1 November 2012.

110 Western Australian Department of Regional Development and Lands (RDLWA), *Warrambie Estate*, <nvlifestyledevelopments.com.au/karratha/home.aspx> viewed 1 November 2012.

111 Cr Baker, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 21.

- 3.191 The housing crisis is limiting the options available to people to both work and live in resource communities. The high cost of housing is making the choice to live in resource communities less and less feasible.

One solution – adequate land release

- 3.192 The only way to adequately address housing affordability is a staged, planned, process of land release. The availability of land for the development of new housing in resource communities is essential to increasing the supply of affordable housing. The support of state governments is essential for successful planning and development of large housing projects in resource communities.
- 3.193 In the Pilbara, the West Australian Planning Commission (WAPC) is working closely with local government in the form of the Pilbara Regional Planning Committee. In January 2012, the WAPC released the Pilbara planning and infrastructure framework which provides a detailed outline of the Pilbara Cities vision, a strategic plan for the development of the Pilbara region over the next decade and beyond.
- 3.194 The Queensland Government has shown itself to be less willing to develop its regional towns, instead encouraging the use of FIFO workforce practices in towns such as Moranbah. The situation in Moranbah is complicated by the existence of mining leases close to the town but a history of state government decisions have nonetheless played a role in shifting the balance in Moranbah from residential to FIFO.
- 3.195 The Queensland Urban Land Development Authority (ULDA)'s approval of the MAC Village over the development of permanent residential dwellings illustrates not only an unwillingness from the State Government to consult and work together with local government, but also implies that it favours the development of FIFO over the development of Moranbah itself.
- 3.196 In contrast, the Western Australian government, in collaboration with local councils and traditional land owners, has been involved in a number of land release and development projects in the Pilbara and Goldfields resource regions. In Karratha:

The state government through Landcorp and its other agencies has been involved getting some major developers involved in what are called broadacre developments, so this is not just about providing housing but providing the other infrastructure, the villages within

the new communities and so on. There is an enormous amount of work being done there.¹¹²

Case Study – Isaac Regional Council

In the resource community of Moranbah, in Queensland's Bowen Basin, the Isaac Regional Council is struggling to come to terms with the Queensland Government Urban Land Development Authority's (ULDA) decision to support the development of a 3 258 room FIFO accommodation village on land which could be used to develop more than 750 permanent residences.

The town's proximity to existing and planned mining developments means that land zoned for residential purposes is extremely limited. The Council described the approval of this development as, 'reprehensible and tantamount to future planning vandalism.'¹¹³

The Council has strongly urged with the Queensland Premier to avert the planned development, stating that, 'the ULDA has arrogantly and disgracefully ignored our community at every turn on this development.'¹¹⁴

Area for state/territory action – land release

3.197 The Mayor of the most famous of Canadian FIFO-impacted towns, Fort McMurray in Alberta, advised that the solution to managing a FIFO workforce is to make land available for housing. However, this can only be adequately managed with the capacity to plan with the support of robust and reliable research about current and future population and workforce intentions.¹¹⁵ This must be undertaken with some caution so as not to undermine the current market in resource communities.

Commonwealth assistance

3.198 Commonwealth departments outlined programs currently available to assist people struggling to afford housing.

3.199 These programs include the:

- Housing Affordability Fund (HAF);
- Building Better Regional Cities Program (BBRC); and
- National Rental Affordability Scheme (NRAS).¹¹⁶

112 Ian Hill, Consultant, Regional Development Australia Pilbara, *Transcript of Evidence*, Karratha, 28 March 2012, p. 11.

113 Isaac Regional Council, *Submission 81.1*, p. 2.

114 Isaac Regional Council, *Submission 81.1*, p. 8.

115 Meeting held 31 August 2012, Fort McMurray, Alberta, Canada.

116 Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), *National Rental Affordability Scheme*, <fahcsia.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme/about-the-scheme-overview> viewed 31 October 2012.

- 3.200 The projects being undertaken as part of the HAF and the BBRC are currently focusing on FIFO source communities such as Geraldton, Mackay and Broome but do not provide affordable housing in resource communities.
- 3.201 The NRAS is equally ineffective in resource communities. Under the NRAS, incentives are provided to successful applicants for each dwelling which is rented to eligible low and moderate income households at a rate that is at least 20 per cent below the prevailing market rate.¹¹⁷ However, in resource communities, many families and individuals who are unable to afford housing are not considered low to moderate income and therefore would not be eligible for assistance under the scheme.
- 3.202 Additionally, as a result of the incredibly high rents, which often exceed \$2 000 to \$3 000 per week, the scheme does not provide sufficient financial incentive offered to encourage owners to offer their properties at 20 per cent below the prevailing market rate.

National Housing Supply Council

- 3.203 The National Housing Supply Council (NHSC) was established in 2008 by the Commonwealth Government to monitor housing demand, supply and affordability in Australia. In its most recent State of Supply Report, little attention is given to the housing crisis in resource communities. The only mention that the report makes is:
- In addition, regional issues – such as a spike in demand and housing prices occasioned by a mining boom – may have a displacing impact on a wide cross-section of affected communities. This may endure in regional economies that fail to attract a significant supply response because of risks associated with a narrow economic base or volatile resources price.¹¹⁸
- 3.204 The State of Supply Report highlights a number of areas for further research over the next two years, one of which is a more detailed review of regional, provincial and city submarkets across all tenures and how they interact.¹¹⁹

117 FaHCSIA, *National Rental Affordability Scheme*, <fahcsia.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme/about-the-scheme-overview> viewed 31 October 2012.

118 National Housing Supply Council (NHSC), *Key findings of the 2011 State of Supply Report*, 2011, p. 112.

119 NHSC, *Key findings of the 2011 State of Supply Report*, 2011, p. xx.

Committee comment

- 3.205 Accommodation is not a new issue in resource regions, in 2008, the Senate Select Committee on Housing Affordability recommended that the Commonwealth Government, 'develop a coordinated response to the housing affordability crisis in the Pilbara.'¹²⁰ However, there appear to be no future plans for programs tailored to target the accommodation crisis which is decimating Australia's resource communities.
- 3.206 The Committee has received no evidence that current Commonwealth programs are able to provide the essential assistance required. The programs are too broad and do not take into account the unique circumstances of the housing crisis in resource communities.
- 3.207 Measures must be undertaken to find a solution to housing affordability in resource communities without simply pushing the problem onto 'source' communities through the use of FIFO workforces.
- 3.208 The National Housing Supply Council is best placed to develop a strategy for addressing the supply of affordable housing in resource communities and this must be completed as a matter of urgency.

Recommendation 7

The Committee recommends that the Commonwealth Government task the National Housing Supply Council to urgently develop and implement a strategy to address the supply of affordable housing in resource communities and report to the House of Representatives by 27 June 2013 on the progress of this strategy.

120 Senate Select Committee on Housing Affordability in Australia, *A good house is hard to find: Housing affordability in Australia*, June 2008, p. 130.

'Fly-out' communities

- 4.1 This chapter sets out the benefits and shortcomings of FIFO from the perspective of workers who use this arrangement and the 'source communities' from which these workers come.
- 4.2 The deleterious effects of FIFO workforces on regional communities, only indicates that they are unlikely to be responsible for the growth of this practice. The perceived benefits lay elsewhere, in the source communities which inhabit metropolitan centres and coastal regional centres that operate as FIFO hubs.
- 4.3 FIFO workers expect a right to a safe work environment, with accommodation of a high standard and appropriate support for their families. On the whole, the inquiry heard from families and employers that there are many ways to successfully navigate 'working FIFO'.
- 4.4 Despite the obvious attractions of FIFO for workers such as high remuneration, it was put to the inquiry that the 'FIFO lifestyle' can be accompanied by a range of damaging consequences for participants such as relationship stress and breakdown, excessive alcohol and drug use, depression and violence amongst FIFO workers.
- 4.5 In considering and reporting on the experiences of FIFO workers, their families and the communities in which they reside, the inquiry was frustrated by a lack of data. Determining a report and recommendations that is based on anecdotal evidence has obvious limitations, however, the seriousness of some matters associated with working FIFO supports calls for a greater focus on this practice.
- 4.6 The Committee did not receive a lot of views directly from FIFO workers but did have the opportunity to talk to workers informally at many site inspections and also had the opportunity to talk to families of workers.

4.7 AngloGold Ashanti, operating in Western Australia, asked employees why they worked FIFO, the benefits of FIFO and would they move to a remote mine site.¹

4.8 Matthew, Mechanical Maintenance Technician, a FIFO worker of 16 years and resident of Perth said:

Why this FIFO working arrangement suits individual: "I have a decent break when I come home to Perth (6 days), allowing me extended quality time with my son and family. It also gives me the opportunity to go on short holidays and complete projects around the house, which would be protracted if I worked in Perth. I like the flexibility that the FIFO roster affords me. When it is time to take holidays, taking 8 annual leave days, combined with my R&R gives almost 3 weeks' vacation time, twice a year if needed. I earn a good salary at the sacrifice of being away from home for just over a week, then I get to come home and enjoy my break in a relatively civilised and cosmopolitan society; away from red dust, flies, snakes, dry boiling heat and every other reason not to live permanently in a remote area."

The benefits of FIFO: I have an extended break that allows me to do several activities during my time off, without hindrance. It allows me to study reasonably effectively, giving me access to classes at least once a fortnight. I have plenty of time for family commitments and it also allows me to be involved in my son's daily routine more frequently and effectively

Would the person live in a remote town site next to a mine: Not in a million years. The thought of living in some small town in the middle of nowhere is not a realistic option where services and amenities are next to non-existent. I wouldn't live in a remote area to work on a mine site. I work FIFO for the above benefits, not the drawback of living in a small community.

4.9 Penny, Underground Administrator, FIFO worker of 3.5 years and resident of Bunbury, WA, said:

Why this FIFO working arrangement suits individual: The financial reward is the key reason. A Monday to Friday working week is too regimented and a FIFO roster offers more flexibility time-wise. There are a lot more opportunities within the mining industry for this type of role than in city-based employment.

1 AngloGold Ashanti Australia, *Submission 100*, pp. 5-7.

[Penny] has worked in a vast variety of environments and finds the mining environment to be a lot more friendly and relaxed.

The benefits of FIFO: Financial stability and flexibility of rosters.

Would the person live in a remote town site next to a mine: Yes – previously resided in a remote mining town (Leinster) for 4.5 years.

- 4.10 Matthew, Permit to Work and Training Officer, FIFO workers of 8.5 years and resident of Perth said:

Why this FIFO working arrangement suits individual: On this roster, there is a good balance between personal/home life and work life. [Matthew] likes being near the city for the services and entertainment it offers every weekend (his weekends are effectively are 3 days long). He has previously also enjoyed the benefit of working an 8/6 roster as there is a significant break during R&R to go on trips. Even though [Matthew] is degree qualified he believes he wouldn't get the same money if he was working in Perth as a semi-skilled worker. ...

Would the person live in a remote town site next to a mine: No – [Matthew] has done it before and prefers the city. He's also cognisant the impact such a move would have on his partner - that is, whether there would be opportunities for her career and how comfortable they'd be living in a small town where there may be limited services or entertainment. This wouldn't appeal to them.

- 4.11 Michael, General Manager, FIFO worker for 20 years, resident of Perth said:

Why this FIFO working arrangement suits individual: FIFO worked well for [Michael] with no children and it now allows him to have quality time with his child and to be involved in school activities that would never have been possible with a Monday-Friday residential arrangement. He noted that FIFO allows a good quality of life provided the spouse is supportive and independent.

“The benefits of FIFO are that you can live in, and establish a home in, a larger centre with access to good schools from primary through to high school – something that is a serious limitation in the vast majority of residential situations. It also means that you have the ability to change jobs and not disturb the family by requiring them to move towns.

FIFO enables a good separation of work from home and you can be fully engaged in each location, yet you also get to know your workmates better in a FIFO environment.

Would the person live in a remote town site next to a mine: Yes – has previously lived in a mining town and enjoyed the community spirit and socialising with a broad group of people.

4.12 The views of these FIFO workers are representative of the broader FIFO population encountered throughout the inquiry.

The FIFO worker experience

4.13 The AngloGold Ashanti case studies illustrate the primary reasons that people choose to work FIFO:

- lifestyle choice – FIFO workers are able to choose the community size, location and climate that best suits their needs;
- work hours – FIFO work rosters allow continuous tracts of time away from work to be spent with family or on activities that would not be available to working a 9 to 5 routine;
- access to facilities – FIFO workers are able to choose to base their families in communities which have greater access to services and facilities and schooling options;
- continuity and support networks – FIFO workers are able to choose to remain in their home cities and towns with their extended family and support networks;
- partner's career – FIFO workers are able to choose to work in remote and regional locations without impacting on their partner's career.²

4.14 The choice to work under FIFO arrangements was also linked to a worker's stage in life. The Minerals Council of Australia (MCA) stated that FIFO is generally preferred by single people, unmarried couples and families with children in their teenage years but that families with young children generally prefer to live locally.³

4.15 Key to the FIFO worker experience is the standard of accommodation and the health impacts of the work practice.

2 For examples see: Advance Cairns, *Submission 76*, p. 4; Chamber of Minerals and Energy Western Australia, *Submission 99*, p. 4; Linda Nunn, Industrial Relations Manager, Sodexo Pty Ltd, *Transcript of Evidence*, Melbourne, 14 June 2012, p. 3; South Australian Chamber of Mines and Energy (SACOME), *Submission 130*, p. 6; Anne Sibbel, *Transcript of Evidence*, Perth, 18 April 2012, p. 16; Nicole Ashby, Director, FIFO Families Pty Ltd, *Transcript of Evidence*, Perth, 18 April 2012, p. 13; Queensland Government, *Submission 109*, p. 3.

3 The Minerals Council of Australia (MCA), *Submission 118*, p. 8.

Accommodation standards

- 4.16 A wide range of accommodation options are used to house FIFO workers, including: the rental of residential properties in towns; hotel and motel accommodation and accommodation villages or, as they are often referred, camps. The Committee inspected a number of FIFO accommodation villages across Australia.
- 4.17 The Committee received both positive and negative opinions regarding FIFO accommodation camps and the quality of the facilities offered.
- 4.18 Project managers Acumen Partners also expressed reservations:
The present model of camp life is delivering poor health outcomes, avoidable staff and operational costs and poor relations with nearby towns despite increasing costs per person accommodated.⁴
- 4.19 The Construction Forestry Mining and Energy Union (CFMEU), described the quality of camps as highly variable, while acknowledging that some accommodation villages are very good, the CFMEU stated:
...in extreme cases, WAVs [worker accommodation villages] can be more akin to prison quarters, where grounds are surrounded by 3 metre high barbed- and ring-wire fences and entry is only through a security checkpoint where bag searches are conducted.⁵
- 4.20 The Chamber of Commerce and Industry Western Australia (CCIWA) directly disputed the CFMEU's claims. The CCIWA stated that worker accommodation villages are required to meet the high standard set out under the Code of Practice for Workplace Amenities and Facilities:
... certain standards are required for employer-provided accommodation to ensure there are no hazards and to ensure, for example, standards of cleanliness, drinking water, heating and cooling; appropriate sleeping accommodation and a range of facilities such as clothes washing, storage cupboards and appropriate furniture are provided to workers.⁶
- 4.21 Researchers affiliated with the Queensland University of Technology, the ARC Research team, also acknowledged the variable quality of FIFO accommodation villages:
They vary greatly in conditions as there is a paucity of planning regulations relating to temporary dwellings for the purposes of prospecting in particular. Some provide air-conditioned quarters,

4 Acumen Partners, *Submission 44*, p. 4.

5 Construction Forestry Mining and Energy Union (CFMEU), *Submission 133*, p. 18.

6 Chamber of Commerce and Industry of Western Australia (CCIWA), *Submission 167*, p. 11.

restaurant quality food and offer superior facilities while others are hastily and sometimes illegally erected structures, surrounded by barbed wire and where the only recreational outlet on offer is the 'wet mess.'⁷

4.22 The variability concerns raised by the ARC Research Team may be a result of temporary versus permanent accommodation. The Committee was generally impressed with the quality of the accommodation villages it inspected. In Coppabella, in Queensland's Bowen Basin, the standard room in the MAC Village consists of an en-suited 16m square room with air-conditioning, a flat screen TV with Foxtel channels, a desk, wireless internet and a king single bed.⁸

4.23 The Committee also dined in the mess halls of a number of accommodation villages and witnessed a range of healthy-eating programs and health and fitness advice promoted by the villages. MAC outlined the health facilities available to workers staying in its facilities including:

- on-site gymnasiums and fitness facilities including multi-purpose courts (basketball, volleyball and tennis) and recreational swimming pools;
- lifestyle coordinators and certified personal trainers who are available to guests for fitness and health advice;
- on-site personal training and group fitness classes;

4.24 However, whilst there were a range of health and fitness programs available for FIFO workers staying in accommodation villages, a number concerns were expressed regarding the impact of social isolation on their health and well-being.

Social isolation

4.25 The CFMEU highlighted a case that demonstrated the possible level of social isolation of FIFO workers living in accommodation camps:

It is possible that you may never see the person in the donga next to yourself let alone know them. Earlier this year, for example, a 55 year-old man was found dead in a donga in the Pilbara. Whilst there were no suspicious circumstances, what was surprising was that the deceased had lain in this donga for several days before anyone discovered anything was wrong. Clearly there must be a

7 ARC Research Team, *Submission 95*, p. 16.

8 MAC Services Group, *Submission 139*, p. 6.

problem where an individual can lie dead in a room for a number of days before he is discovered.⁹

4.26 Social isolation and the routine separation from family support and informal social controls as well as the lack of the sense of belonging to a community can have negative impacts on the well-being of FIFO workers.

4.27 Concerns were raised about the 'institutionalised' nature of camps, both from local residents and FIFO workers. A partner of a FIFO worker noted:

from the camps that I have been to and just seeing how institutionalised and segregated these camps can be, I think it would be great if you could get outside that camp and go and play a game of touch footy or soccer with local communities. I think it would certainly help just to be able to step out of that institutionalised environment.¹⁰

4.28 There was much debate about whether FIFO camps should be integrated into communities or kept in isolation from towns. Largely, however, the evidence indicated that better integration with towns would benefit workers and communities:

Social isolation for construction workers ... could be improved by being located within the Roxby Downs Township environment. Anecdotally workers are more likely to see the benefits of the town and operating environment if exposed to all elements and is more likely to lead to some electing to stay in Roxby Downs and potentially relocate.¹¹

4.29 The Australian Manufacturing Workers' Union (AMWU) suggested that the social isolation experienced by FIFO workers can lead to alcohol and violence problems:

Non resident workers endure exacting working conditions, isolation, boredom, limited living conditions and community isolation causing in some cases an increase in drunkenness and violence.¹²

4.30 Some accommodation providers are seeking to address this issue by providing BBQ areas, lawns, gazebos and casual recreational areas to promote social interaction between workers living in their villages.¹³ Some accommodation providers also open their facilities to the local

9 CFMEU, *Submission 133*, p. 18.

10 Nicole Ashby, Director, FIFO Families, *Transcript of Evidence*, Perth, 18 April 2012, p. 14.

11 Roxby Council, *Submission 35*, p. 20.

12 Australian Manufacturing Workers' Union (AMWU), *Submission 32*, p. 3.

13 MAC Services Group, *Submission 139*, p. [6].

communities and support community events to try and engage more closely with host communities.¹⁴

- 4.31 Encouraging interaction within work camps and opening the camps to local communities may assuage issues related to social isolation, in addition, there would be great benefit in encouraging FIFO workers to interact with local communities.
- 4.32 In Kambalda West, the Committee visited a new Community and Recreation Facility complete with gymnasium, swimming pool and Australian Rules oval. The Facility was built at a cost of \$10 million and councillors who met with the Committee complained of under-utilisation because of a lack of transport for FIFO workers from the nearby work camp.¹⁵

Area for corporate action – placement of work camps

- 4.33 The varied views received by the inquiry regarding the placement of work camps made it clear that accommodation providers must work closely with each community to ensure that a balance is found to try to offset the social isolation being experienced by workers and the desires of communities.**

Health impacts on FIFO workers

- 4.34 The inquiry heard many claims about alcohol and substance misuse and the health impacts of FIFO work, some of which are directly related to the social isolation of the FIFO experience. Some of the impacts cited include:
- the use of alcohol and other drugs;
 - poor diet and physical inactivity;
 - increased sexually transmitted and blood borne infections;
 - mental health issues;
 - fatigue related injury; and
 - an increase in injury related to high-risk behaviour.¹⁶

14 MAC Services Group, *Submission 139*, p. [3].

15 Site inspection, Kambalda, Western Australia, 19 April 2012.

16 Public Health Association Australia (PHAA), *Submission 220*, p. 1; David Mountain, President, Australian Medical Association of Western Australia (AMA WA), *Transcript of Evidence*, Perth, 17 April 2012, pp. 1-2.

4.35 A number of these impacts relate to the age and risk profile of FIFO workers, being young single males. The Australian Medical Association (WA) (AMA WA) noted:

Some of our members noticed that quad bike injuries have tripled in Perth over last five years. A lot of that is people coming back and taking part in high-risk activities because when you have got time off you want to do something that is a rush after you have been pretty bored up on the mine sites.¹⁷

4.36 The number of groups raising concerns about the rise in sexually transmitted infections (STIs) directly related to the FIFO workforce also reflects this age and risk profile.¹⁸

4.37 AMA WA claimed that, particularly in Western Australia, doctors are seeing an increasing number of FIFO patients and that cheap South-East Asia holidays combined with 'young blokes who are cashed up' is leading not only to a high rate of STIs, but also the introduction of South-East Asian strains of disease, exposing the wider community to significant risks. It was also argued that current health strategies are not appropriately addressing this risk.¹⁹

4.38 As noted above, accommodation providers are making serious efforts to address overweight and obesity by the provision of healthy meal choices and healthy lifestyle programs. At all of the sites the Committee visited, gyms were available for use and some providers employed 'lifestyle coordinators' to advise residents about healthy lifestyle programs.

Substance misuse

4.39 Perhaps the most common concern about the wellbeing of FIFO workers raised in the inquiry was the excessive use of alcohol and, increasingly, other substances.

4.40 The inquiry received many claims regarding a culture of binge-drinking and substance abuse amongst FIFO workers. The Western Australian Network of Alcohol and other Drug Agencies (WANADA) stated that their member agencies:

17 David Mountain, President, AMA WA, *Transcript of Evidence*, Perth, 17 April 2012, p. 1.

18 Soroptimist International of Karratha and Districts, *Submission 67*; The Perth Brothers and Sisters of Perpetual Indulgence, *Submission 157*; CFMEU, *Submission 133*; PHAA, *Submission 220*; David Mountain, President, AMA WA, *Transcript of Evidence*, Perth, 17 April 2012; Judith Wright, as read by Vivien Kamen, Member, Soroptimist International of Karratha and Districts, *Transcript of Evidence*, Karratha, 28 March 2012, p. 2

19 David Mountain, President, AMA WA, *Transcript of Evidence*, Perth, 17 April 2012, p. 4; The Perth Brothers and Sisters of Perpetual Indulgence, *Submission 157*.

...generally believe that the FIFO conditions contribute to problematic AOD [alcohol and other drug] use, with 'extended leisure, long periods of separation from family, an increased disposable income especially for young unattached workers, limited access to regular and routine recreational activities, and an expectation/culture of partying while at home.' AOD services also generally believe that this has contributed to a general community 'culture' of bingeing and problematic AOD use.²⁰

4.41 WANADA also observed that those FIFO workers who wish to seek assistance for the treatment of alcohol or substance abuse are less able to access continued treatment due to the split between their time at home and at work.²¹

4.42 The ARC Research Team also expressed concerns regarding the potential conflict of interest regarding the sale of alcohol at accommodation villages:

In some cases the camp managers also operate the 'wet mess' liquor licence so central to camp life. Where this is the case there are considerable risks in subcontracting the responsibility of the health and wellbeing of workers, many of whom are young single men, to the care of camp managers who also profit from plying them with alcohol.²²

4.43 A Queensland Nurses' Union (QNU) alcohol services worker stated that over 13 years working in Mackay, he had seen a significant increase in alcohol misuse in FIFO workers:

When people drink, often it is not a social drink. I think the culture has changed in the mining towns and in the mining camps. People tend to drink on their own, which is not a social situation. People tend to focus more on the alcohol: alcohol becomes the focus rather than the social situation. I believe that this is leading to a change in the reasons that people drink and to a change in the drinking culture. I have come personally to name this 'miner's syndrome'.²³

20 Western Australian Network of Alcohol and other Drug Agencies (WANADA), *Submission 191*, p. 4.

21 WANADA, *Submission 191*, p. 2.

22 ARC Research Team, *Submission 95*, p. 17.

23 Danny Hember, Member, Queensland Nurses' Union, *Transcript of Evidence*, Mackay, 23 February 2012, p. 26.

- 4.44 The New South Wales Government confirmed that social service providers in the state have been reporting an increasing use of alcohol, drugs and prostitution and a greater level of alcohol-related violence, including domestic violence.²⁴
- 4.45 Resource companies have put in place measures to address alcohol use, and the Committee witnessed many 'healthy lifestyle' programs aimed at addressing alcohol use. Randomised alcohol and drug testing is a mandatory condition of employment at the majority of mine sites.²⁵
- 4.46 Despite the anecdotal claims of high substance misuse among FIFO workers, some from very reputable sources, there is little detailed research about the actual prevalence of alcohol and substance misuse amongst FIFO workers compared to the wider population.

Mental health

- 4.47 Depression and anxiety were consistently, raised as a serious concern for FIFO workers. A resident of Karratha noted that both her husband and son experienced depression on FIFO rosters and her son currently reported:
- During this time away, other than depression, his other concern is that he is working away to make money for his family and there is no room to negotiate overtime. He says that he is working to get more money and he would rather work more hours than sit depressed in his room for longer hours.²⁶
- 4.48 Increasing use of telephone and internet support services by men in remote communities may reflect an increasing need for FIFO workers to access mental health support.²⁷
- 4.49 Again, most of the evidence was anecdotal or not specific to FIFO workforces. *beyondblue* submitted that while more research is needed on the prevalence of mental health issues in the FIFO workforce, it is appropriate to consider general research about men's use of mental health services:

There are a number of barriers that contribute to men's willingness and ability to seek help for depression and anxiety - these include

24 NSW Government, *Submission 145*, p. 18.

25 CCIWA, *Submission 167*, p. 13; Rio Tinto, *Submission 149*, p. 11.

26 Judith Wright, as read by Vivien Kamen, Member, Soroptimist International of Karratha and Districts, *Transcript of Evidence*, Karratha, 28 March 2012, p. 2.

27 Gordon Gregory, Executive Director, National Rural Health Alliance (RHA), *Transcript of Evidence*, Canberra, 15 February 2012, p. 3

high levels of self-stigma, a perceived lack of skills and support, a need for control, and a preference for action over introspection.

These barriers to using mental health services may be exacerbated in FIFO/DIDO workers.²⁸

- 4.50 Rio Tinto advised that employee assistance programs directly relating to the pressures experienced by FIFO workers were provided to order to address any mental health issues that these workers may experience.²⁹
- 4.51 No evidence was presented that supported a claim that mental health issues were any higher in the FIFO worker population than in the wider workforce.

Committee comment

- 4.52 As with many of the issues raised in this report, there is a lack of data relating to the direct and indirect health impacts of the FIFO lifestyle.
- 4.53 The efforts of those employers who are making a conscientious effort to support their employees' wellbeing should be acknowledged and there are many that are doing so.
- 4.54 However, evidence to the inquiry indicates that there are health concerns that are likely to be specific to or exacerbated by the FIFO lifestyle that need a targeted health policy focus. Disease as a result of risk-behaviours, alcohol and other substance misuse and depression and anxiety appear to require particular attention.

Recommendation 8

The Committee recommends that the Commonwealth Government commission a comprehensive study into the health effects of fly-in, fly-out/drive-in, drive-out work and lifestyle factors and as a result of this research develop a comprehensive health policy response addressing the needs of fly-in, fly-out/drive-in, drive-out workers.

28 beyondblue, *Submission 228*, p. 5.

29 Rio Tinto, *Submission 149*, p. 26.

FIFO families

- 4.55 Accounts of the effect of FIFO on the partners and families 'left behind' were mixed. Some claimed that FIFO work was destroying families, while others argued that FIFO work allowed them to provide a capacity to make choices about career opportunities, employer movements and provide access to education and health facilities without moving the family.
- 4.56 Alicia Ranford related the reasons for her family choosing FIFO work:
- ... we have moved six times in 10 years, including two years living in a mining town in South Africa. We have also lived in remote mining communities. We spent three years living in Cobar in outback New South Wales, where I had two pregnancies without obstetric care. It was five years ago, when our children were two and three, that we made the choice to do fly-in fly-out, because the 12-hour shifts on the mine meant that my husband was gone before the children woke up and he got home after I had put them to bed. So we decided to move back to Adelaide, where our support network is, and start doing fly-in fly-out. We have been doing it for five years now. He did three years flying in and out of Western Australia and he currently flies in and out of the Northern Territory. The company that he works for would like us to move to Darwin, but he would still be doing drive-in-drive-out unless I was happy to live in Pine Creek or Humpty Doo. I do not know if you have visited these towns. As lovely as they are, they are very small and do not have the schooling and facilities that we would want for our family.³⁰
- 4.57 Anne Sibbel advised that while FIFO families have issues particular to their FIFO status, there was no evidence that the wellbeing of these families was any different to that of the general population. However, many FIFO families 'believe they face more stressors than non-FIFO families.'³¹
- 4.58 Dr Sibbel stated that research had found that for FIFO employees, primary family concerns related to fatigue, extended periods away from the family home and the change in family dynamic this causes, difficulty maintaining relationships with extended family and friends and concern for family at home.³²

30 Alicia Ranford, Director, Mining Family Matters, *Transcript of Evidence*, Adelaide, 8 December 2011, p. 29.

31 Anne Sibbel, *Submission 122*, p. 1.

32 Anne Sibbel, *Submission 122*, p. 2.

4.59 Dr Sibbel's research has found that for the partners and families of FIFO workers:

the lifestyle can be more difficult for the at home partner; the mother often provides a buffer for the rest of the family; sole parenting fatigue, availability of communication with the FIFO partner; loneliness; access to emergency family support; parenting issues and managing children's behaviour.³³

4.60 Groups have been established primarily by families who have recognised the need for support for the 'left-behind' partner and provide online support, playgroups and more extensive advice on coping strategies, for example 'Mining Families Matter' in South Australia and 'FIFO Families' in Western Australia (both of these groups operate nationally).

4.61 The pressures on FIFO families is also a concern for industry:

One of the biggest negatives to FIFO is that the families left behind and with no comparison of living in a regional town, can build up resentment against the mining industry because of the disruption to family life. This can further aggravate the divide between metropolitan and regional Australia. Future generations have the potential to develop a strong dislike for the mining industry just when the industry needs them to be enrolling in increasing numbers in minerals-related disciplines. Families that live in regional mining towns tend to have a greater appreciation for how important mining is to Australia and to the community at large.³⁴

4.62 The Perth-based 'FIFO Families' support group stated that there needed to be a greater level of government funding and support for FIFO families along the lines of that provided to Defence families as these 'families experience the same issues in their working life'.³⁵ The group claimed:

There must be funding provided to companies and organisations such as FIFO Families so they can continue to provide the essential services of community and support to the FIFO families. This will promote and sustain healthy Australian families who live the FIFO lifestyle and who are an essential for the strong Australian economy.³⁶

33 Anne Sibbel, *Submission 122*, p. 2.

34 Australasian Institute of Mining and Metallurgy (AusIMM), *Submission 58*, p. 18.

35 FIFO Families, *Submission 48*, p. 5.

36 FIFO Families, *Submission 48*, p. 5. FIFO Families later acknowledged that employers should be funding the cost of this support. See Nicole Ashby, Director, FIFO Families, *Transcript of Evidence*, Perth, 18 April 2012, p. 18.

- 4.63 The Commonwealth Government provides Defence families with this support as the employer of the Defence Force member and, as the employer, acknowledges the value in supporting families.

Area for corporate action – family support programs

- 4.64 Evidence indicates that support to FIFO families would be of great benefit to them. However as employers, it is the resource companies that need to take ownership and provide greater support for the families of their FIFO workers as a strategy to support employee wellbeing and prevent turnover. The Defence Force provides an excellent 'case study about how to foster a sense of community and belonging among the families of those serving away from home'³⁷ and the established FIFO families groups also have a wealth of knowledge that resource companies can access.**

- 4.65 The Commonwealth's extensive experience in providing support services for families of those who 'work away' has much to offer in this field. Therefore the Committee is recommending that the Government produce a best practice manual as a resource for employers with significant non-resident workforces aimed at assisting them to develop their own family support programs.

Recommendation 9

The Committee recommends that the Commonwealth Government develop a best practice guide for employers with significant non-resident workforces aimed at assisting them to develop their own family support programs.

The impact on children

- 4.66 The inquiry received conflicting evidence about the impact of having a FIFO parent on the health and wellbeing of children.
- 4.67 Those arguing the benefits of a FIFO parent suggested that:
- FIFO allows more quality time with children, when at home the FIFO parent is at home rather than working long shifts;³⁸ and

37 Kinetic Group, *Submission 213*, p. 9.

38 AngloGold Ashanti, *Submission 100*, p. 6; Mining Family Matters, *Submission 28*, p. 2.

- adolescent children demonstrate more household responsibility and independence and a greater appreciation of quality time spent with the FIFO parent.³⁹

4.68 The most comprehensively argued benefit for children with a FIFO parent was a continuity of education and enhanced educational opportunities by having the family unit based in a major centre, preventing the need to send children to boarding school in order to complete secondary education.⁴⁰

4.69 Those who argued the difficulties faced by children of FIFO parents suggested evidence of:

 - anxiety and depression being higher than in children of resident workers;⁴¹
 - behavioural issues with children and inconsistent expectations between the FIFO and at-home parents;⁴²
 - health outcomes are affected;⁴³ and
 - less interaction with parents on a daily basis.⁴⁴

4.70 A student of Moranbah High School, who had experienced her father as both a FIFO worker and a residential worker stated that: 'life is a lot better when you get to see both your parents on a daily basis.'⁴⁵

4.71 Despite the assertions made during the course of this inquiry, the lack of extensive research on the impact of a FIFO parent on children's wellbeing and family relationships hinders any real analysis of the benefits to or needs of children of FIFO parents. The limited available research indicates that while there are unique issues, FIFO does not present any significant psychological impacts on children.⁴⁶ However, there is not enough evidence to definitively support this claim.

4.72 The City of Mandurah, host to one of the largest FIFO populations in Western Australia noted that 'we really do not know enough about the

39 Anne Sibbel, *Submission 122*, p. 2.

40 This point was made consistently throughout the inquiry. See for example: AusIMM, *Submission 58*; Queensland Resources Council (QRC), *Submission 125*; Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 99*.

41 The City of Mandurah, *Submission 45*, p. 1.

42 Anne Sibbel, *Submission 122*, p. 2.

43 PHAA, *Submission 220*, p. 2.

44 ARC Research Team, *Submission 25*, p. 20.

45 Chantelle Winter, Student, Moranbah High School, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 28.

46 beyondblue, *Submission 228*, p. 4.

effects of FIFO/DIDO workers on ... family units and broader community wellness.'⁴⁷ The Western Australian Commissioner for Children and Young People reiterated this point:

The key point I would like to make is that we do not have very good research or evidence at this stage about fly-in fly-out workers and the impact. ... if you work in an industry, as you all do, which has extended working hours, it can have an impact on family life. There are many industries other than fly-in fly-out where that happens. That is where the research has been. If parents are working in inflexible jobs where there is not a good work-life balance and are working longer hours, that can impact on family functioning. We need some more specific research in relation to fly-in fly-out workers.⁴⁸

4.73 There was also anecdotal evidence that FIFO parenting is having an impact on schooling:

We are hearing – again anecdotally – that children are missing between six and eight extra weeks of school, while when the partner comes back from the mines they are travelling to Bali on holiday. Bali is very cheap from here, so it is a holiday. That is becoming an issue for the schools and certainly, I think, is going to be a long-term issue in terms of people's education.⁴⁹

4.74 The City of Swan in Perth stated that while numbers of FIFO residents are unknown:

Anecdotal evidence gathered by the City of Swan from discussions with service organisations, local community groups and residents suggests that there are concentrations of families and people working in the mining industry living in the City of Swan and in three particular Place areas Ellenbrook, Rural (Bullsbrook) and Altone. In the Altone Place area, children's service provider, Meerlinga, has reported that there is a high proportion of FIFO families accessing parenting support services and playgroups.⁵⁰

47 The City of Mandurah, *Submission 45*, p. 1.

48 Michelle Scott, Commissioner, Commissioner for Children and Young People, Western Australia, *Transcript of Evidence*, Perth, 18 April 2012, p. 3.

49 Lesley Wilson, Director, City of Mandurah, *Transcript of Evidence*, Perth, 18 April 2012, p. 32

50 City of Swan, *Submission 23*, p. 3.

- 4.75 From the evidence received, it is clear that there are benefits and stressors specific to children with FIFO parents. There is a need for research in this area so that family support initiatives can be tailored to families in this circumstance.

Recommendation 10

The Committee recommends that the Commonwealth Government commission research on the effect on children and family relationships of having a long-term fly-in, fly-out/drive-in, drive-out parent.

‘Source’ communities

- 4.76 In contrast to ‘host’ communities discussed in the previous chapter, ‘source’ communities are those areas where resource workers are residentially based. Source communities reported significant advantages with a FIFO workforce.
- 4.77 Indeed, some communities are lobbying to become source communities because of the recognised economic benefits. For instance, in Queensland, a number of groups are working together to promote their regions as FIFO hubs:
- a group in the Gold Coast region is working with universities, training providers, employers and industry to identify skills and training needs as well as identifying the social and support needs of FIFO families. The group has also negotiated a dedicated FIFO airport terminal to offer a dedicated service to resource employers, recognising the impact the FIFO travellers have on the leisure market.⁵¹
 - a group in Townsville is similarly actively promoting the lifestyle offered by its region as an attractive base for a FIFO hub.⁵²
 - the City of Greater Geraldton is promoting itself as a ‘regional city’ hub and the Western Australian Government has a vision for Karratha and Port Hedland to be built into cities with a population of 50 000 each.⁵³

51 Corporate Development Mentors Pty Ltd, *Submission 141*, Gold Coast City Council, *Submission 143*; Regional Development Australia Gold Coast (RDA Gold Coast), *Submission 144*; Karen Andrews MP, Member for McPherson, *Submission 40*.

52 Townsville City Council, Townsville Chamber of Commerce, Townsville Enterprise Ltd, *Submission 64*.

- 4.78 FIFO workforce practices offer significant opportunities to build regional centres and broaden the economic base of those communities with an otherwise limited employment base. Advance Cairns argued that FIFO would address some on-going issues facing the city:

We have some of the highest rates of unemployment in Australia. There are significant opportunities to increase the skills base, education levels, workforce participation and wealth across our community. We need to collaborate with other regions. We need to provide choice and opportunities for our community or we may lose our skilled workers.⁵⁴

Area for corporate action – charters from regional areas

- 4.79 **On a number of occasions in Canada, the Committee was made aware of source communities – communities that had been specifically identified by employers as a ‘pick-up’ point for FIFO workers and workers are responsible for getting themselves from their homes to the hub. These centres are always regional and FIFO is being utilised as a way of keeping small communities alive. Union representatives noted that they had argued for payment allowances towards flights rather than company charters to encourage moves away from capital cities to regional centres.**⁵⁵

- 4.80 The MCA noted the benefits of source communities for mining operations because governments would then concentrate service provision to more easily accessible towns:

Governments face increasing difficulties in providing cost effective service delivery in mining communities. It will generally be more cost effective for governments to meet the infrastructure and services provision needs of increased mining populations through these populations being located in existing coastal centres rather than in more dispersed communities. Therefore, governments have the choice between significantly expanding service provision in these communities for increased residential workforces or meeting increased industry workforce needs through greater use of FIFO/DIDO arrangements and drawing on existing infrastructure and services in larger centres.⁵⁶

53 City of Greater Geraldton, *Submission 111*; Pilbara Regional Council, *Supplementary Submission 43.1*.

54 Stewart Christie, Chief Executive Officer, Advance Cairns, *Transcript of Evidence*, Cairns, 21 February 2012, p. 9.

55 Meetings held 27-28 August 2012, St John’s and Bay Bulls, Newfoundland, Canada.

56 MCA, *Submission 118*, p. 12.

- 4.81 Vale suggested that FIFO had the potential to reduce unemployment levels and spread the economic benefits of resource industry employment, noting that the Bowen Basin region had an unemployment rate in June 2011 of 1.3 per cent compared to the Queensland rate of 5.5 per cent.⁵⁷
- 4.82 Rio Tinto stated that it looks to utilise FIFO as a way to build regional communities, noting that in Western Australia, 13 per cent of the FIFO workforce flies from regional Western Australia.
- 4.83 Perth hosts a large FIFO community, but other regions of Western Australia are seeking to be, or successfully have been, utilised as FIFO hubs. Busselton Chamber of Commerce noted that an estimated 5 000 FIFO employees live within 100 kilometres of Busselton and the successful negotiation with Rio Tinto to commence a FIFO service to the Pilbara has supported Busselton's growth rate to amongst the highest in Australia.⁵⁸
- 4.84 Similarly, the City of Greater Geraldton argued that a focus on regional labour and the development of regional centres can relieve the population pressures on capital cities as well as creating 'substantial, strong and diverse regional communities.'⁵⁹

FIFO coordinator

- 4.85 The National Resources Sector Employment Taskforce (NRSET), a Commonwealth Government taskforce on the skills needs of the resources industry, has recommended the establishment of a FIFO coordinator position in Cairns to 'develop links between resources projects in remote locations and skilled workers, including local unemployed job seekers.'⁶⁰
- 4.86 In addition to the Cairns position, the development of four more FIFO coordinator positions has been announced.⁶¹ The resources industry has welcomed the development of the FIFO coordinator positions as a positive contribution to the labour supply challenges facing the resources industry.⁶²

57 Vale, *Submission 87*, p. 3.

58 Busselton Chamber of Commerce and Industry, *Submission 41*, p. 1.

59 City of Greater Geraldton, *Submission 111*, p. [4].

60 Minister for Tertiary Education, Skills, Jobs and Workplace Relations, *Submission 151*, p. 2.

61 Minister for Tertiary Education, Skills, Jobs and Workplace Relations, Media Release, 21 September 2011, <ministers.deewr.gov.au/evans/fly-fly-out-bring-job-opportunities-resources-sector>, viewed 6 December 2012.

62 CMEWA, *Submission 99*, p. 31.

4.87 The success of the Queensland Government's jobs expos held in regional areas was also noted.⁶³ The use of FIFO coordinators and expos support employment growth in regional areas.

Impact on source communities

4.88 Source communities experience economic benefits from hosting significant numbers of FIFO workers. Busselton Chamber of Commerce reported the growth of support industries and training opportunities as well as airport development.⁶⁴ Mackay Regional Council recognised that Mackay's growth is largely attributable to the resource sector.⁶⁵

4.89 As with host communities, source communities are struggling to quantify the impact that FIFO workers have on infrastructure. This is more of an issue in Queensland where, for example, workers are bussed from Mackay to the Bowen Basin, but transit through Mackay Airport so Mackay bears the impact as a transit point. Nonetheless, Mackay is developing as a strong service hub for the resources industry and has experienced a growth in business as well as population.⁶⁶

4.90 Advance Cairns noted that the impact on the economy and social fabric of source communities, as with the impact on host communities, is largely anecdotal and further research is needed. However, it identified the following opportunities:

- spreading of the benefits of the resources industry;
- servicing the resources sector (for example through the aviation industry) diversifies the market;
- better utilisation of community infrastructure by FIFO workers and their families; and
- economic stimulation.⁶⁷

4.91 Advance Cairns also noted concerns that FIFO source communities may experience skills shortages due to a drain to the resources sector and increased housing prices with the higher FIFO wages.⁶⁸

4.92 On the whole, FIFO is seen as a largely positive experience for source communities, on the most part due to the significant economic benefits

63 Local Government Association of Queensland (LGAQ), *Submission 92*; QRC, *Submission 125*.

64 Busselton Chamber of Commerce and Industry, *Submission 41*, p. 2.

65 Mackay Regional Council, *Submission 85*, p. 2.

66 Colin Meng, Mayor, Mackay Regional Council, *Transcript of Evidence*, Mackay, 23 February 2012, p. 9.

67 Advance Cairns, *Submission 76*, pp. 4-5.

68 Advance Cairns, *Submission 76*, p. 4.

that a higher income workforce brings. It is for this reason that the development of regional communities should be supported to operate as FIFO source communities.

- 4.93 The Chamber of Minerals and Energy of Western Australia (CMEWA) noted that while most FIFO employees live in the Perth region:

There is a move encouraged by companies and local governments to increase the number of employees living in regional centres and employed on FIFO arrangements in more remote parts of WA. ... [CMEWA] regards this approach as a 'win-win', combining regional development and industry development benefits. [CMEWA] supports complementary initiatives such as the Royalties for Regions and Pilbara Cities Programs in strengthening regional communities and increasing their attractiveness as lifestyle locations for workers in the resources industry who are employed elsewhere on FIFO rosters.⁶⁹

- 4.94 Rio Tinto also suggested that the development of regional communities as FIFO source communities '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.'⁷⁰

Benefits for Indigenous communities

- 4.95 As noted in Chapter 2, the resources industry is a significant employer of Indigenous Australians. The MCA noted that the resource industry is the largest private sector employer of Indigenous peoples and that FIFO offers a significant opportunity for further engagement in the industry. Identifying predominately Indigenous communities as source communities has the potential to raise economic outcomes:

For example, Downer Mining is now the largest single private employer in Fitzroy Crossing with 27 Indigenous employees returning over \$2.6 million into the local economy. Hall's Creek is now looking to establish itself as a FIFO source community, and Kununurra is exploring whether it could operate as a FIFO source community during the wet season.⁷¹

69 CMEWA, *Submission 99*, pp. 7-8.

70 Rio Tinto, *Submission 149*, p. 15.

71 MCA, *Submission 118*, p. 12.

- 4.96 This point was reiterated consistently in Canada where Indigenous communities engage in both camp management and mining operations. However, similar to Australian conditions, some are only able to travel reliably on a seasonal basis due to weather conditions. Communities are being identified and trained with the long-term goal of engaging them in the FIFO workforce.⁷²
- 4.97 In Cairns, the Community and Indigenous Relations Manager for Kagara Mine noted that part of the mine's engagement with schools was to ensure that student have a good understanding of career pathways:
- students get the opportunity to go out on site on a camp and actually understand what sort of life skills are going to be required to work in a remote employment environment. ... There are a whole lot of things we do in this program that have nothing to do with very high achievements. They are to do with: 'Do you know what the implications for a roster are? Do you like playing sport every weekend? You do? Then here is a 4 X 4 roster for any given month of the year. Work out how many weekends you can play football. Do you like being home at Christmas time with your family? You do?' We go through all those things: 'Do you understand that you might get paid once a month? Do you have a house where you can get a good night's sleep if you are on night shift?'⁷³
- 4.98 Kagara Mine also sends trainees on a three month intensive training program in Camooweal to expose them to the experience of living away from home. Trainees noted that they felt they now had 'a foot in the door' for any mine after completing the initial program.⁷⁴
- 4.99 Work readiness training is often required in Indigenous training programs, and the skills to engage in FIFO work may increase the employment opportunities for remote Indigenous communities.

72 Meetings held 27-31 August 2012, Canada.

73 Noel Gertz, Community and Indigenous Relations Manager, Kagara Mine, *Transcript of Evidence*, Cairns, 21 February 2012, pp. 18, 22.

74 Nicole Edwards, Work Placement Trainee, Kagara Mine, *Transcript of Evidence*, Cairns, 21 February 2012, p. 19.

Committee comment

- 4.100 Like all aspects of the FIFO workforce debate, little is known about the real impact of FIFO work, on individuals, on families and on source communities.
- 4.101 None of the evidence to this inquiry indicated that FIFO in itself had particularly deleterious effects on individuals and families, but that it does have very specific impacts that need further exploration and policy response.
- 4.102 The evidence indicates that for those communities in which FIFO workers reside, the effects of being the source for a FIFO workforce are largely positive. The Committee is particularly keen to see regional and Indigenous communities promoted as FIFO source communities, rather than the focus remaining on sourcing labour from capital cities. To this end, metropolitan and outer-metropolitan areas should not be considered regional for any regional funding allocation or policy measures.
- 4.103 The 'FIFO coordinator' position is a key initiative that, if targeted appropriately, will support regional communities to enhance their workforce base by the provision of labour to the resources industry.
- 4.104 The Committee is concerned that competition amongst regional communities to become a FIFO 'source' community reinforces the view that FIFO is good for these communities. Care needs to be taken that these communities do not develop the same problems of high housing costs and lack of service staff as is experienced in resource communities and a better understanding of the real impacts of FIFO is needed before the push for more FIFO 'hubs' continues.

Recommendation 11

The Committee recommends that the Commonwealth Government commission research into the economic and social impacts of establishing regional centres as fly-in fly-out source communities.

Governance

- 5.1 Even with the paucity of data on the extent of FIFO in regional Australia, there can be no doubt to anyone who has visited regional communities such as Karratha and Moranbah that the prevalence of this practice is having a profound impact on communities. The trepidation of resource communities like Kalgoorlie that are yet to feel the full force of FIFO is palpable.
- 5.2 On considering the Commonwealth's role in addressing the impacts of fly-in, fly-out workforce practices, it is important to acknowledge those jurisdictions which the Commonwealth can influence directly and those which remain the prerogative of state and local government.
- 5.3 This chapter will focus on key areas through which the Commonwealth can influence the use of FIFO workforces in regional Australia when reasonable alternatives could be available including:
- appropriate amendments to the taxation regime;
 - clarifying electoral issues;
 - the need for a comprehensive Commonwealth Government policy on FIFO workforce practices; and
 - the need to develop a new approach to the governance of regional Australia.

Taxation

- 5.4 Taxation measures to support regional communities have always been an effective way of building them. There is significant concern that taxation measures are driving the move to FIFO workforce practices. Now that the fortune of resource companies is no longer tied to residential

communities, tax incentives should again focus on building regional Australia.

5.5 A range of taxation measures were identified as having encouraged the development of FIFO work practices. Furthermore, FIFO workers are eligible to claim taxation benefits that are intended to support those living in regional and remotes areas.

5.6 The primary issues of concern raised in submissions are:

- the capacity of companies to write-off FIFO expenses as a cost of production;
- the application of fringe benefits tax (FBT) favouring the development of work camps over community investment;
- the application of the living away from home allowance (LAFHA) to FIFO workers despite the workplace being in close proximity to an existing community;
- the appropriateness and application of the zone tax offset.

5.7 Broadly, the following tax benefits are available to companies utilising a FIFO workforce:

- costs associated with providing a FIFO workforce, including flights and accommodation are able to be 'written off' as cost of production;
- where flights and accommodation are paid by the employer rather than increased salary to fund these individually, the employee does not pay income tax or goods and services tax (GST);
- FIFO workers may be able to claim LAFHAs and remote area zone tax offsets; and
- housing subsidies paid to a permanent residential workforce attract FBT. In those communities where companies provide residential housing, to avoid FBT implications, companies can rent housing for a 50 per cent FBT concession, which contributes to the high residential rental market.¹ (See paragraph 5.19 for further discussion).

1 Western Australian Regional Cities Alliance (WARCA), *Submission 89*, p. 1.

- 5.8 Industry organisations recognise that tax incentives would be an effective way of encouraging relocation to regional areas. Industry employer group, the Australian Mines and Metals Association (AMMA) submitted that 95 per cent of respondents to a member survey on FIFO work practices believe that substantial tax incentives could be a useful tool to encourage relocation to regional areas. Survey respondents noted:
- Tax incentives related to home ownership in smaller communities would assist. ...
 - Tax concessions are fundamental as the cost of living is out of proportion.
 - Resource industry base salaries generally are in higher tax brackets so tax incentives would be attractive.²
- 5.9 As a general rule, the Committee has few concerns about tax exemptions being granted to the use of FIFO for genuinely isolated projects. However, where established towns already exist, all tax incentives for FIFO operational workforces should be abolished and that all disincentives in the taxation system to provide for residential workers should likewise be removed.

Fringe benefits tax

- 5.10 FBT is applied when an employer provides a benefit for private use, for example, the use of a work vehicle for private purposes. The FBT was introduced in 1986 to capture as taxable income the non-monetary remuneration of employees. Employers rather than employees are subject to the tax.³ In populous areas where there is reasonable competitive market supply, FBT meets its intended outcomes.
- 5.11 Housing is one non-monetary benefit that is subject to FBT. However, in regional areas where reasonable supply and competitive markets are not in place and housing supply is expensive, a case for FBT exemption on housing exists. The provision of housing is a necessity and failure of supply is a constraint on regional progress.
- 5.12 In the context of this inquiry and of most concern to regional communities, FBT is applicable to employer provided subsidies to permanent residential workforces to offset the high cost of housing, but it is not applicable to accommodation provided in work camps.
- 5.13 The Western Australia Regional Cities Alliance (WARCA) noted:
- If FIFO workers are housed in camp arrangements there are no FBT implications however, housing subsidies paid to a permanent

2 Australian Mines and Metals Association (AMMA), *Submission 77*, p. 24.

3 *Fringe Benefits Tax Assessment Act 1986*.

resident workforce attract this tax. Further to this, to avoid FBT implications plus secure a 50% concession on rental costs, the companies can rent the house as opposed to purchasing it outright....

The application of the FBT encourages companies utilising FIFO workforces to create work camps and FIFO to major metropolitan cities or even offshore.⁴

5.14 The City of Greater Geraldton noted:

There are concerns with the current Fringe Benefits Tax (FBT) structure that encourages companies to create camps and FIFO to major metropolitan cities (or even overseas to NZ and other places). Further, the provision of the camps, services and air travel is all a deductible expense for the mining companies. This effectively means the Government is subsidising to the tune of billions of dollars per annum a system which is anti-regional by nature.⁵

5.15 It was suggested that FBT was a major contributor to the development of FIFO and argued that the current tax arrangements penalised people becoming part of the community:

We have had discussions with a number of the mining companies that are working in and around Broome and we talked to them about relocating their workers to Broome rather than having a fly in, fly out culture, and they all come back to the tax. Fly in, fly out, they claim, is a tax deduction and providing housing and accommodation for workers is an FBT expense ... Our concern is that at the moment the FIFO model gets a tax exemption but to live here and become part of the community is penalised. We would like to see equality there and then it becomes an option, a matter of choice both for the companies and the employees and their families.⁶

4 WARCA, *Submission 89*, p. [1].

5 City of Greater Geraldton, *Submission 111*, p. [11].

6 Maryanne Petersen, Executive Officer, Broome Chamber of Commerce and Industry, *Transcript of Evidence*, 30 March 2012, Broome, p. 14, 16.

- 5.16 The idea that companies are ‘rewarded’ for choosing a FIFO workforce was prevalent among host communities; it was generally considered that the FBT was an unstated Commonwealth Government policy that is pro-FIFO and anti-regional:

Under the current system, companies are rewarded for having a fly-in fly-out workforce through tax cuts; what the city and the region want to see is the government penalising companies that solely exist on a FIFO workforce by charging fringe benefits tax on fly-in fly-out companies. They should be encouraged to provide a resident workforce in existing towns.⁷

- 5.17 AngloGold Ashanti also noted that FBT on housing was a consideration when building in regional areas:

The cost of building and operating new resources towns is also prohibitive, with the development of infrastructure alone in remote WA areas estimated to cost twice as much as in Perth. This cost is further exacerbated by the Fringe Benefits Tax (FBT) which imposes a tax impost on the benefits received by employees in company-owned and operated towns.⁸

- 5.18 In Kalgoorlie, Ron Mosby of the Goldfields-Esperance Workforce Development Alliance noted that of the many hidden costs of FIFO, amending the application of the FBT is an easily rectified cost that would have significant benefits to both individuals and regional employers.⁹

- 5.19 In addition to the impact on large resource companies, regional small businesses also complained that the need to provide housing was made difficult by the FBT obligations:

People in business are competing and they have got to provide similar facilities and pay. We have got to be able to provide housing, and FBT on housing is an issue. We cannot afford to provide housing at the moment.¹⁰

7 Ronald Yuryevich, Mayor, City of Kalgoorlie-Boulder, *Transcript of Evidence*, 19 April 2012, Kalgoorlie, p. 12.

8 AngloGold Ashanti, *Submission 100*, p. 3.

9 Ron Mosby, Chairman, Goldfields-Esperance Workforce Development Alliance, *Transcript of Evidence*, Kalgoorlie, 18 April 2012, p. 16.

10 Donald Burnett, Chief Executive Officer, City of Kalgoorlie-Boulder, *Transcript of Evidence*, Kalgoorlie, 19 April 2012, p. 14.

- 5.20 As well as FBT not applying to FIFO camps, it does not apply to FIFO worker transport:

An exemption is provided for transport costs from an employee's usual place of residence to their usual place of employment where the employee is employed under what is commonly known as a fly-in fly-out arrangement and the usual place of employment is a remote location in Australia or overseas or an oil rig or another installation at sea. This exemption covers employees who work in remote areas and who are provided with residential accommodation at or near the work site on working days and return to their usual residence on days off.¹¹

Committee comment

- 5.21 The application of FBT should be subject to consideration of location and function so that exemption applies to FIFO travel and accommodation in genuinely remote areas and the construction phase of mining operations only.
- 5.22 There are real opportunities to build regional Australia with appropriate and targeted structuring of the taxation system. As well as reviewing the current definitions of 'remote' under FBT law as recommended below, there is a case to create a 'regional' definition that will allow FBT concessions to be utilised to create an incentive for regional residency.
- 5.23 Remote zoning definitions will need to be applied with an adequate and realistic notion of the definition of remote location. Any definition of 'regional' for the purposes of taxation law should exclude all communities that have reasonable ground transport access to a major urban area. This is further discussed below.
- 5.24 Stakeholders who supported the current taxation arrangements in relation to FIFO consistently argued that people could not be forced to live in a location and that they must be offered choice about where they resided and worked. However, as the current taxation regime discourages regional home ownership or the provision of housing to residential employees, it can be argued that far from offering a choice, the current arrangements only encourages FIFO work.

11 Martin Jacobs, Acting Principal Advisor, Indirect, Philanthropy and Resource Tax Division, Treasury, Canberra, *Transcript of Evidence*, 22 August 2012, p. 1.

- 5.25 The recommendations the Committee is making in relation to FBT are not intended to penalise workers or restrict choice in employment. The Committee intends that the Commonwealth Government should not be subsidising corporate decisions in relation to their workforce practices.

Recommendation 12

The Committee recommends that the Commonwealth Government review the *Fringe Benefits Tax Assessment Act 1986* to examine the:

- **removal of impediments to the provision of residential housing in regional communities;**
- **removal of the exempt status of fly-in, fly-out/drive-in, drive-out work camps that are co-located with regional towns; and**
- **removal of the exempt status of travel to and from the workplace for operational phases of regional mining projects.**

Living Away from Home Allowance

- 5.26 The LAFHA is a fringe benefit under the FBT Act in the form of an allowance paid by the employer to 'compensate for additional expenses incurred and any disadvantages suffered because the employee is required to live away from their usual place of residence in order to perform their employment related duties'.¹²
- 5.27 The LAFHA does not have a set value, as long as it is determined to be 'reasonable'. The Australian Taxation Office (ATO) provides the following example of the payment and taxable value of the LAFHA:

An employee living away from his family is paid a LAFHA of \$440 per week. Of that allowance:

- \$200 is reasonable compensation for the cost of accommodation;
- \$160 represents reasonable compensation for the total cost of food while away from home; and
- the remaining \$80 is compensation for disadvantages associated with having to live apart from family and in a town without facilities that would normally be enjoyed at home.

The taxable value is calculated as follows:

Total allowance:	\$440
Less:	

12 Australian Taxation Office (ATO), *Living-away-from-home allowance fringe benefits*, <ato.gov.au/content/52023.htm>, viewed 15 October 2012.

Exempt accommodation component	\$200	
and		
Exempt food component*	\$118	\$318
Taxable value		\$122

*Food component less statutory food amount, that is \$160 - \$42 = \$118.

The taxable value is:

- \$80 paid for disadvantages suffered for living-away-from-home
- \$42 statutory food amount.¹³

- 5.28 Under the definition, those eligible for the LAFHA are 'employees who move to a new locality with an intention to return to their old locality at the end of the appointment'.¹⁴
- 5.29 Recent amendments to the FBT Act¹⁵ limit the exemption of the LAFHA to a period of no more than 12 (non-consecutive) months.¹⁶ However, all workers under FIFO/DIDO arrangements are exempted from this limitation.
- 5.30 The recent House of Representatives Economics Committee inquiry on the Bill supported this exemption and a broadening of the eligibility of 'primary residence' to encompass those FIFO workers who maintain a residence other than an owner-occupied house (i.e. living with extended family, friends or overseas). The Economics Committee opined that this 'supported regional areas'.¹⁷
- 5.31 This Committee strongly disagrees with this opinion. The ongoing payment of allowances through the taxation system to encourage and support FIFO work practices is completely contrary to the aim of building regional Australia.
- 5.32 By providing a specific exemption for FIFO workers in the FBT Act, the Government has enshrined an ongoing disadvantage to those residing in regional Australia. The long-term eligibility of FIFO workers to access this tax concession is a contributor to the choice not to live in the region:

13 ATO, *Living-away-from-home allowance fringe benefits*, <ato.gov.au/content/52023.htm>, viewed 15 October 2012.

14 ATO, *Living-away-from-home allowance fringe benefits*, <ato.gov.au/content/52023.htm>, viewed 15 October 2012.

15 Tax Laws Amendment (2012 Measures No. 4) Bill 2012, passed by both Houses on 19 September 2012 and given Assent on 28 September 2012.

16 Explanatory Memorandum, Tax Laws Amendment (2012 Measures No. 4) Bill 2012, p. 23.

17 House of Representatives, Standing Committee on Economics, *Advisory Report on the Tax Laws Amendment (2012 Measures No. 4) Bill 2012*, August 2012, p. 16.

Some of the problems that we came across, in particular with the Whitsunday region with regard to existing mines in Collinsville, is that the living-away-from-home allowance is beneficial to those who are outside the region rather than to those who reside within the region.¹⁸

5.33 Workers living in the communities being most impacted by FIFO question why they are undertaking the same job for less take-home pay:

I have examples of young blokes in Collinsville – we could be working side by side, he is from Brisbane and I am from Collinsville, and he is on \$300 a week more than me because he gets a living away from home allowance. If the whole thing was flipped and the guy living in the rural community gets the \$300 and the bloke flying in who wants to choose to fly in does not get it then it would build up regional communities and get workers out of the south east-corner.¹⁹

5.34 Those receiving the allowance could reasonably expect to receive an allowance of several hundred dollars per week. Despite the costs of living in resource communities that this allowance is intended to offset, from submissions to the Economics Committee inquiry, it is clear that workers receiving this allowance are not necessarily spending it on work-related living expenses, but consider it a ‘top-up’ to the household budget.²⁰

5.35 Submissions to the Economics Committee argued that the 12 month limit was arbitrary and may lead to workers choosing not to work on construction projects where the project time exceeded 12 months.

5.36 Given that an employee may ‘pause’ their receipt of the allowance when at home (not on shift), the allowance will continue to be paid beyond a 12 calendar month period.

5.37 When in St John’s, Canada, the Committee was told that, after significant local opposition to a 5 000 bed workers camp, the project operator offered a ‘local allowance’. This allowance was paid to all of those who chose to live locally rather than FIFO. The camp has now closed and many of the employees have chosen to settle their families in the region.²¹

18 Colin Thompson, Chair, Whitsunday Industrial Workforce Development Committee, *Transcript of Evidence*, Mackay, 23 February 2012, p. 28.

19 Michael Brunner, Mayor, Whitsunday Regional Council, *Transcript of Evidence*, Cairns, 21 February 2012, p. 16.

20 House of Representatives, Standing Committee on Economics, *Advisory Report on the Tax Laws Amendment (2012 Measures No. 4) Bill 2012*, August 2012, p. 12.

21 Meetings held 27 August 2012, St John’s, Canada.

- 5.38 This demonstrates that with the appropriate financial incentives, individuals would prefer make to choice to settle with their families close to their work.
- 5.39 The market must determine worker availability and employers should be paying adequate compensatory salary, not relying on the Government to provide allowances. The Committee does accept that there may be a case for some construction FIFO workers to be paid the LAFHA beyond 12 months where there is a finite project life. However, this exemption should be given on a project, not industry-wide basis. This exemption should only be provided to projects in the construction phase or in a remote area where FIFO is unavoidable.

Recommendation 13

The Committee recommends that the Commonwealth Government review the *Fringe Benefits Tax Assessment Act 1986* to:

- **remove the general exemption for fly-in, fly-out/drive-in, drive-out workers from the 12-month limit of payment of the living away from home allowance;**
- **enable specific exemptions for construction projects that have a demonstrated limited lifespan; and**
- **enable specific exemptions for projects in remote areas where the fly-in, fly-out/drive-in, drive-out work practice is unavoidable.**

Zone tax offset

- 5.40 The zone tax offset is available to those who have lived or worked in a remote area for 183 days or more in given tax year.²² The tax offset is applied in three zones – Zone A, Zone B and special areas within each zone. The entitlement amount varies depending on the relevant zone.²³
- 5.41 Three concerns were raised with the application of the zone tax offset:
- the eligibility of FIFO workers to claim the offset despite not incurring the higher cost of living in the zone area;
 - the payment level of the zone tax offset to adequately reflect the cost of living in regional areas; and

²² There are some circumstances where days may be 'carried over' to subsequent tax years.

²³ Zones and special areas are listed on the ATO website, <ato.gov.au>.

- the definition of zone areas.

5.42 It should be noted that the zone tax offset and overseas forces tax offset are categorised together for the purposes of personal income tax assessment.²⁴ The below discussion does not refer to the overseas forces component of the tax offset.

Eligibility of claimants

5.43 The zone tax offset is claimable by anyone who lived or worked in a remote area, not necessarily continuously, for 183 days in a financial year. In some circumstances days may be 'carried over' from one financial year to the next. Under this definition, FIFO workers who work more than 183 days in a financial year are able to claim the offset.²⁵

5.44 A number of submitters raised concerns that FIFO workers are eligible to claim zone offsets without incurring the cost of living in the remote area, which is the primary purpose for the remote area offset.

5.45 The Pilbara Regional Council submitted:

The conditions for claiming this allowance, however, are such that a regular FIFO worker, based in a main centre, can almost always claim the rebate despite him or her not incurring any of the higher costs associated with living in a remote region due to the fact that their daily accommodation, food and transport expenses are met by the employer.²⁶

5.46 For those eligible to claim the dependent spouse and child rebate, a 50 per cent additional rebate is available for those who are eligible to claim the special areas and ordinary Zone A with a 20 per cent addition for those eligible for ordinary Zone B. This rebate is available to the recipient of the zone tax offset regardless of where dependants are living.

5.47 Treasury provided the following scenario:

Jack and Dianne live in Perth with their two children, Chris and Meg, aged 12 and 10. Dianne does not work and has no adjusted taxable income. Chris and Meg also have no adjusted taxable income. Jack has a taxable income of \$70 000. Jack works in Marble Bar and spends two thirds of the year there. The rest of the family remains in Perth while Jack is working.

Because Jack resides in Marble Bar for the majority of the year he is eligible for an ordinary Zone A zone tax offset comprising the

24 ATO, *T8 - Zone or overseas forces 2012*, <ato.gov.au>.

25 ATO, *T8 - Zone or overseas forces 2012*, <ato.gov.au>.

26 Pilbara Regional Council, *Submission 43*, p. 8.

following components: a basic amount of \$338 and 50 per cent of the 'relevant rebate amount' he is entitled to, which for him comprises the notional dependant spouse with child offset (\$2 736) and two notional student offsets (\$372 each), or 50 per cent of \$3 488 which is \$1 744. In total Jack is entitled to a zone tax offset of \$2 082.²⁷

- 5.48 Others submitted that despite the additional money being earned due to remote area work, FIFO workers 'spend their monies and invest in the area that their families reside, not in regional Australia.'²⁸
- 5.49 It is the role of employers, not the government, to encourage non-resident employment through the payment of appropriate wages. The zone tax offset is not a tool to subsidise practices that are damaging to regional communities and it is a misuse of this allowance to support workers and their families who incur little or none of the additional costs of living in the zones. The zone tax offset should only be payable to those whose primary residence is in the eligible zone to offset some of the expenses incurred specifically due to remote residency.

Recommendation 14

The Committee recommends that the Commonwealth Government review the Zone Tax Offset arrangements to ensure that they are only claimable by permanent residents of a zone or special area.

Level of rebate

- 5.50 The tax zone rebate is applied in three zones with an additional percentage (20-50) paid for notional tax offsets. The offset is paid in a base fixed amount of \$338 for zone A (50 per cent), \$57 for zone B (20 per cent) and \$1 173 for special areas (50 per cent).
- 5.51 For a family living in ordinary zone A, the following scenario was provided:
- Oscar and Lucinda live in Marble Bar with their two children, Thomas and Lydia, aged 12 and 10. Lucinda does not work and has no adjusted taxable income. Thomas and Lydia also have no adjusted taxable income. Oscar has a taxable income of \$70 000. Oscar is eligible for a zone tax offset comprising the following components: a basic amount of \$338 and 50 per cent of the

²⁷ The Treasury, *Submission 229*, p. 5.

²⁸ Shire of Mt Magnet, *Submission 12*, p. 4.

‘relevant rebate amount’ he is entitled to, which for him comprises the notional dependant spouse with child offset (\$2 736) and two notional student offsets (\$372 each), or 50 per cent of \$3 488 which is \$1 744. In total Oscar is entitled to a zone tax offset of \$2 082.²⁹

- 5.52 The zone tax offset may have been adequate in helping to offset the additional costs of living in a remote area many decades ago, however as Mayor Darryl Gerrity of West Coast Council in Tasmania stated, ‘the [zone B allowance is] about a carton of beer.’³⁰
- 5.53 Given the additional costs of living in regional and remote areas for services, such as the need to travel for medical services, the zone tax offset should be reviewed upwards.
- 5.54 A wide range of figures were suggested for upwards review of the zone tax offset. While the zone tax offset should be reviewed to more adequately reflect costs associated with living in remote Australia, it is not appropriate for the Committee to specify by what amount this allowance should increase.

Definition of zone areas

- 5.55 During the course of the inquiry it became apparent that the definition of zone areas is not determined by any modern concept of remoteness nor accurate population figures.
- 5.56 The ‘Australia’s Future Tax System Review’ (the Henry Review) found that:

The zones were established in 1945 and the boundaries have remained broadly unchanged since 1956. Given changes in population and the distribution of industry and transport infrastructure since 1956, many areas in the zones are not disadvantaged or isolated. On the other hand some remote areas fall outside the zones. For example while Darwin is in Zone A and Townsville and Cairns are in Zone B, Ivanhoe, in western New South Wales, with a population of around 250 and more than 200 kilometres from the nearest town with over 2 500 people, lies outside the zones.³¹

- 5.57 The current definition of ‘remote’ would encompass many regional centres that are not remote by modern standards. Some towns that are

29 The Treasury, *Submission 229*, p. 1-2.

30 Darryl Gerrity, Mayor, West Coast Council, *Transcript of Evidence*, Melbourne, 14 June 2012, p. 27.

31 Australia’s Future Tax System, *Report to the Treasurer, Part two: Detailed analysis*, Department of the Attorney General, Canberra, December 2009, p. 90.

genuinely remote are not included in any zone area. In addition, as well as the zones having been defined in 1956, the special areas are based on 1981 census figures and so do not reflect Australia's current population profile.³²

- 5.58 The Henry Review also recommended that the zone tax offset should be reviewed 'based on contemporary measure of remoteness'.³³ The Committee supports this recommendation and further finds that the utilisation of 1981 census figures for defining the special areas is inappropriate and should be reviewed.
- 5.59 In addition, the offset should include a mechanism to ensure that it is regularly reviewed to reflect accurate population figures.

Recommendation 15

The Committee recommends that the Commonwealth Government review the Zone Tax Offset to ensure:

- **that it provides reasonable acknowledgement of the cost of living in remote Australia;**
- **that the zones are based on a contemporary measure of remoteness;**
- **that the zones are based on up-to-date census figures; and**
- **that it includes a mechanism for regular review to ensure that the offset reflects accurate population figures.**

Voting and electoral enrolment

- 5.60 FIFO workers spend a good proportion of their time in a different region to that in which they vote. This raises a number of concerns in ensuing that FIFO workers have suitable access to voting services during an election. These concerns include:
- accessibility to voting systems; and
 - modernising the voting system.

32 Andre Moore, Manager, Personal Tax Unit, Treasury, *Transcript of Evidence*, 22 August 2012, Canberra, p. 2.

33 Australia's Future Tax System, *Report to the Treasurer, Part two: Detailed analysis*, p. 32.

Voting accessibility

- 5.61 The ability to cast a ballot is a fundamental right and responsibility of all Australians. It is the responsibility of the Australian Electoral Commission (AEC) to ensure that all Australians are able to access electoral services in order to exercise their democratic right and responsibility to vote.
- 5.62 The AEC noted that the increasingly broad geographic catchment from which FIFO workers are enrolled, together with fluctuations in populations in remote regions, makes accurately anticipating and planning for the provision of voting services in remote locations difficult.³⁴
- 5.63 Peter Kramer, State Manager and Australian Electoral Officer for Western Australia, confirmed that: 'there would be a very, very small number of people who would not easily have an opportunity to vote,' and that, 'no-one would be prevented from voting, simply because there are so many different ways for them to cast their vote.'³⁵
- 5.64 The voting services which are available to FIFO/DIDO workers include:
- mobile polling;
 - postal voting;
 - pre-poll voting at a designated pre-poll voting centre (PPVC); and
 - static polling.
- 5.65 At the 2010 federal election, 682 PPVCs were established across Australia in a range of metropolitan, regional and remote locations where FIFO/DIDO workers live and work.³⁶
- 5.66 PPVCs were established in:
- towns located near mining operations, such as: Nhulunbuy, Jabiru, Weipa, Cobar, Narrabri, Mudgee and Lightning Ridge;
 - regional cities servicing mining operations, such as: Dubbo, Gladstone, Rockhampton and Mackay;
 - mining accommodation centres located at: Coppabella, Dysart and Nebo;
 - regional towns serving as FIFO transit points, such as Karratha and Port Hedland; and
 - domestic and international airports, including: Kingsford Smith, Tullamarine, Brisbane, Cairns, Coolangatta, Perth, Adelaide, Darwin and Alice Springs airports.³⁷

34 Australian Electoral Commission (AEC), *Submission 127*, p. 12.

35 Peter Kramer, State Manager and Australian Electoral Officer for Western Australia, AEC, *Transcript of Evidence*, Canberra, 23 November 2011, p. 9.

36 AEC, *Submission 127*, p. 9.

- 5.67 Pre-polling at airports is becoming increasingly popular. The AEC recorded significant growth in the number of votes cast at PPVCs at Perth airport over the last three federal elections: 3 188 votes cast at the airport in 2004 federal election; 4 544 votes cast in the 2007 federal election; and 9 012 votes cast in the 2010 election.³⁸
- 5.68 The AEC, where possible, also facilitates on-site voting. Ed Killesteyn, Electoral Commissioner, stated that:
- ...by and large we find that mining companies are generally positively disposed towards cooperating with the Australia Electoral Commission.³⁹
- 5.69 However, the AEC noted that the direct provision of voting services to larger mining operations can be challenged not only by the remoteness of the site but also by the willingness of the site's management to facilitate on-site voting. This issue is further complicated if a site's workforce includes a range of subcontracting companies.⁴⁰ Mr Killesteyn stated that the reluctance of resource companies to allow on-site voting usually stems from concerns regarding the occupation health and safety risks of allowing untrained AEC officers on-site.⁴¹
- 5.70 The AEC also noted that it is exploring new ways in which to modernise the electoral system, without compromising security or accuracy, to further increase accessibility for voters in remote regions, stating that:
- ...for people who are in remote areas, our services are moving into increasing use of electronic facilities.⁴²
- 5.71 Trials for electronically assisted voting for blind and low vision voters as well as remote electronic voting for Australian Defence Force (ADF) personnel serving overseas were held during the 2007 federal election, following the recommendations made by the Joint Standing Committee on Electoral Matters (JSCEM) of the 41st Parliament in its report into the 2004 federal election.⁴³
- 5.72 The combined cost of the trials was over \$4 million, with an average cost of \$2 597 per vote for the trial of electronically assisted voting for blind

37 AEC, *Submission 127*, p. 9.

38 AEC, *Submission 127*, p. 11.

39 Ed Killesteyn, Electoral Commissioner, AEC, *Transcript of Evidence*, Canberra, 23 November 2011, p. 8.

40 AEC, *Submission 127*, p.17

41 Mr Killesteyn, AEC, *Transcript of Evidence*, Canberra, 23 November 2011, p. 8.

42 Mr Killesteyn, AEC, *Transcript of Evidence*, Canberra, 23 November 2011, p. 8.

43 Joint Standing Committee on Electoral Matters (JSCEM) of the 41st Parliament, *The 2004 Federal Election: Report of the Inquiry into the Conduct of the 2004 Federal Election and Matters Related Thereto*, September 2005, p.vi.

and low vision electors and \$1 159 per vote for the remote electronic voting trial for selected defence force personnel serving overseas. This compares with an average cost of \$8.36 per elector.⁴⁴

- 5.73 Whilst the trial was considered a success, its cost was deemed prohibitive and the JSCEM of the 42nd Parliament recommended that it be discontinued.⁴⁵ The AEC also noted that:

Security concerns and the difficulty of providing electors with unique on-line identifiers are still seen as obstacles that have not yet been overcome.⁴⁶

- 5.74 However, despite these concerns the AEC expressed its support for alternative mechanisms to modernise the system. Mr Killesteyn noted the recent introduction of remote electronic voting in New South Wales, stating that:

In the New South Wales election this year [2011], some 40 000 people availed themselves of that facility, and I suspect that it is likely to become more popular as time goes on.⁴⁷

- 5.75 Whilst the maintenance of the security and reliability of the voting system must not be compromised, it is important to consider the ease of accessibility offered to Australians living and working in regional and remote communities.

Committee comment

- 5.76 The Committee strongly advocates the right of Australians living and working in remote locations, including the FIFO workforce, to cast their vote and exercise their democratic responsibility with equal ease to those Australians living in metropolitan centres.

- 5.77 If companies are unwilling to allow site access to the AEC for whatever reason, this limits the capacity of those workers on long shifts to vote. However, as most accommodation sites have reasonable internet access as a core facility for workers, electronic voting may be the most accessible method of providing access to these workers to vote.

44 JSCEM of the 42nd Parliament, *Report on the 2007 Federal Election Electronic Voting Trials: Interim Report of the Inquiry into the Conduct of the 2007 Election and Matters Related Thereto*, March 2009, p. 3.

45 JSCEM, *Report on the 2007 Federal Election Electronic Voting Trials*, March 2009, p. 27.

46 JSCEM, *Report on the 2007 Federal Election Electronic Voting Trials*, March 2009, p. 9.

47 Mr Killesteyn, AEC, *Transcript of Evidence*, Canberra, 23 November 2011, p. 10.

- 5.78 Despite the multiple methods provided by the AEC to facilitate voting, the rise in airport pre-poll votes is evidence that there is an increasing need to focus on ensuring that FIFO workers have adequate access to voting facilities.
- 5.79 While there might be high initial costs to develop and establish a remote electronic voting system, it is essential to preserve and support ease of access to voting for dispersed populations.
- 5.80 Therefore, the Committee recommends that the AEC develop an electronic voting system focussing particularly on facilitating easier access to those living and working in remote areas.

Recommendation 16

The Committee recommends that the Commonwealth Government charge the Australian Electoral Commission to develop an electronic voting system for voters living or working in remote areas to facilitate easier access and ensure more accurate population figures are recorded.

Commonwealth agencies' responses to FIFO

- 5.81 Due to the lack of data on the extent and impact of FIFO workforces, governments at all levels do not have the necessary information to develop effective policy on the issue. At present, except for the FIFO coordinator role, no Commonwealth initiatives even attempt to focus on the unique issues and impacts associated with the use of FIFO workforce practices. The Construction, Forestry, Mining and Energy Union (CFMEU) asserted that 'to date, both Federal and State Governments have not grasped the implications of FIFO it is time they did so'.⁴⁸
- 5.82 Consistent, Australia-wide policy action is required on a myriad of subjects ranging from health service delivery to housing affordability and community support.⁴⁹ Whilst some of these FIFO related matters lie outside Commonwealth jurisdiction, there is a clear need for leadership at

⁴⁸ Construction, Forestry, Mining and Energy Union (CFMEU), *Submission 133*, p. 5.

⁴⁹ For examples see: Pilbara Regional Council, *Supplementary Submission 43.1*, p. 10-11; Queensland Resources Council (QRC), *Submission 125*, p. 5; remoteFOCUS, *Submission 169*, p. 4-6 and attachment A; beyondblue, *Submission 228*, p. 9; Regional Development Australia Far North (RDA Far North), *Submission 101*, p. 9; Maranoa Regional Council, *Submission 221*, p. 6; Melinda Bastow, *Submission 90*, p.1; Mary Attwood, *Submission 205*; Narrabri and District Community Aid Service, *Submission 206*, p. 3.

the national level in identifying the needs of FIFO affected communities and ensuring, as far as possible, a nationally consistent response.

5.83 In Port Hedland, local government stated that:

Talking from the point of view of the Shire of East Pilbara, we probably have not seen the feds. We have a lot to do with the state, because they release land and a lot of the infrastructure is based around state issues. In my area, we have not seen the feds through this growth phase.⁵⁰

5.84 In Perth, Deidre Willmott, Group Manager of Approvals and Government Relations at Fortescue Metals, stated that:

the most important thing is that we [act] as a nation and the federal government, as our leader of the nation in the federal parliament, need to decide whether we actually want to promote regional growth and whether we want to encourage the labour movement that the resources industry gives us, fundamentally north and west.⁵¹

5.85 The lack of presence and initiative displayed by the Commonwealth on the issue of FIFO workforce practices were consistently demonstrated throughout the inquiry.

Department of Regional Australia, Local Government, Arts and Sport

5.86 The Department of Regional Australia, Local Government, Arts and Sport's (DRALGAS) clearly outlines the Department's responsibilities, stating that:

The Department works to ensure that the Government has a coordinated approach to take into account the needs and priorities of regional Australia in the development of Government policies and programs.⁵²

5.87 DRALGAS should be leading and coordinating the Commonwealth's response to the consequences of the use of FIFO workforce practices in regional Australia. However, the Department could only note that it had received a number of accounts from Regional Development Australia

50 Allan Cooper, Chief Executive Officer, Shire of East Pilbara, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 16.

51 Deidre Willmott, Group Manager, Approvals and Government Relations, Fortescue Metals Group, *Transcript of Evidence*, Perth, 17 April 2012, p. 7.

52 Department of Regional Australia, Local Government, Arts and Sport (DRALGAS) *Submission 153*, p. 3.

(RDA) committees outlining some of the challenges being faced by regional communities.⁵³

- 5.88 DRALGAS' submission, and appearance before the Committee, demonstrated that the department has a fundamental lack of understanding regarding the impacts of FIFO workforce practices. For instance, a detailed account of the National Disaster Recovery Taskforce was provided⁵⁴ which, whilst utilising mobile construction workforces, does not constitute FIFO workforce practices. The inability to articulate the issues or impacts of FIFO coupled with the lack of any mention of response to address the impact on regional communities is disappointing.
- 5.89 When asked by the Committee to explain why DRALGAS had not previously made any attempts to investigate the use of FIFO or its impacts on regional communities, an official responded:
- As the first port of call it is typically the state government that would do that work, because they obviously have the responsibility for the performance of local government. We have not, to my knowledge, done a study on that in the Commonwealth.⁵⁵
- 5.90 While the primacy of state government in FIFO related matters is acknowledged, this statement exemplifies a lack of initiative and leadership regarding an issue that is radically changing the social fabric of regional communities.

Department of Sustainability, Environment, Water, Population and Communities

- 5.91 In 2011, the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) published Australia's first sustainable population strategy, *Sustainable Australia – Sustainable Communities: A Sustainable Population Strategy for Australia* (the strategy).
- 5.92 SEWPaC stated that the strategy aims to:
- Ensure that [FIFO] population changes are well managed to avoid possible impacts on the quality of life in our communities, our economic prosperity and our natural environment.⁵⁶

53 DRALGAS, *Submission 153*, p. 8.

54 DRALGAS, *Submission 153*, p. 6.

55 Stephanie Foster, Deputy Secretary, DRALGAS, *Transcript of Evidence*, Canberra, 29 February 2012, p. 13.

56 Department of Sustainability, Environment, Water, Population, and Communities (SEWPaC), *Submission 135*, p. 2-3.

- 5.93 However, the strategy provides little insight into the impacts of FIFO in resource communities, nor does it provide any direction regarding possible strategies to address these impacts. Only three pages of the 88-page strategy mention FIFO (referred to as long-distance commuting) and this occurs as an aside in a chapter discussing regional populations.
- 5.94 Not only is little written about FIFO and its impacts on regional communities, but the strategy also demonstrates a disquieting lack of understanding regarding the nature of FIFO and its impacts, stating that:
- In considering these impacts it is important to recognise that non-resident workers are not unique to resource regions and that our cities and urban areas also have many non-resident workers.⁵⁷
- 5.95 This statement dismisses the experiences of small regional communities who are struggling to accommodate, support and service large FIFO populations. It also demonstrates SEWPaC's lack of understanding of the challenges faced by resource communities. The Committee is disappointed in the lack of consideration and respect that this statement affords to resource communities.
- 5.96 The strategy also fails to provide any information or advice regarding how to address the impacts of FIFO populations on regional communities. It mentions 'plans', 'steps' and 'strategies' but does not elaborate on what these steps or strategies should entail. The document offers high level responses to FIFO that are of little practical value:
- Regional workforce plans that include strategies to manage the impacts of major resource projects on the community and maximise opportunities for local people, can ensure a more effective, sustainable, non-resident workforce.⁵⁸
- 5.97 SEWPaC's apparent lack of understanding regarding both the nature and impacts of FIFO workforce practices on resource communities is alarming. While serving to raise awareness of FIFO related challenges, the strategy does not outline the issues, their causes or any possible solutions or strategies to limit the impact of FIFO populations on regional communities.

57 SEWPaC, *Sustainable Australia – Sustainable Communities: A Sustainable Population Strategy for Australia*, 2011, p. 41.

58 SEWPaC, *Sustainable Australia – Sustainable Communities: A Sustainable Population Strategy for Australia*, 2011, p. 41.

Department of Resources, Energy and Tourism

- 5.98 In 2006, The Department of Resources, Energy and Tourism (RET) published a handbook titled *Community Engagement and Development: Leading Practice Sustainable Development Program for the Mining Industry*. RET presented this handbook as:
- The business case for, and leading practice on, community engagement and development, particularly in relation to regional and remote communities and mining operators' obligations in relation to it. The handbook includes coverage of FIFO operations.⁵⁹
- 5.99 The handbook dedicates only a single paragraph to FIFO workforce practices and its claim regarding the degree of impact that FIFO practices have on regional communities is contrary to the evidence received by the Committee. Specifically, the handbook claims that:
- Although the social impacts of fly-in, fly-out operations on surrounding areas are likely to be less than for residentially-based operations; this does not absolve fly-in, fly-out operations for responsibility for supporting locally focussed community development initiatives.⁶⁰
- 5.100 The statement relating to the responsibilities of FIFO operators to local communities is consistent with best practice. However, the claim that the social impacts of FIFO are less than residentially based operations highlights a lack of understanding of the nature these impacts. While residential workforces may have a greater impact on regional communities, evidence to this inquiry supports the positive impact of a residentially based workforce on a local community as opposed to the essentially negative impact of FIFO.
- 5.101 The handbook makes the assumption that FIFO is only present in very remote locations and, as such, only impacts small remote communities. It does not take into consideration the myriad of sizable regional communities such as Karratha, Port Hedland, Moranbah, Narrabri, Roxby Downs, Kambalda and Kalgoorlie which are impacted by FIFO workforce arrangements.

59 Department of Resources, Energy and Tourism (RET), *Submission 128*, p. 3.

60 RET, *Community Engagement and Development: Leading Practice Sustainable Development Program for the Mining Industry*, October 2006, p. 41.

- 5.102 RET's intentions to provide a business case and leading practice on community engagement and development are commendable. However, a business case and leading practice which does not appropriately understand in all its facets such a commonly utilised work practice, such as FIFO, is counterproductive to addressing the impacts of FIFO on regional communities.

Committee comment

- 5.103 A gap exists in leadership at the national level with regards to the impact of FIFO workforce practices on regional communities, which requires the serious attention of Commonwealth agencies. The three agencies discussed above, which are responsible for regional communities and resources, need to put the impacts of FIFO workforce practices on regional communities on their respective agendas.
- 5.104 The failure of the bureaucracy to address the needs of regional Australia is a long-term systemic failure of successive governments to successfully identify and plan for the needs of the regions. Posited within this historical context, the continuance of the current governance model will only serve to fail to address the needs of regional Australia. FIFO is symptomatic of this ongoing failure.
- 5.105 There is general recognition that resource regions are significant economic drivers of the nation and that this will continue to be the case for the foreseeable future. Commonwealth and state governments need to recognise the pressure that the pace of growth has levied on essential services and infrastructure and work in a coordinated fashion to ensure that adequate planning and future proofing is put in place.
- 5.106 This issue crosses multiple portfolios and jurisdictions. However, little at present is being done to develop a coordinated response in support of affected regional communities and there is a need to overhaul the regional governance model.
- 5.107 Based on evidence of 'Royalties for Regions' in Western Australia, the Committee supports the concept of a dividend being returned to resource communities. The Committee believes there is an obligation on the Commonwealth to take responsibility for policy gaps relating to the mining industry and FIFO workforce practices and to ensure that policies are adequately funded.

Governance model

- 5.108 remoteFOCUS, part of Desert Knowledge Australia, an organisation sponsored by industry, the Commonwealth and Northern Territory Governments, provided compelling evidence about the inappropriateness of the structural governance arrangements affecting remote Australia.⁶¹
- 5.109 remoteFOCUS suggested that all of the issues raised through the course of this inquiry are symptomatic of ‘the normal processes of government [not dealing] with the issues that are of concern to people in a satisfactory manner.’⁶²
- 5.110 A remoteFOCUS report, released in September 2012, found that:
- It is not clear who, if anyone, is setting the priorities for remote Australia and what those priorities are.
 - The current arrangements – comprising three tiers of government and a series of ad hoc regional arrangements – appear to be incapable of resolving both the priorities and the contests that need to take place around these arrangements.
 - The structure and configuration of institutions across remote Australia are therefore largely not “custom-built” or fit for their particular purpose.
 - Consideration of economic circumstances is crucial in establishing priorities in remote Australia and the private sector has been more successful in working through these issues than has government.
 - Failure to innovate is most marked in the public sector.⁶³
- 5.111 It is time for a radical rethinking of the governance model of regional Australia. Many of the concerns about the increasing FIFO workforce and lost opportunities for regional communities are primarily concerns about governments at all levels failing to develop the tools to understand and act on the needs and desires of the residents of regional Australia.
- 5.112 The limitations in the responses of Commonwealth agencies to this inquiry support the contention that current governance structures are inadequate to provide a considered and consistent response to regional concerns raised by FIFO work practices. The recommendations of this report refer to and seek action in relation to a specific issue. However, the

61 While the evidence focussed on remote Australia, it also addresses those communities referred to as ‘regional’ in this report.

62 Fred Chaney, Chairman, Desert Knowledge Australia, *Transcript of Evidence*, Canberra, 22 August 2012, p. 11

63 Desert Knowledge Australia, *Fixing the hole in Australia’s heartland: How government needs to work in Regional Australia*, September 2012, pp. 60-61.

matters these recommendations identify are symptomatic of a far greater systemic failure to address the concerns of regional and remote Australia.

- 5.113 To this end, the Committee supports Desert Knowledge Australia's proposal that the Productivity Commission investigate how governance reform may act as a micro-economic stimulant in regional Australia and what institutional reform needs to take place in order for such governance reform to occur.

Recommendation 17

The Committee recommends that the Commonwealth Government charge the Productivity Commission with investigating a more appropriate form of governance for remote Australia that is flexible and responsive.

A case study in coordinated response

- 5.114 There is a clear need for a coordinated national response to the growth in FIFO work practices. Although the states and territories have the most significant responsibility for planning and service delivery to local government, the Commonwealth also has significant program responsibility for resource, environment and regional policy that is being delivered in an ad-hoc manner.
- 5.115 While in Alberta, Canada, the Committee met with representatives from the Alberta Oil Sands Sustainable Development Secretariat (the Secretariat). The Secretariat was established:
- ... in the summer of 2007 to address rapid growth issues in the oil sands regions of Alberta. The Secretariat collaborates with ministries, industry, communities and stakeholders to address the social, infrastructure, environmental and economic impacts of oil sands development. It acts as a main point of contact for inquiries from the public, industry and stakeholders on the government's plan for managing growth in the oil sands.⁶⁴
- 5.116 The oil sands are the biggest driver of Alberta's economy, however, as is the case in Australia's states, the provincial government was approving development in isolation from an overall view of the impact on local communities. Municipalities successfully argued that if the Province is

64 Alberta Energy, *Oil Sands Sustainable Development Secretariat*, <energy.alberta.ca/Initiatives/2314.asp>, viewed 3 December 2012.

approving development, it needs to do so with a coordinated view of the needs of local government areas.

5.117 The Secretariat is now responsible for:

- coordinating assessments for oils sands development;
- implementation of a long-term strategic plan to assess and improve local infrastructure and service needs as well as regional infrastructure sustainability plans;
- developing a social and infrastructure assessment model to ‘determine the social investment required to provide public services and goods’ in regional communities; and
- implementing the provincial policy, *Responsible actions: A Plan for Alberta’s Oil Sands*, which outlines the roles for governments, industry and communities to address the ‘economic, social and environmental challenges and opportunities’ in the region.⁶⁵

5.118 The Secretariat also coordinates its activities with an industry group of oil sands developers. The Mayor of Fort McMurray, the most significantly impacted town, told the Committee that the ability of industry to provide future planning data anonymously has greatly assisted in the capacity of impacted communities to develop more accurate growth plans.

5.119 The sensitivity of competition policy and movements in the stock market means that companies are often unable to release the information that governments need for appropriate future planning. By having a mechanism that allows companies to reveal this information anonymously and in a secure manner, Alberta’s future-planning capacity has been greatly strengthened.⁶⁶

5.120 The Secretariat was initially headed by a former industry vice president, which gained the essential support of industry, and has the authority to direct work across portfolios so that initiatives can be aligned and work is not duplicated. It is also underpinned by an extensive body of work that has identified the full impact of resource development on local communities.⁶⁷

5.121 The Alberta initiative relies in part on the willingness of resource companies to cooperate in a process that assesses the collective and cumulative impacts of their operations in that province.

65 Alberta Energy, *Oil Sands Sustainable Development Secretariat*, <energy.alberta.ca/Initiatives/3223.asp>, viewed 3 December 2012.

66 Meeting held 31 August 2012, Fort McMurray, Alberta, Canada.

67 Government of Alberta, Canada, *Investing in our future: Responding to the rapid growth of oil sands development*, Final Report, December 2006.

- 5.122 The Committee heard of a similar partnership in Newfoundland and Labrador where Rio Tinto subsidiary Iron Ore Canada initiated a partnership between itself and other companies operating in the region to engage with the local government on strategic planning issues. This is an approach that the Committee encourages companies in Australia to take.
- 5.123 A key concern expressed to the Committee by local governments in Australia throughout the inquiry the apparent lack of coordination between state and Commonwealth agencies responsible for mine approvals and grants funding is resulting in inadequate planning in local communities. The absolute dearth of empirical evidence about the real impact of a FIFO workforce on regional communities is also hindering the capacity of the Commonwealth to put in place any meaningful policy or programs on the issue.
- 5.124 There is an urgent need for a Commonwealth Government program area to address the needs of regional communities impacted by resource development. This program area should focus on:
- the collection of empirical data regarding the gaps in:
 - ⇒ housing;
 - ⇒ infrastructure;
 - ⇒ healthcare;
 - ⇒ education;
 - ⇒ social services, including emergency services; and
 - ⇒ forecasts for resource development and associated workforce needs.
 - the development of regional social and infrastructure impact methodology that will assist resource companies and local governments in assessing the impact of current and planned resource projects including cumulative impacts;
 - the development of regional infrastructure plans; and
 - the coordination of community benefits agreements as discussed in Chapter 3.

- 5.125 The states have responsibility for many of these areas and any commonwealth agency charged with this responsibility would need to consult with state governments in its work. However, the resources industry is one of national importance, as is the health of our regional communities, and thus this issue needs a national focus.

Recommendation 18

The Committee recommends that the Commonwealth Government establish a dedicated secretariat, within an existing government department and based on the Province of Alberta Oil Sands Sustainable Development Secretariat, with responsibility for consulting with state governments and the resources industry in order to:

- **compile nationally consistent data regarding the impact of fly-in, fly-out workforces on housing, infrastructure, healthcare, education, social services and future planned resource development;**
- **develop a regional social and infrastructure impact methodology that will assist resource companies and local governments in assessing the impact of current and planned resource projects including cumulative impacts;**
- **develop regional infrastructure plans; and**
- **develop, promote and coordinate community benefits agreements.**

Delivery of health services and local training

- 6.1 While the resources industry is the most well-known user of FIFO workforce practices, it is also common in service delivery, most specifically health. States with a significant proportion of their population living in small, remote, communities without the population base nor infrastructure to support permanent general practitioners, allied health professionals or specialist medical providers utilise FIFO health services most widely.
- 6.2 The need for healthcare is not diminished by distance. People living and working in Australia's regional and remote communities require and deserve equitable access to healthcare, however, the provision of adequate health services to remote and regional communities has always been, and remains, a challenge. FIFO work practices offer an alternative to remote medical service delivery; however, to be most effective, they must be delivered in an appropriate manner, with supportive infrastructure in place.
- 6.3 The impact of FIFO mining workers on regional medical service and the health impact on FIFO workers are addressed in chapters three and four respectively.
- 6.4 The present chapter also discusses other services that are being offered on a FIFO basis and the concerning impact this is having on the longevity of towns, and offers a case example of a small town in regional Victoria that has been losing its professionals to FIFO employment.
- 6.5 Finally, the chapter considers training and skills needs in the resources sector, with a focus on the development of regional training initiatives.

FIFO and health professionals

- 6.6 Australia has a long history of doctors, nurses and other health professionals travelling long distances to treat people living in remote communities. Most commonly known is the Royal Flying Doctor Service (RFDS), which not only provides emergency evacuations, but also FIFO medical services and some residential services.¹
- 6.7 Since the 1960s, many rural and remote communities have invested in the development of medical infrastructure, such as clinics and hospitals, in the hope of attracting and retaining health professionals. At present, approximately 30 per cent of the Australian population live in rural and remote areas and are serviced by 22.4 per cent of the medical practitioners working in Australia.²
- 6.8 In the early 1990s, the need for health services in regional and remote communities was given greater attention and a number of state and Commonwealth government strategies and initiatives were introduced. Strategies, such as the National Rural Health Strategy, responded to the distinctive characteristics of rural and remote communities, including:
- isolation;
 - difficulty in accessing services;
 - shortages and misdistributions of health professionals; and,
 - specific health needs for certain subgroups often associated with harsh environments.³
- 6.9 Whilst travel has always been a standard medical practice in remote and regional communities, it is only recently that health professionals have begun working under regular on and off patterns similar to those utilised by the resource industry.
- 6.10 As with the resource industry, improvements in transportation have meant that some of the barriers to the delivery of remote medical services diminished. Nonetheless, there are still significant workforce shortages in remote and regional health service delivery.

1 Greg Rochford, National Chief Executive, Royal Flying Doctor Service (RFDS), *Transcript of Evidence*, Sydney, 25 May 2012, p. 21.

2 J Greenhill, 'Rural and remote health', in E Willis, L Reynold & H Kelcher, eds., *Understanding the Australian health care system*, Elsevier Australia, Chatswood, NSW, 2009, pp. 121-122.

3 Greenhill, p. 122.

Workforce shortages

- 6.11 Not only are regional and remote communities difficult to access, there is a shortage of medical staff willing to live and work in these communities. Over the last few decades, there have been debates regarding ways in which to address these shortages.
- 6.12 The Australian Rural Health Research Institute (ARHRI) was established in the late 1980s to address workforce shortages by providing specialised support and training for health professionals working in rural and remote communities⁴. However, workforce shortages continue to inhibit the provision of medical services in regional and remote communities.
- 6.13 The lack of people employed in health occupations in regional and remote communities (see Table 6.1) is concerning. The National Rural Health Alliance (RHA) submits that outside of the major cities the number of medical practitioners and other health occupations per 100 000 drops dramatically.
- 6.14 In addition, the RHA submitted that the annual shortfall in services available to regional and remote communities is in the order of 25 million services annually. This deficit is rapidly growing in areas supporting a FIFO resources workforce.⁵
- 6.15 Despite various support systems and initiatives, regional and remote communities continue to lack equity of access to health services. With decreasing numbers of health professionals willing to live and work in regional and remote communities, the medical industry has increasingly been turning to FIFO models to service demands. The RHA noted that, despite the drawbacks, FIFO is often the difference between a service running or not:

It is relatively common to be unable to provide a service because of a lack of numbers, sickness or annual leave etc. When it is necessary to maintain that service, a fly-in is commonly used. If it is a specialist service the doctors tend to be fresh graduates, who have not yet developed a permanent practice or people approaching retirement. The service is generally reasonably good, though it can be patchy. There are frequently issues of continuity of care and, because most good services rely on an ongoing relationship, there are often things that are lost.⁶

4 Greenhill, p. 124.

5 National Rural Health Alliance (RHA), *Submission 119*, p. 11.

6 RHA, *Submission 119*, p. 8.

Table 6.1 Persons employed in health occupations per 100,000 people, by Remoteness Area, 2006

Occupation	Major cities	Inner regional	Outer regional	Remote	Very remote
Medical practitioners	324	184	148	136	70
Medical imaging workers	58	40	28	15	5
Dental workers	159	119	100	60	21
Nursing workers	1 058	1 117	1 016	857	665
• Registered nurses	978	1 056	886	748	589
• Enrolled nurses	80	121	129	109	76
Pharmacists	84	57	49	33	15
Allied health workers	354	256	201	161	64
Complementary therapists	82	82	62	40	11
Indigenous health workers	1	4	10	50	190
Other health workers	624	584	524	447	320
Health service managers	32	33	28	28	18
Total health workers	2 777	2 536	2 166	1 827	1 379

Source RHA, Submission 119, p.4, from Australian Bureau of Statistics (ABS) Census of Population and Housing, 2006.

6.16 A residential medical workforce is clearly the ideal, however, without the ability to recruit appropriate personnel, it is essential that alternative models of service delivery are found. The General Practice Network Northern Territory (GPNNT) stated that:

Whilst in theory a resident workforce more easily ensures continuity of care and better health outcomes particularly when caring for patients with chronic conditions, recruitment for long term resident medical, allied health and dental workforce has proven to be an unsustainable model despite considerable and long term efforts ... Consequently the use of Fly-In Fly-Out (FIFO)/Drive-in Drive-out (DIDO) models is essential to the delivery of primary health care throughout the Northern Territory.⁷

6.17 The full range of health services, including dentistry and allied health services, are offered on a FIFO model to remote communities in the Northern Territory. Indeed, the GPNNT noted the prevalence of ear disease in remote Indigenous communities and the national shortage of audiologists meant that a FIFO locum model had proved to be the only model of service delivery available.

7 General Practice Network Northern Territory (GPNNT), Submission 121, p. 1.

- 6.18 The NHRA submitted that FIFO services should not replace residential service delivery:
- Fly-in fly-out or drive-in, drive-out health services should never be seen as adequate or satisfactory replacements for personal ‘hands-on’ healthcare and related services. Face-to-face interactions provide the widest suite of tools to ensure accurate understanding and communication, as well as contributing to the human interactions that are fundamental to health and wellbeing.⁸
- 6.19 However, the GPNNT noted that, as isolation and distance are significant barriers to remote and regional recruitment, FIFO working models are being used very effectively to provide continuity of care, where an individual undertakes regular shifts:
- An Aboriginal Medical Service in Central Australia has benefited from a remote area GP who has so far completed near to 10 years at the same clinic. This has been attributed to the DIDO model of employment that allows him to live in Alice Springs with family whilst commuting to the clinic for work. This has enabled long term continuity of care and relationships between the community and the GP to be built. This is invaluable when treating chronic conditions and has also increased the effectiveness of ‘on call’ services as the GP already knows the patients and their families.⁹
- 6.20 The Committee visited a medical centre at Milikapiti on Melville Island in the Northern Territory. This Centre is staffed by permanent Aboriginal Health Workers, nursing staff and general practitioners on a FIFO basis. The general practitioners are regular so were able to build a relationship with the community.
- 6.21 When general practitioners are not available at the clinic, they undertake consultations by phone or e-mail with at-clinic nurse support. Doctors are permanently based in Darwin. The doctors at the clinic noted that the lack of suitable housing on Milikapiti, and many other remote medical practices, was a deterrent to permanent relocation to the island. In addition, having regular office-time in Darwin meant that they had collegial support and access to regular professional development.
- 6.22 Staff noted that it was a particularly well-functioning clinic, strongly driven by the Aboriginal Health Workers who were locally recruited and therefore had very good networks in the community. They advised that they were having difficulty convincing young people to take over their

8 RHA, *Submission 119*, pp. 3-4.

9 GPNNT, *Submission 121*, p. 4.

roles, primarily because of the need to commit to time in Darwin for training.

6.23 The Committee observed a great deal of commitment to the practice from the doctors and good relationships between locals and staff. All staff noted the importance of reliable high-speed broadband both for personal and social connection and, increasingly, for delivery of medical services. They also reported that the lack of housing was a serious deterrent to longer shifts or permanent relocation.

6.24 GPNNT noted:

- That suitable and plentiful accommodation is an essential component of FIFO/DIDO service sustainability. Fluctuations in requirements and growth need to be accommodated.
- That accommodation is often the ‘show stopper’ or the bottle neck where it is well established that the service is required but it takes years before there is accommodation available to house the service provider so no service is supplied until the accommodation is built.
- The aesthetics and functionality of the health centre itself is also important – if it is a pleasant place to work that is helpful. If the Health Centre has an ‘inadequate’ emergency room, the staff may feel this places them at risk as they do not feel that the infrastructure supports ‘safe practice’.
- That accommodation for families in the NT for FIFO/DIDO is not a requirement. Medical professionals usually travel without their families on short term visits on a weekly basis.
- That free access to online services such as television and internet are essential for employees to be able to keep in touch with their families and their external communities. It has been suggested that commercial cleaning of departmental accommodation at a determined repeated interval will encourage return visits from the visiting medical workforce.¹⁰

6.25 Beyond delivery of general medical services, FIFO workforce practices are essential for medical specialists to service areas that do not have the population base to support a variety of residential specialists. The New South Wales Rural Doctors Network (NSWRDN) noted that the Medical Specialist Outreach Assistant Program (MSOAP), a federally funded program to provide specialist outreach services, is a good initiative to support FIFO specialists. Particularly, if the FIFO medical workforce is willing to ‘provide multidisciplinary training and development’ to build more capacity in the local workforce.¹¹

¹⁰ GPNNT, *Submission 121*, p. 8.

¹¹ New South Wales Rural Doctors Network (NSWRDN), *Submission 70*, p. [4].

- 6.26 MSOAPs are dependent on local facilities and clinics and are supported and complemented by local practitioners, nurses and other allied health professionals. The NSW RDN also noted that successful FIFO medical practices are reliant on supportive local management for success.¹²
- 6.27 The RHA raised concerns about the MSOAP program due to a lack of understanding from visiting specialists about how to work within host settings:
- One of the things that we are having at the moment with some locum agencies and others is that they are sometimes very new and inexperienced and have never worked with Aboriginal populations before. They do not understand how to work with community as community and they have difficulty establishing a relationship with a ... nurse who has been there for 25 years or with the district medical officer, yet that relationship is crucial. We need to engage local staff and avoid being an imposition. Some of the fly-in fly-out, as distinct from telehealth, means the clinic staff have to drop everything and look after someone who does not know their way around, does not know where the record is and cannot even make themselves a cup of coffee. The staff are overloaded doing their ordinary work and are looking after the fly-in fly-out professional for the day and they are behind, so they get some resistance.¹³
- 6.28 Similarly, Rural and Remote Medical Services Ltd (RaRMS) stated that there is a need to develop a public policy for remote and regional medical practices which acknowledges the particular needs of remote practices. RaRMS suggested that, with appropriate support and a lessening of the administrative burdens of regional practices, many of the difficulties associated with FIFO medical services could be avoided.¹⁴

Nurses and allied health professionals

- 6.29 Not only is there a shortage of general practitioners and medical specialists, but also a shortage of nurses, midwives and allied health professionals in regional and remote communities.

12 NSW RDN, *Submission 70*, p. [1].

13 Lesley Barclay, Chair, RHA, *Transcript of Evidence*, Canberra, 15 February 2012, p. 4.

14 Rural and Remote Medical Services Ltd (RaRMS), *Submission 216*, p. 6.

6.30 For example, in the Northern Territory, FIFO arrangements are utilised to provide essential allied health services to remote and regional communities including:

- dental and child oral health;
- health development services such as nutrition, women's health, child health and midwifery;
- audiologists and ear, nose and throat health; and
- mental health services.¹⁵

6.31 Nursing staff are responsible for many frontline services and residential nursing staff are seen as the ideal, however, where residential staff cannot be recruited, a regular FIFO worker can provide continuity of care:

Whilst not the ideal option, in actuality in many rural and remote areas this would probably be a better option than varying agency staff. In my (supervisor of nursing) portfolio I have given this thought for covering nursing services in (remote location). This is already being done there for ambulance and police and if there was support for such permanent and consistent arrangements it would be an easier workforce change than trying to go alone.¹⁶

6.32 A FIFO nurse, Barbara Cook, reported the same barriers to rural employment as many other non-resource industry workers did to this inquiry. She noted that the key concerns for FIFO nurses and midwives are:

- poor or inadequate accommodation provided for agency shift workers working in hot conditions;
- security concerns;
- getting poor rosters;
- having little input to rosters preparations to get a good life/work balance;
- being unable to work any longer than 10 days straight before having 4 days off as per award when many would like to work 2 weeks on one week off when they can return to 'home';
- inadequate orientation;
- difficulty in getting access to professional development & training that often necessitated travelling 3 hours to Rockhampton or flying out to other places;
- the costs of services such as dentists and physiotherapy is very high; and

15 GPNNT, *Submission 121*, p. 1.

16 RHA, *Submission 119*, p. 7.

- lack of choices and high costs for basics like fresh veggies, foods and groceries.¹⁷
- 6.33 Ms Cook also noted that despite the fact that it was her choice to work FIFO, the increasing anti-FIFO sentiment in some towns made her reluctant to identify herself as a FIFO worker and that this was impacting on her work choices.¹⁸
- 6.34 Unlike the resources industry, where there is a significant financial incentive to provide high-level accommodation and as a result, an evolving national standard of accommodation, there is no national focus on the standards and needs of FIFO medical workers. The Committee heard reports of doctors sleeping in clinic treatment rooms, nurses having to share apartments with strangers and other sub-standard accommodation arrangements.
- 6.35 Some focussed rural health programs allocate funding to FIFO health workers. For example, the Rural General Practitioner Locum Program (RGPLP) supports General Practitioners (GPs) who live and work in regional and remote communities by granting them the opportunity to take a break from their practice. The program provides financial assistance and access to locum coverage for up to 14 days in a financial year.¹⁹
- 6.36 Similarly, the Nursing and Allied Health Rural Locum Scheme (NAHRLS) provides a locum service to nurses, midwives and allied health professionals living and working in regional and remote communities. This allows them to undertake essential professional development training necessary for their work.²⁰
- 6.37 FIFO medical workers are essential for filling these locum positions, however, the full costs of filling locum positions, including transport and accommodation are not recognised as part of the cost of providing rural medical services. The RHA noted:
- The inflated costs of housing in mining towns mean that fly-in fly-out health professionals such as locums or sessional workers may be unable to find affordable accommodation. It is not uncommon for the employer to have to build, rent or subsidise accommodation for travelling health professionals. Aged care providers report that the cost of accommodation for fly-in agency

17 Barbara Cook, *Submission 152*, p. 1.

18 Barbara Cook, *Submission 152*, p. 2.

19 RHA, *Submission 119*, p. 6.

20 RHA, *Submission 119*, p. 6.

staff to cover staff absences is so great as to prejudice the viability of the whole service.²¹

- 6.38 FIFO medical services offer a model of health care delivery, particularly specialist and locum services, to remote communities but there is a need to support and adequately fund this alongside measures to build capacity in local medical practices. The RFDS stated:

These organised systems are really the fundamentals. All the evidence tells us that these organisations are as important as the doctor who delivers the care. Without that organisation there will be no doctors when they are required. A solo doctor living in a community can do these things, and many do. Many also find it very hard to keep up with the organisational and management approach that is necessary to connect with so many health providers.²²

- 6.39 It was also suggested that an extension of the medical benefits scheme items for videoconferencing to reimburse for specialist fees would increase the effectiveness of the use of technology to deliver services and collegial support. This would increase the effectiveness of the use of technology to deliver services and collegial support, while keeping the patient in a familiar environment with appropriate support:

The MBS items will mean that when the local doctor, nurse practitioner, practice nurse or Aboriginal Health Worker provides patient support while hosting a videoconference consultation between a specialist in another place and the patient, the patient will be reimbursed for the cost of the appointment, with reimbursement for the specialist consultation fees as well.²³

- 6.40 As with the resource industry, FIFO is an appropriate response to workforce requirements in particular circumstances, for instance, at a particular stage of a development that calls for temporary labour, or to provide services to remote locations, or to meet specific skills requirements that are not available locally.
- 6.41 Thus, in the case of delivery of health services to regional and remote communities where limited populations could not support the required infrastructure, FIFO provides a positive amenity and benefit to these communities. In these cases FIFO enables access to services that would

21 Gordon Gregory, Executive Director, RHA, *Transcript of Evidence*, Canberra, 15 February 2012, p. 2.

22 Greg Rochford, National Chief Executive, RFDS, *Transcript of Evidence*, Sydney, 25 May 2012, p. 22.

23 RHA, *Submission 119*, p. 14

otherwise not be available. However, where a community is large enough to support residential based health, community or police services, but the service is delivered by FIFO workers, this practice can have a deleterious effect on the community. Both communities and the level of service delivery are eroded by FIFO.

- 6.42 The use of FIFO for non-remote, on-going resource operations may have the effect of blocking the development of other services delivered by residential providers by limiting the permanent population of affected towns.
- 6.43 One of the root causes obstructing the development of residential workforces in regional communities is the lack of available affordable accommodation. The increasing spread and intensity of FIFO work practices was commonly cited as a response to a lack of accommodation.
- 6.44 The Commonwealth has very limited power to influence provision of accommodation. However, recommendations throughout this report have supported rebalancing Commonwealth arrangements that are currently weighted in favour of FIFO so as to encourage (or at least not discourage) resource industry participants to consider residing in the communities in which they work. The report has also identified a number of areas which, if considered by industry and state governments, would improve the amenity and so attractiveness of regional life.

Building a residential medical workforce

- 6.45 One of the biggest concerns for people in regional areas is that a FIFO health workforce will undermine a residential health workforce and lead to the closure of existing facilities.²⁴ Certainly in areas that have the population base to support a residential practice, there should be little justification for a FIFO medical workforce.
- 6.46 Lack of appropriate infrastructure was consistently reported throughout the inquiry as an impediment to service delivery. For residential medical practitioners, the burden of running their businesses and managing the provision of infrastructure (including staff accommodation) was contributing to their choice to close practices.

24 RHA, *Submission 119*, p. 10.

- 6.47 RaRMS stated that there is a need to look innovatively at establishing regional medical practices to lessen the administrative burden on practitioners:

The *Easy Entry, Gracious Exit* model or walk-in-walk-out approach, aims to make general practice in difficult areas more attractive by enabling GPs to work as clinicians without having to be small business owners and managers. It seeks to support both the desire of GPs for more predictable and less onerous work commitments and to reduce the need for any significant up front financial investment on their part. The reduced financial commitment allows more freedom to come and go as a doctor's circumstances dictate. Domestic and surgery accommodation, and full infrastructure for the general practice, is provided by a third party, as well as the option for VMO [visiting medical officer] rights and contracts being negotiated on behalf of the doctor.²⁵

- 6.48 AHREN advised that rural clinical schools had proved effective at giving students good work experience in rural/regional centres and had a flow-on result of these students pursuing a career in rural/regional areas. However, a lack of student accommodation, particularly in resource areas is preventing student placements occurring.²⁶
- 6.49 The RHA and AHREN concurred that there is a need for long-term planning that addresses the infrastructure needs of medical personnel. As discussed throughout this report, there is already significant awareness of this need; nonetheless, more comprehensive national focus on planning for a health workforce is necessary.
- 6.50 Better planning is required to ensure that these programs are delivered in an integrated matter that recognises the appropriate management of residential and FIFO clinical services in regional Australia.

Committee comment

- 6.51 As reiterated throughout this report, residential workforces are always the most desirable. However, for the delivery of complex medical services; many communities do not have the population base to support the range of specialist care necessary.

25 RaRMS, *Submission 216*, p. 4.

26 David Lyle, Director and Chair, Australian Rural Health Education Network (ARHEN) *Transcript of Evidence*, Melbourne, 14 June 2012, p. 21.

- 6.52 Working in regional Australia poses challenges for general practitioners, especially those working in professional isolation. FIFO practices offer a model by which general practitioners can offer continuity of care in partnership arrangements while not assuming the full administrative and professional burdens of isolated practices.
- 6.53 All of the professional health organisations that provided evidence to this inquiry agreed that while residential service provision is optimum, continuity of service provider is paramount. The Committee observed effective FIFO health delivery and feels that, with sufficient planning and support, this can be an appropriate service delivery model for many rural and remote communities, balancing patient and practitioner needs.
- 6.54 There is significant opportunity for FIFO medical services to deliver greater health outcomes to rural and remote Australians. However, the delivery of FIFO medical services is piecemeal, and deserves greater national focus.
- 6.55 It is clear that there are key features that help to ensure effective FIFO medical services, being:
- supportive local service providers with effective administrative systems;
 - continuity in FIFO personnel;
 - a good standard of accommodation; and
 - access to broadband for both clinical and personal use.
- 6.56 There is a need for a comprehensive public health policy for the delivery of FIFO medical services which acknowledges:
- the infrastructure needs of FIFO medical professionals, including accommodation and clinical needs;
 - the need to have capacity in residential staff with appropriate systems in place to allow streamlined processes for FIFO medical professionals;
 - the administrative burdens on residential staff created by FIFO medical professionals;
 - the role technology can play in supporting remote medical practices – including appropriate medical benefits scheme reimbursement for all practitioners involved in telehealth and videoconferencing consultations; and
 - the need for funding models to reflect the true cost of service provision through FIFO delivery.
- 6.57 The Committee supports the recommendation put to it by the RHA that a National Regional Health Plan (the Plan) be developed that sets strategies and targets for achieving fair access to services for people living in

regional and remote areas.²⁷ The Plan should recognise the use of FIFO health services, including telehealth and videoconferencing consultations, and ensure that they are appropriately supported through adequate funding and infrastructure provision.

Recommendation 19

The Committee recommends that the Commonwealth Government develop strategies and targets for achieving fair access to health services for people living in regional and remote areas recognising the use of fly-in, fly-out/drive-in, drive-out health services, providing for appropriate funding and infrastructure support.

- 6.58 The Committee also recognises that a national plan will only be effective if supported by planning at the local level. The Committee is therefore recommending that Regional Development Australia (RDA) committees, in consultation with regional health groups such as Medicare Locals, be required to have a health focus in their strategic plan which specifically focusses on long-term workforce and infrastructure planning and the role that FIFO medical practitioners will play in future service delivery, with the primary aim of increasing residential service delivery.

Recommendation 20

The Committee recommends that the Commonwealth Government require each Regional Development Australia committee, in consultation with regional health groups such as Medicare Locals, to have a health focus in its strategic plan, specifically focussing on long-term workforce and infrastructure planning and the role that fly-in, fly-out/drive-in, drive-out medical practitioners will play in future service delivery, with a primary aim to increase residential service delivery.

27 RHA, *Submission 119*, p. 18.

Other services

- 6.59 Concerns were raised throughout the inquiry that FIFO could start to be considered the norm with more than just resources workers being hired by FIFO arrangements. In Moranbah, the Committee heard that the McDonalds restaurant is seeking to establish a FIFO workforce and similar concerns were raised in Karratha and Mount Isa.²⁸
- 6.60 While there may be a role for FIFO specialist medical services, evidence suggested that roles which require daily continuity of service are being filled by FIFO workers, for example youth workers and policing services. The move to FIFO work arrangements for services that require continuity of inter-personal relationships to be effective signals further threat to the amenity available to regional communities.

Youth services

- 6.61 The Australian Youth Affairs Coalition (AYAC) raised concerns that FIFO youth workers were being used to deliver services, in direct contradiction to the well-established best practice in youth services, FIFO workers:
- do not and cannot employ techniques that are known to be essential when working with young people on issues [affecting] their health and wellbeing, such as the establishment of trust and relationships through services that are sustainable, and on-going.²⁹
- 6.62 The Youth Affairs Council of Western Australia (YACWA) echoed these concerns.³⁰
- 6.63 However, again, the high cost of accommodation in many centres means that youth services have little choice but to recruit FIFO workers. Part of the solution, according to AYAC, is to provide training to build a local workforce capable of meeting the needs of young people. FIFO service delivery is often at the expense of 'training and community capacity building.'³¹
- 6.64 Given the high rates of suicide and mental health issues in regional and remote areas in the 15-24 age group, appropriate, residential, youth services are essential.

28 Mark Crawley, Chief Executive Officer, Isaac Regional Council, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 7; Ian Perdrisat, *Submission 200*; Tony McGrady AM, Mayor, Mount Isa City Council, *Transcript of Evidence*, Canberra, 12 September 2012, p. 2.

29 Australian Youth Affairs Coalition (AYAC), *Submission 193*, p. 5.

30 Youth Affairs Council of Western Australia (YACWA), *Submission 132*, p. [4].

31 AYAC, *Submission 193*, p. 3, 4.

- 6.65 Michelle Scott, Commissioner for Children and Young People, WA, stated that the use of FIFO specialists was hindering medical diagnosis, meaning that some conditions were not being diagnosed and therefore support services delayed:

To give you an example, in Fitzroy, where ... they are trying to identify kids who have foetal alcohol spectrum disorder, the paediatrician might come so many times a year. If you miss that appointment, you do not have access to those services. For a long time, there has not been one child psychologist in mental health employed in the whole of the Kimberley. That means people are flying in or reliant on a technological solution.³²

- 6.66 Ms Scott also noted that there is a need to train local people in the community sector so that regional communities are not dependent on FIFO workers for service delivery.

Policing

- 6.67 Some discussions were had in the course of the inquiry about the use of FIFO policing. Broome residents reported that FIFO police had been used during 2011 as a response to community protests and reported that the lack of understanding of the Broome community meant that the FIFO officers responded inappropriately to the community.³³
- 6.68 The Police Federation of Australia advised that policing strategies are based on 'community policing' – that is, the police officer being a part of the community and rather than take a law enforcement approach use their community relationships to focus on crime prevention.³⁴

32 Michelle Scott, Commissioner, Commissioner for Children and Young People Western Australia, *Transcript of Evidence*, Perth, 18 April 2012, p. 1.

33 Miriam Fessler, *Submission 180*, p. 2.

34 Police Federation of Australia, *Submission 124*.

6.69 However, like other service industry workers, police in resource towns are finding it difficult to find accommodation:

Another issue is the difficulty police and their families have in finding reasonable, affordable accommodation, which I am sure is the norm for others. Obviously, there is very little infrastructure in many of these communities and many police officers' families do not want to relocate there. The cost of rental is extremely prohibitive and whilst accommodation is by and large provided by the employer, the rental costs and accommodation pose serious budgetary problems for those employers.³⁵

6.70 The gradual extension of FIFO services beyond the resources industry is concerning for local communities who worry that their communities will become entirely focussed on supporting the resources industry and little else:

This is our concern: it is becoming the norm. Brett was born in Mount Isa, and I have been here for 50 years. I came when I was two. You build up a community. When you look at the big picture. Forget Mount Isa; look at the big picture where politicians – I have said it before – pay lip service to the ideals of decentralisation, and yet you see fly-in fly-out has started. Now people who have lived here for years see their kids moving across living on the coast and flying in. Within 10 years it will be the norm. It will be difficult for local councils to get the money to build the infrastructure. Secondly, why should you when your population is dwindling? Small businesses will not open up, because the population base is dwindling. What is going to happen in five or 10 years time? I mentioned before: governments will stop spending the money, so the community disappears and it is all back on the coast.³⁶

6.71 It is clear that unless the spiralling cost of accommodation is addressed, service industries will continue to struggle with attracting and retaining workers.

35 Mark Burgess, Chief Executive Officer, Police Federation of Australia, *Transcript of Evidence*, Canberra, 2 November 2011, p. 1.

36 Tony McGrady AM, Mayor, Mount Isa City Council, *Transcript of Evidence*, Canberra, 12 September 2012, p. 4.

Non-residential workforces and local communities: a case study

- 6.72 Part of the concern for resource communities hosting significant FIFO populations is the movement of other professionals out of the town, sometimes to return on a FIFO roster.
- 6.73 The inquiry took evidence in Maryborough, Victoria, a small town between Ballarat and Bendigo. Maryborough is experiencing the major concern of many regional towns; that of declining population after a manufacturing decline. This decline is compounded by the fact that many of the service industry workers are choosing to live in Ballarat and Bendigo and commute daily into Maryborough.
- 6.74 Although different to the long-distance commuting that is the main focus of this inquiry, Maryborough offered a discreet case example of what happens to a small town when the families of service industry professionals choose to live elsewhere:
- Maryborough is ranked 79 of 79 municipalities in Victoria in overall SEIFA³⁷ score, despite having a high number of professional jobs in the town – the average shire income is \$40 000 per annum and yet the non-resident population are on average incomes of \$100 000;³⁸
 - generational unemployment is common and the youth do not have aspirational role models;³⁹
 - the local bakery reported having to employ an apprentice from China on a 457 visa after trialling seven local young people and not finding one suitable;⁴⁰
 - sports teams find it difficult to run due to a lack of volunteers, non-resident teachers and police do not have a presence on sporting teams;⁴¹ and
 - fifty per cent of teachers do not live in the Shire, and, while completely committed to the job, have lost the accountability that comes with living

37 Australian Bureau of Statistics (ABS) SEIFA; socio-economic indexes for areas.

38 Mark Johnston, Chief Executive Officer, Central Goldfields Shire, *Transcript of Evidence*, Maryborough, 13 June 2012, p. 1.

39 Sharon Fraser, General Manager, Go Goldfields, Central Goldfields Shire, *Transcript of Evidence*, Maryborough, 13 June 2012, p. 4; Garry Higgins, Manager, Parkview Bakery, *Transcript of Evidence*, Maryborough, 13 June 2012 p. 8.

40 Garry Higgins, Manager, Parkview Bakery, *Transcript of Evidence*, Maryborough, 13 June 2012 p. 9.

41 Kelvin Noonan, President Maryborough Sports Association, *Transcript of Evidence*, Maryborough, 13 June 2012, p. 14.

in a community and being actively involved in community organisations.⁴²

- 6.75 The Central Goldfields Shire Council stated it has a long-term strategy to improve Maryborough and reported that investment in the town had started to improve. However, it continues to be concerned about the lack of professional people living in the town and therefore the gradual undermining of the sporting and cultural life of the community. The Shire Chief Executive noted:

As an example, two years ago Maryborough played a final in the Bendigo footy league and, to their credit, the 21 guys in the team were all educated in Maryborough. It was a wonderful thing, but wouldn't you think that a town of 8 000 people would have a teacher and a policeman et cetera all on the way through who would be living here and participating? When those people come and participate, they bring with them different learnings and cultures from a different community – an aspirational culture or a winning culture; all those sorts of things that we do not always get left with.⁴³

- 6.76 Both the Central Goldfields Shire Council and the Maryborough Education Centre are to be commended for the improvements they have made in recent years, particularly, the improvements in educational attainment (the Maryborough Education Centre is now the fastest improving 7 to 12 centre in the region). However, Maryborough makes the point that when a town loses its professionals, it loses more than the value of each individual.

Committee comment

- 6.77 There can be little doubt that the disposition of resource industry participants, both employers and workers to use FIFO arrangements has contributed to the spread of this work practice to other sectors. The threat posed to quality of life in regional communities by non-residential workforces employed on a permanent or on-going basis is broader than the FIFO arrangements that have accompanied the resources industry development.

42 David Sutton, Assistant Principal, Maryborough Education Centre, *Transcript of Evidence*, Maryborough, 13 June 2012, p. 15.

43 Mark Johnston, Chief Executive Officer, Central Goldfields Shire, *Transcript of Evidence*, Maryborough, 13 June 2012, p. 5.

- 6.78 As with the resource industry, FIFO is an appropriate response to workforce requirements in particular circumstances, for instance, at a particular stage of a development that calls for temporary labour, or to provide services to remote locations, or to meet specific skills requirements that are not available locally. However, it is not an appropriate response for ongoing workforce supply.

Training and skills development

- 6.79 The lack of suitably skilled or experienced workers in local communities is a widespread explanation for the use of FIFO arrangements, especially for mine sites located near established towns.⁴⁴
- 6.80 However, regional communities have called for more effort to be expended by resource companies and government to provide training and development opportunities in local communities to address skill shortages.⁴⁵

Skills shortages

- 6.81 There is an increasingly high demand for skilled labour at all levels and in all areas of the resource industry. In the current tight labour market, FIFO is increasingly being seen as an essential work practice:
- FIFO has become a critical element of maintaining a viable resources sector as the industry is challenged by significant tightening of the labour market.⁴⁶
- 6.82 As job creation rates increase in the resources sector, skilled vacancy rates have skyrocketed, highlighting the disparity between available labour and demand. Vacancy rates in the resource industry had returned to pre-global financial crisis levels by August 2010 and had far exceeded them by August 2011.⁴⁷

44 For examples see: Chamber of Minerals and Energy Western Australia (CMEWA), *Submission 99*, p. 13; Rio Tinto, *Submission 149*, p. 7; Robin Shreeve, Chief Executive Officer, Skills Australia, *Transcript of Evidence*, Canberra, 15 February 2012, p. 7; Minerals Council of Australia (MCA), *Submission 118*, p. 7; Australasian Institute of Mining and Metallurgy (AusIMM), *Submission 58*, p. 2.

45 Regional Development Australia Pilbara (RDA Pilbara), *Submission 98*, p. 5; Minister for Tertiary Education, Skills, Jobs and Workplace Relations, *Submission 151*, p. 3; AusIMM, *Submission 58*, p. 2.

46 Rio Tinto, *Submission 149*, p. 7.

47 Australian Mines and Metals Association (AMMA), *Submission 77*, p. 7.

- 6.83 Resource sector employers recruiting in 2010, filled, on average, 61 per cent of their skilled vacancies. In Western Australia and the Northern Territory, the labour market is even tighter, with employers filling only 53 per cent and 55 per cent respectively. In Queensland, recruitment was slightly easier, with employers filling 63 per cent of vacancies.⁴⁸
- 6.84 The resource industry's top twenty occupations are listed in Table 6.2. Some of these key occupations are considered to have lower skill levels, such as drillers, truck drivers and plant operators, and, as such, are not assessed through the Department of Education, Employment and Workplace Relations (DEEWR) or Skills Australia skill shortage research programs. However, it is important to recognise that these occupations require skill and experience which takes time to acquire, either through formal or on-the-job training; especially as the resource industry is experiencing not only a shortage of skilled workers but also a shortage of workers with resource industry experience.⁴⁹
- 6.85 Skills Australia has identified skills shortages in key resources sector occupations (See Table 6.3) and concerns regarding skills shortages in the resources sector were raised by a range of stakeholders throughout the inquiry.⁵⁰ The Chamber of Minerals and Energy Western Australia (CMEWA) stated that:
- The WA resources sector has grown significantly in recent years with strong growth expected to be sustained well into the future, with a project development pipeline approaching \$300 billion capital expenditure...with this growth we've seen the shortage of labour in WA present ongoing challenges in industry.⁵¹
- 6.86 Resource industry employment has grown markedly over the last few years and sustained, substantial growth is expected, based on mining operations scheduled for the next three to five years. The substantial growth in the value of advanced mining projects in the last couple of years

48 Skills Australia, *2011 interim report on resource sector skill needs*, May 2011, p. 22.

49 Robin Shreeve, Chief Executive Officer, Skills Australia, Transcript of Evidence, Canberra 15 February 2012, p. 7; AMMA, *Submission 77*, p. 8; Skills Australia, *2011 interim report on resource sector skill needs*, May 2011, p. 23.

50 For examples see: Lisa Matthews, Senior Workplace Advisor, AMMA, *Transcript of Evidence*, Melbourne, 14 June 2012, p. 1; Steven McDonald, Chief Executive Officer, SkillsDMC, *Transcript of Evidence*, Cairns, 21 February 2012, p. 2; Educational Testing Service, *Submission 212*, p. 2; Rio Tinto, *Submission 149*, p. 7; AusIMM, *Submission 58*, p. 2; Robin Shreeve, Chief Executive Officer, Skills Australia, *Transcript of Evidence*, Canberra, 15 February 2012, p. 7; MCA, *Submission 118*, p. 4.

51 CMEWA, *Submission 99*, p. 3.

has added to the increased demand for labour, both highly skilled and less skilled.⁵²

Table 6.2 Occupational employment in Mining, top 20 occupations, 2010

ANZSCO code and Occupation	Number Employed in Mining in 2010
7122 Drillers, Miners and Shot Firers	34 900
3232 Metal Fitters and Machinists	15 500
3129 Other Building and Engineering Technicians	10 700
7331 Truck Drivers	10 100
3411 Electricians	8 000
2336 Mining Engineers	7 400
1335 Production Managers	5 400
7212 Earthmoving Plant Operators	5 000
3223 Structural Steel and Welding Trades Workers	4 000
2344 Geologists and Geophysicists	3 900
8219 Other Construction and Mining Labourers	3 700
2211 Accountants	3 400
5111 Contract, Program and Project Administrators	2 700
7129 Other Stationary Plant Operators	2 600
2335 Industrial, Mechanical and Production Engineers	2 200
3992 Chemical, Gas, Petroleum and Power Generation Plant Operators	2 100
5911 Purchasing and Supply Logistics Clerks	1 900
2513 Occupational and Environmental Health Professionals	1 800
1323 Human Resource Managers	1 800
7123 Engineering Production Systems Workers	1 800

Source Skills Australia, 2011 interim report on resource sector skill needs, May 2011, p. 23.

- 6.87 The resource sector expressed concerns to Skills Australia regarding the speed with which the newly skilled labour is entering into the workforce. Industry stakeholders commented that the lead times involved in providing apprenticeship training meant that a growth in apprentice numbers would not add to skills supply early enough to address immediate resources skills needs, especially in regards to major resource project construction. The sector also expressed similar concerns regarding emerging skills supply from higher education such as universities.⁵³
- 6.88 The Australian Manufacturing Workers' Union (AMWU) proposed that a 'National Engineering Employment Trust' be developed to provide a long-term structural solution to the 'training deficit which plagues the

52 Skills Australia, 2011 interim report on resource sector skill needs, May 2011, p. 65.

53 Skills Australia, 2011 interim report on resource sector skill needs, May 2011, p. 65.

resources sector'.⁵⁴ The AMWU makes an important point about the need for a long-term focus on the industry's needs.

Table 6.3 Skill shortages in occupations key to the resources sector, 2008 to 2010

	2008	2009	2010
Managers			
Production Manager (Mining)	Shortage		Shortage
Professions			
Accountant	Shortage		
Surveyor	Shortage	Shortage	Shortage
Chemical Engineer	Shortage	Shortage	
Civil Engineer	Shortage	Shortage	Shortage
Electrical Engineer	Shortage	Shortage	Shortage
Mechanical Engineer	Shortage		Shortage
Mining Engineer	Shortage	Shortage	Shortage
Petroleum Engineer	n/a	Shortage	Shortage
Geologist	Shortage		Shortage
Trades			
Metal Fabricator	Shortage		
Welder (First Class)	Shortage		Regional Shortage
Fitter	Shortage		Shortage
Metal Machinist	Shortage		Shortage
Carpenter	Shortage		
Plumber (General)	Shortage		Shortage
Electrician	Shortage		Regional Shortage
Air-conditioning and Refrigeration Mechanic	Shortage	Shortage	Shortage
Motor Mechanic (includes Diesel Mechanic)	Shortage		Shortage
Automotive Electrician	Shortage	Shortage	Shortage

Source Skills Australia, 2011 interim report on resource sector skill needs, May 2011, p. 24.

- 6.89 The approach to training and recruitment in the resources industry as evidenced by the increasing use of a FIFO workforce indicates an attitude that the sector is typified by short-term booms. While the industry does have a cyclical nature, in the long-term, it has proved to be a robust and stable industry.
- 6.90 A change of mindset needs to occur to recognise that this is not a boom-only industry. Recruitment and training practices by both industry and government need to reflect a longer-term attitude to the sustainability of the industry.

54 Australian Manufacturing Workers' Union (AMWU), *Submission 32*, p. 12.

Portability of skills

6.91 The high demand for skilled labour and the high value of mining projects has created a very highly paid skilled workforce in the resources sector. Skilled workers, many of whom obtained their qualifications or trades in non-resource industries, are being offered increasingly high wages to work for resource companies. This 'poaching' of skilled workers is impacting negatively upon non-resource industries as well as the viability of small businesses and trade service provision in regional communities.

6.92 The Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union accused the resource industry of taking advantage of the skill and training investments made by other industries:

The resources sector uses skilled personnel who were trained in other industries. It does not train enough of its own workforce... There has to be a mutual obligation and benefits.⁵⁵

6.93 Non-resource industries and local businesses are caught in a cycle in which they invest in the training of workers only for them to leave as soon as they attain their qualifications - a costly investment which bring no returns:

It does not matter how many we put on right now: the reality is that if at a point in time they decide to go they will go and communities will be left without tradespeople.⁵⁶

6.94 Poaching of staff is not only affecting local businesses and services, local councils are also seeing their staff leave in favour of the high wages offered by the resource industry:

Traditionally, there has been a problem with poaching and local government, as an industry, is well aware of that. Our engineers are much better paid working for the mines than we can offer.⁵⁷

6.95 Poaching of staff, from other industries and from rival resource companies, is a short-sighted practice. The demand for skilled labour is predicted to increase and without significant investment in training and education the skills deficit will increase exponentially.

6.96 Throughout the inquiry witnesses called for collaboration with the resources sector, government and educational organisations to engender

55 Glen Thompson, Assisting National Secretary and Acting National President of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, Australian Metal Workers Union, *Transcript of Evidence*, Canberra, 30 May 2012, p. 7.

56 Barb Cowey, Senior Policy Advisor, Business SA, *Transcript of Evidence*, Adelaide, 8 December 2012, p. 13.

57 Lyn Russell, Chief Executive Officer, Cairns Regional Council, *Transcript of Evidence*, Cairns, 21 February 2012, p. 30.

shared responsibility for the training of skilled workers.⁵⁸ Business SA noted 'there has to be a commitment from everybody to work together in supporting the adoption of apprentices.'⁵⁹

Case Study – Regional education and training

The Geraldton Universities Centre (GUC) is a not-for-profit, incorporated body, which supports university courses in Geraldton on behalf of a range of universities including: Central Queensland University (CQU), Charles Sturt University (CSU) and Curtin University (CU). In 2000, the Geraldton University Access Group (GUAG) was formed and approached Western Australian universities, asking them to offer courses in Geraldton, however, none of the universities were willing to commit without the allocation of Commonwealth fully-funded places. In June 2001, the GUAG travelled to Canberra to lobby the federal government and were successful in attaining university places specifically allocated for Geraldton.⁶⁰

At present, more than 187 students have graduated in Geraldton, with the majority of graduates (nursing and teaching) choosing to work in regional communities.

GUC also expects to introduce an Associate Degree in Engineering in 2013 and is considering offering an Associate Degree in Construction.⁶¹

6.97 The training of skilled workers is essential in addressing Australia's current skills shortages; it is not the responsibility of any one industry to train skilled workers, but rather, a collaborative effort from business, government, industry and educational institutions is needed to address skills shortages, now and in the future.

Recruitment and skills sourcing

6.98 The skills shortages in key occupations in the resources sector and the immediacy of need for skilled labour to operate and construct highly lucrative mining projects means that many resource companies are sourcing their labour from other industries. The Construction Forestry Mining and Energy Union (CFMEU), Mining and Energy Division, stated that:

58 For examples see: City of Greater Geraldton, *Submission 111*, p. 5; Kinetic Group, *Submission 213*, pp. 8-9; Martin Rush, Mayor, Muswellbrook Shire Council, *Transcript of Evidence*, Narrabri, 16 May 2012, p. 31; Murray d'Almeida, Chairman, Connecting Southern Gold Coast Ltd, *Transcript of Evidence*, Canberra, 30 May 2012, p. 2; Tony Brun, Chief Executive Officer, City of Greater Geraldton; Member, Western Australian Regional Cities Alliance, *Transcript of Evidence*, Perth, 18 April 2012, p. 37.

59 Barb Cowey, Senior Policy Advisor, Business SA, *Transcript of Evidence*, Adelaide, 8 December 2012, p. 13.

60 Geraldton Universities Centre (GUC), <guc.edu.au/background.aspx>, viewed 27 November 2012.

61 GUC, <guc.edu.au/courses_undergraduate_development.aspx>, viewed 27 November 2012.

Where there are skill shortages, it is because industry recruitment strategy has focussed on sourcing labour rather than generating skills through investment.⁶²

- 6.99 The inquiry received anecdotal evidence that apprentices and other skilled workers, who are trained in other industries, are being 'poached' by the resource industry. Poaching is also occurring between resource companies:

Many FIFO operations in NSW and other minor resource States [are] now choosing to bypass major mining centres such as Perth for fear of their staff being poached by rival companies at the airport terminal.⁶³

- 6.100 This focus on sourcing labour instead of investing in the skilling is concerning. Together with the justifications for the use of FIFO to address skills shortages, this demonstrates a very short-term focus on skills development.

- 6.101 It was submitted that the annual industry turnover is 24.4 per cent, of which 18.8 per cent left in the first 12 months of employment. The FIFO workforce turnover rate is more than double that of the wider workforce.⁶⁴

- 6.102 This points to a number of factors, including the recruitment practices for FIFO workers. The Kinetic Group, advised that:

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.⁶⁵

- 6.103 Until the industry addresses the issue of balancing a FIFO lifestyle and recruits appropriately into these positions, FIFO employee turnover will continue to be high. As discussed in the previous chapter, there is a range of specific issues confronting FIFO workers that need focussed management strategies.

- 6.104 There is also a need to put greater focus on local training initiatives. A key reason for the need for FIFO workforce practices is the shortage of appropriately skilled workforce.

62 Construction Forestry Mining and Energy Union (CFMEU), *Submission 133*, p. 44.

63 AusIMM, *Submission 58*, p. 12.

64 Kinetic Group, *Submission 213*, p. 5.

65 Kinetic Group, *Submission 213*, p. 6.

Local training

- 6.105 Many companies stated that they prefer to employ local labour, both skilled and unskilled, over FIFO workers, and that they only resort to FIFO workforce practices where a sufficient local workforce is not available.⁶⁶ Many companies also conduct extensive pre-employment training to equip local workers for entry level jobs in the minerals industry.⁶⁷ However, local training was also identified as being overlooked by some mining companies:

I am aware of local training organisations that are increasingly being squeezed out by the mining industry. One local organisation has reported to me that mines are now engaging with training organisations (in some cases where there are subsidiaries of the mining companies) that are located in southern centres. This is in preference to local training companies. This encourages FIFO.⁶⁸

- 6.106 It is essential that local workers are not relegated to unskilled positions, but have the opportunity to train and develop their skills without being forced to leave their home town. The New South Wales Government highlighted the importance of investing in the training of local workers:

There are potential job generation benefits flowing from mining in regional and remote communities. However, to adequately meet the demand for workers ongoing training and workforce strategies are needed that target local communities, which the industry has the capacity to provide or contribute towards.⁶⁹

Area for corporate action – local training initiatives

- 6.107 The recruitment of local people needs to be more than just a convenient source of local unskilled labour. Resource companies need to see resource communities as education hubs in which local and non-local residents can be educated, trained and granted on-site experience.**

66 For example see: Chandler Macleod, *Submission 68*, p. 5; MCA, *Submission 118*, p. 3; Michael Wright, Executive General Manager, Australian Mining, Thiess Pty Ltd, *Transcript of Evidence*, Brisbane, 24 February 2012, p. 36; Christopher Fraser, Director, Education and Training, MCA, *Transcript of Evidence*, Canberra, 23 May 2012, p. 1; AMMA, *Submission 77*, p. 17; Rio Tinto, *Submission 149*, p. 2; Chevron Australia, *Submission 80*, p. 2; Fortescue Metals, *Submission 86*, p. 5; Vale, *Submission 87*, p. 2.

67 MCA, *Submission 118*, p. 11.

68 George Christensen MP, Federal Member for Dawson, *Submission 171*, p. 4.

69 New South Wales Government, *Submission 145*, p. 3.

- 6.108 The National Apprenticeships Program (NAP), an initiative of the National Resources Workforce Strategy (NRWS), is an adult apprenticeship project which enables experienced workers to have their existing skills recognised and, once they have completed all the necessary competencies, obtain a full trade qualification.⁷⁰ The program is intended to provide industry with skilled workers who are both qualified and who have experience in the industry.⁷¹

Case Study – Moranbah High School Vocational Training – The Big Blue Shed

In the resource community of Moranbah, in Queensland's Bowen Basin, Moranbah State High School offers mining-focused vocational training on site in a facility nicknamed The Big Blue Shed. The vocational facility, formally known as the Coalfields Training Excellence Centre (CTEC), was initiated by the school in 2004, arising from conversations at industry networking evenings that the school had hosted for the last 10 years. The facility was completed in 2008 and offers a range of programs that allow students to combine work at CTEC with work at the high school and industry placements to gain various qualifications and graduate from school work-ready.⁷²

Scott Whybird, the Principal of Moranbah State High School stated:

That link with industry is very strong at our school. The reality is that the school is here because of the industry that is there. We have got the people who can be the workers in town. In some ways it helps stop the need to have fly-in fly-out. If you can get the people directly on-site, that is the stuff we push. We try and form a lot of partnerships with the industry as well to make sure the students know what the possibilities are, in terms of the training available.⁷³

Since the implementation of this program have been significant increases in the percentages of students gaining Vocational Education and Training (VET) qualifications, entering further training and engaging in school-based apprenticeships and traineeships. There has also been greater stability in student retention rates from years 10 to 12.⁷⁴

- 6.109 The recognition of experience is essential in addressing the current skills shortage; however, it is still only a stop-gap measure. In order to ensure that the resource sector is able to adequately access skilled labour, in the near and distant future, investment in local training and educational facilities is essential.

70 Department of Industry, Innovation, Science, Research and Tertiary Education (DIISR), *National Resources Sector Workforce Strategy: National Apprenticeships Program (NAP) – An advanced entry adult apprenticeship program*, January 2012, p. 1.

71 DIISR, *National Resources Sector Workforce Strategy: National Apprenticeships Program (NAP) – An advanced entry adult apprenticeship program*, January 2012, p. 1.

72 Schools First, *Moranbah State High School (QLD) Coalfields Training Excellence Centre (CTEC)*, <schoolsfirst.edu.au/sf-schools/moranbah-state-high-school.php> viewed 22 November 2012.

73 Scott Whybird, Principal, Moranbah State High School, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 28.

74 Schools First, *Moranbah State High School (QLD) Coalfields Training Excellence Centre (CTEC)*, <schoolsfirst.edu.au/sf-schools/moranbah-state-high-school.php> viewed 22 November 2012.

Commonwealth initiatives

- 6.110 The Commonwealth Government is aware of the need to address the skills and labour needs of the resources sectors, as evidenced by the NRWS. The strategy aims to assist the resources sector in meeting the increasing demand for skilled labour, as well as addressing nation-wide skills shortages.⁷⁵
- 6.111 The NRWS was developed by the National Resources Sector Employment Taskforce (NRSET), which was established in 2009. The taskforce recommended action in seven key areas of workforce development:
- promote workforce planning and sharing of information;
 - increase the number of trade professionals;
 - graduate more engineers and geoscientists;
 - meet temporary skills shortages with temporary migration;
 - strengthen workforce participation;
 - forge stronger ties between industry and education; and
 - address the need for affordable housing and community infrastructure.⁷⁶
- 6.112 In addition to work being conducted through the implementation of the NRWS, the Commonwealth Government committed \$19.1 million over three years for the Regional Education, Skills and Jobs Plan initiative. The initiative supports the engagement of 34 Regional Education, Skills and Jobs Coordinators in regional communities. The Coordinators are responsible for the development and implementation of Regional Education, Skills and Job Plans in each region.⁷⁷
- 6.113 The Committee is supportive of any initiatives that aim to improve access to education in regional communities. The establishment of education and training facilities in resource communities is essential to addressing skills shortages in the resource industry.

Challenges in regional education

- 6.114 There is a fundamental lack of equity in education and educational opportunities in regional communities. This discrepancy was reported in

75 DIISR, *National Resources Sector Workforce Strategy*, <innovation.gov.au/Skills/SkillsTrainingAndWorkforceDevelopment/NationalResourcesSectorWorkforceStrategy/Pages/default.aspx> viewed 26 November 2012.

76 DIISR, *National Resources Sector Workforce Strategy*, <innovation.gov.au/Skills/SkillsTrainingAndWorkforceDevelopment/NationalResourcesSectorWorkforceStrategy/Pages/default.aspx> viewed 26 November 2012.

77 Department of Education, Employment and Workplace Relations (DEEWR), *Regional Education, Skills and Jobs*, <deewr.gov.au/Employment/Programs/RESJ/Pages/default.aspx>, viewed 28 November 2012.

the Commonwealth Government's *Review of Funding for Schooling Report*, commonly known as the Gonski Report. The report found that:

Non-metropolitan students also have lower rates of Year 12 attainment, as well as lower rates of transition to university. In 2010, 81 per cent of young adults aged 20 to 24 years from major cities attained Year 12, compared to 67 per cent of students from inner or outer regional areas and 64 per cent of students from remote or very remote areas.⁷⁸

- 6.115 Students living in resource communities are not only suffering from the same disadvantages faced by all regional students, but are also being discouraged from seeking higher education. The Isaac Regional Council suggested that highly paid unskilled positions offered by the resource industry devalue education in resource communities:

The increasing need for unskilled workers to fill high paying jobs in the mining industry is devaluing the education system. High school leavers can get highly paid unskilled work without any formal qualifications. This workforce is not multi skilled and very little knowledge or training is not transferrable outside the mining industry.⁷⁹

- 6.116 There are few opportunities for the pursuit of tertiary education in resource communities and even fewer opportunities to study in the resource industry's high demand fields of engineering or science.

- 6.117 Not only do regional students and apprentices have difficulty accessing tertiary education, but the lack of affordable housing also discourages any attempt to study in their home town. Students and apprentices must choose between living with their parents and moving to a more affordable town or city. Samuel Vella, a student from Moranbah State High School, told the Committee:

I was kind of looking at doing an engineering degree down in Brisbane or Townsville – probably Brisbane, as they seem to have the better universities. So I was looking at engineering and possibly even mining engineering because there seems to be a lot of mining. But as for returning to Moranbah, that might be difficult, as you can imagine, for a non-experienced engineer – even if I could get a job here. If I was paying for myself and not

78 Australian Government, *Review of Funding for Schooling*, final report, December, 2011, p. 122.

79 Isaac Regional Council, *Submission 81*, p. 11.

staying with my family and if the town keeps progressing as it is now it would be way too expensive for me to do that.⁸⁰

- 6.118 Apprentices living in resource communities must not only struggle to afford the high cost of accommodation on low apprentice wages, but must choose to work and study for considerably less pay than they would receive working in unskilled mining positions. The National Centre for Vocational Education Research (NCVER) conducted a case study comparing locally-based and FIFO apprenticeship completion rates, which found that:

apprenticeship completion rates between 2004 and 2008 are trending upwards for the FIFO/DIDO group, going against an underlying downward trend for the Local group over this period.⁸¹

- 6.119 The Minerals Council of Australia (MCA) stated that resource companies have an almost universal policy of offering apprenticeships to local youth before recruiting further afield,⁸² however, when it is cheaper to move to Perth and become a FIFO apprentice, there is little incentive for local apprentices to stay in their home towns.

Committee comment

- 6.120 All regional Australians should have equitable access to education and training. It is unrealistic to expect universities and TAFE colleges to offer all courses in all locations; however, it is reasonable to expect industry-specific tertiary education to be offered in resource communities.
- 6.121 There should be greater collaboration between industry and educational institutions to establish educational hubs, similar to the model established in Geraldton and the Big Blue Shed project in Moranbah, to provide local communities with the opportunity to attain qualifications specific to the resource industry without having to leave their home town.

80 Samuel Vella, Student, Moranbah State High School, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 29.

81 National Centre for Vocational Education Research (NCVER), *Submission 224*, p. 1.

82 MCA, *Submission 118*, p. 11.

- 6.122 These educational hubs could be used to educate existing workers on-site, educate local residents and encourage people wishing to enter the resource industry to attain their qualifications with on-site experience.

Recommendation 21

The Committee recommends that the Commonwealth Government develop initiatives to encourage the provision of tertiary education providers to resource communities.

Tony Windsor MP
Chair
6 February 2013



Appendix A – List of submissions

- 1 Ms Suzan Chesson
- 2 Moranbah Medical Centre
- 2.1 Moranbah Medical Centre
- 2.2 Moranbah Medical Centre
- 3 Confidential
- 4 Mr Brian Gaull
- 5 Cobar Shire Council
- 6 Chamber of Commerce and Industry Queensland
- 7 Hyden Progress Association
- 8 Ms Karen Adams
- 9 Ms Kate Johnstone
- 10 Banana Shire Council
- 11 Mr Roni Talbot
- 12 Shire of Mount Magnet
- 13 Business SA
- 14 Kalgoorlie-Boulder Chamber of Commerce & Industry Inc
- 15 CFMEU (Mining and Energy Division, Queensland)
- 16 Name Withheld
- 17 City of Albany
- 18 Ms Felicity Brennan
- 19 AgriFood Skills Australia
- 20 Ms Diana Plowman
- 21 Ms Sara Andrews
- 22 Taroom District Development Association Inc.

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- 23 City of Swan
 - 24 Regional Development Australia - Darling Downs and South West Inc
 - 25 District Council of Grant
 - 26 Ms Kylie Peterson
 - 27 Shire of Westonia & Shire of Yilgarn
 - 28 Mining Family Matters
 - 29 Shire of York
 - 30 Regional Aviation Association of Australia
 - 31 Ms Sally McGushin
 - 31.1 Ms Sally McGushin
 - 32 Australian Manufacturing Workers' Union
 - 33 Confidential
 - 34 Ms Daphne Morris
 - 35 Roxby Council
 - 36 Charles Evans & Sons
 - 37 Australian Pipeline Industry Association
 - 38 Cobar Business Association
 - 39 Goldfields Settlements Pty Ltd
 - 40 Federal Member for McPherson
 - 41 Busselton Chamber of Commerce and Industry Inc.
 - 42 City of Kalgoorlie-Boulder
 - 43 Ms Sue Shepherdson
 - 43.1 Ms Sue Shepherdson
 - 44 Acumen Partners
 - 45 City of Mandurah
 - 46 Shire of Wiluna
 - 47 Mr Andrew Hobday
 - 48 FIFO Families Pty Ltd
 - 49 Services for Australian Rural and Remote Allied Health (SARRAH)
 - 49.1 Services for Australian Rural and Remote Allied Health (SARRAH)
 - 50 NSW Association of Mining Related Councils
 - 51 Narrabri Shire Council
 - 52 TEKTUM Future Housing Solutions
 - 52.1 TEKTUM Future Housing Solutions

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- 53 Devine Group
- 54 ICAA Regional Australia Advisory Committee
- 55 Point Samson Community Association
- 56 Federal Member for Maranoa
- 57 Shire of Roebourne
- 58 The Australasian Institute of Mining & Metallurgy
- 58.1 The Australasian Institute of Mining & Metallurgy
- 59 Cr Kelly Howlett
- 60 Shire of Ashburton
- 61 The Australian Workers' Union
- 62 Parliamentary National Party of Western Australia
- 63 Professor John Rolfe
- 64 Townsville City Council
- 65 Urban Land Development Authority
- 66 Ensham Resources Pty Ltd
- 67 Soroptimist International of Karratha and District
- 68 Chandler Macleod
- 69 Ms Sonja Gobel
- 70 NSW Rural Doctors Network
- 71 Western Downs Regional Council
- 72 Whitsunday Industrial Workforce Development
- 73 Centre for Social Responsibility in Mining
- 74 Regional Development Australia Midwest Gascoyne
- 75 Association of Mining and Exploration Companies
- 76 Advance Cairns
- 77 Australian Mines and Metals Association
- 78 Regional Social Development Centre
- 79 Regional Development Australia Murraylands & Riverland South
Australia
- 80 Chevron Australia
- 81 Isaac Regional Council
- 81.1 Isaac Regional Council
- 82 Regional Economic Development Corporation: Mackay Isaac Whitsunday
- 83 Town of Port Hedland

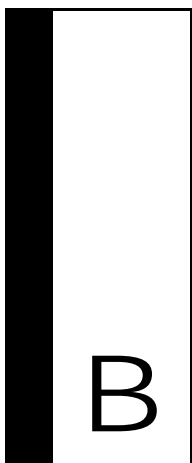
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- 84 Professor Fiona Haslam McKenzie
85 Mackay Regional Council
86 Fortescue Metals Group Ltd
87 Vale
88 Commissioner Children and Young People Western Australia
88.1 Commissioner Children and Young People Western Australia
89 Western Australian Regional Cities Alliance
90 Ms Melinda Bastow
91 Shire of Manjimup
92 Local Government Association of Queensland
93 Mr Bill McMahon
94 Ms Julie Matheson
95 ARC Research Team
95.1 ARC Research Team
96 Dr Barrie Pittock
97 Queensland Nurses' Union
98 Regional Development Australia Pilbara
99 The Chamber of Minerals and Energy of Western Australia
100 AngloGold Ashanti Australia Ltd
101 Regional Development Australia Far North
102 Skills Australia
103 Moranbah Traders Association
104 Mr Kevin Ryan
105 Shire of Gnowangerup
106 Shire of Wagin
107 Charters Towers Regional Council
108 Ms Maurice Schinkle
109 Queensland Government
110 Confidential
111 City of Greater Geraldton
112 Dr Peter Chilcott
113 National Council of Women of Australia
114 Communications Electrical Plumbing Union
115 Royal Flying Doctor Service

-
- 116 Mr Anthony Cavanagh
- 117 Shire of Northampton
- 118 Minerals Council of Australia
- 119 National Rural Health Alliance
- 120 Ms Margaret Christie
- 121 General Practice Network NT
- 122 Ms Anne Sibbel
- 123 Thiess
- 124 Police Federation of Australia
- 125 Queensland Resources Council
- 125.1 Queensland Resources Council
- 125.2 Queensland Resources Council
- 126 South Australia Freight Council
- 127 Australian Electoral Commission
- 128 Department of Resources, Energy and Tourism
- 128.1 Department of Resources, Energy and Tourism
- 129 National Tourism Alliance
- 130 South Australian Chamber of Mines and Energy
- 131 Northern Territory Government
- 132 Youth Affairs Council of Western Australia
- 133 Construction Forestry Mining Energy Union
- 133.1 Construction Forestry Mining Energy Union
- 134 Tourism & Transport Forum
- 135 Department of Sustainability, Environment, Water, Population and Communities
- 136 West Coast Council Tasmania
- 136.1 West Coast Council Tasmania
- 137 Ausco Modular
- 138 Department of Infrastructure and Transport
- 139 The MAC Services Group
- 140 Ms Joy Priest
- 141 Corporate Development Mentors
- 142 Southern Gold Coast
- 143 Gold Coast City Council

- 144 Regional Development Australia Gold Coast
- 145 New South Wales Government
- 146 Australian Medical Association Western Australia
- 146.1 Australian Medical Association Western Australia
- 147 Mr Steve Rose
- 147.1 Mr Steve Rose
- 148 Andamooka Progress and Opal Miners Association Inc
- 149 Rio Tinto
- 150 Frontier Services
- 151 Minister for Tertiary Education, Skills, Jobs and Workplace Relations
- 152 Ms Barbara Cook
- 153 Department of Regional Australia, Local Government, Arts and Sport
- 154 Federal Member for Paterson
- 155 Outback Communities Authority
- 156 Western Australian Local Government Association
- 157 Perth Sisters and Brothers of the Order of Perpetual Indulgence
- 158 Ms Shirley Hogan
- 159 Mayor John Molony, Mount Isa City Council
- 160 Mount Isa to Townsville Economic Development Zone
- 161 Dysart Community Action Association
- 162 Mount Isa Chamber of Commerce
- 163 Mr Des Nugent and Mrs Cheryl Nugent
- 164 Mr Matthew Graham
- 165 Mount Isa City Council
- 165.1 Mount Isa City Council
- 166 Whitsunday Regional Council
- 167 Chamber of Commerce and Industry of Western Australia
- 168 Federal Member for Kennedy
- 169 remoteFOCUS
- 170 Cairns Regional Council
- 171 Federal Member for Dawson
- 172 Regional Communities Consultative Council
- 173 Name Withheld
- 174 Ms Taryn Shears

-
- 175 Goldfields-Esperance Workforce Development Alliance
- 175.1 Goldfields-Esperance Workforce Development Alliance
- 175.2 Goldfields-Esperance Workforce Development Alliance
- 176 Ms Alison Southern
- 177 Mr Wade Freeman
- 178 Mrs Fiona Dean
- 179 Ms Martine Gijbrechts
- 180 Ms Miriam Fessler
- 181 Ms Susan Chalcroft
- 182 Ms Camille Oddy
- 183 Mr David Smith
- 184 Ms Melinda Wilson
- 185 Mining Families Foundation of Australia
- 186 Australian Conservation Foundation
- 187 Ms Shely Ourana
- 188 Ms Jaime Yallup Farrant
- 189 Ms Monique Huyskens
- 190 Mr Daron Keogh
- 191 Western Australian Network of Alcohol and other Drug Agencies
- 192 Ms Carmel Leahy
- 193 Australian Youth Affairs Coalition
- 194 Mr Garry Griffin
- 195 Ms Claire Bowman
- 196 Ms Sharlene Tressider
- 197 Mr Mike Young
- 198 Autism Queensland
- 199 Scarlet Alliance, Australian Sex Workers Association
- 200 Mr Ian Perdrisat
- 201 Shire of Kalamunda
- 202 Peel Youth Services
- 203 Name Withheld
- 204 Pilbara Association of Non Government Organisations
- 205 Ms Mary Attwood
- 206 Narrabri & District Community Aid Service

- 206.1 Narrabri & District Community Aid Service
- 207 Centacare
- 208 Narrabri Community Action Group
- 209 Broken Hill City Council
- 210 Ms Jan Lewis
- 211 Australian Services Union
- 212 Educational Testing Service
- 213 Kinetic Group
- 214 Narrabri Family Crisis Centre
- 215 Committee for Geelong
- 216 Rural and Remote Medical Services
- 217 Ms Jacqui McInerney
- 218 Boggabri Business Promotions Association
- 219 Ms Patricia French
- 220 Public Health Association Australia
- 221 Maranoa Regional Council
- 222 Singleton Council
- 223 Australian Bureau of Statistics
- 223.1 Australian Bureau of Statistics
- 224 National Centre for Vocational Education Research
- 225 Mr Les Millist
- 226 Mr Matthew Ford
- 226.1 Mr Matthew Ford
- 227 Department of Families, Housing, Community Services and Indigenous Affairs
- 228 beyondblue
- 229 Australian Taxation Office and Treasury
- 230 The Social Welfare Advisory Group, Norfolk Island
- 231 Northern Grampians Shire Council
- 232 Hon Peter Lindsay



Appendix B – List of exhibits

- 1 West Coast Council Tasmania, *The Struggle*
- 2 Centre for Rural and Remote Mental Health, University of Newcastle, *Andamooka Community Forum*
- 3 Mining Family Matters, *The Survival Guide for Mining Families*
- 4 Mine Chaplaincy, *Mine Chaplaincy*
- 5 Government of South Australia, *South Australian Major Developments Directory 2011/12*
- 6 Regional Development Australia Darling Downs and South West Qld, *Business Case for Development of an Industry Based Fly-in Fly-out (FIFO) Coordinator*
- 7 Advance Cairns, *Verbal Submission and Pamphlets*
- 8 Moranbah Medical Centre, *The impact of the non-resident workforce on the Moranbah Hospital*
- 9 Isaac Regional Council, *Redefining Regional Planning: Managing Change, Measuring Growth (abridged version)*
- 10 Moranbah Action Group, *BMA Workforce Change Request 4 - Caval Ridge Bowen Basin Coal Growth Project Submission*
- 11 Port Hedland Community Progress Association and Jan Ford Real Estate Port Hedland, *Celebrating a Decade with people of Port Hedland*
- 12 Town of Port Hedland, *Regional Rental Data - Port Hedland*
- 13 Shire of Roebourne, *Shire of Roebourne - Information Booklets*
- 14 The Perth Sisters of the Order of Perpetual Indulgence, *Various Items of Correspondence*
- 15 Mental Illness Fellowship of Western Australia, *Feasibility Study Paper - December 2011 Esperance WA*

- 16 Ms Anne Sibbel, *Fly-In, Fly-Out Operations - Strategies for Managing Employee Well-Being - Paper*
- 17 Theiss Pty Ltd, *Thiess Australian Mining - Employee Assistance Program Quarterly report*
- 18 Association of Mining Related Councils, *Royalties for Regions*
- 19 NSW Association of Mining Related Councils, *"We are a community not a camp"*
- 20 Queensland Resources Council, *Queensland Resources Council, (Related to Submission No. 125)*
- 21 Hunter TAFE, *Paper - TAFE NSW Hunter Institute*



Appendix C – List of witnesses, hearings and inspections

Wednesday, 2 November 2011 – Canberra

Public hearing

National Council of Women in Australia

Ms Margaret Findlater-Smith, President

Police Federation of Australia

Mr Mark Burgess, Chief Executive Officer

Wednesday, 23 November 2011 - Canberra

Public hearing

Australian Electoral Commission

Mr Ed Killesteyn, Electoral Commissioner

Mr Peter Kramer, State Manager and Australian Electoral Officer for Western Australia

Regional Aviation Association of Australia

Mr Paul Tyrrell, Chief Executive Officer

Mr Craig Duncan, General Manager, Alliance Airlines

Wednesday, 7 December 2011 – Olympic Dam**Inspection**

- BHP Billiton Olympic Dam Mine Site
- Roxby Downs
- Andamooka

Thursday, 8 December 2011 - Adelaide**Public hearing****Mining Family Matters**

Mrs Lainie Lee Anderson, Director

Mrs Alicia Ranford, Director

Business SA

Mr Antony Clarke, Senior Policy Adviser

Ms Barb Cowey, Senior Policy Adviser

University of South Australia

Associate Professor Sally Ferguson

South Australian Chamber of Mines and Energy

Mr Jonathon Forbes, Director, Industry Development

Outback Communities Authority

Mrs Margaret Norma Heylen, Board Member

Mr Mark Robert Sutton, General Manager

Regional Development Australia Murraylands and Riverland

Mr Brenton Lewis, Chief Executive

South Australian Freight Council

Mr Neil Murphy, Chief Executive Officer

Anglican Church of Australia

Reverend Peter Palmer

BHP Billiton

Mr Christopher Platt, Manager, Employee Relations

Mr Kym Winter-Dewhirst, Vice President, External Affairs

Wednesday, 8 February 2012 – Canberra**Public hearing****Department of Education, Employment and Workplace Relations**

Mrs Michelle Cornish, Group Manager, State and Regional Services Strategy

Ms Joanne Wood, Group Manager, Indigenous Economic Strategy Group

Department of Infrastructure and Transport

Dr Gary Dolman, Head of Bureau, Bureau of Infrastructure, Transport and Regional Economics, Policy and Research Division

Mr Andrew Jagers, Executive Director

Mr Peter Robertson, General Manager

Ms Heather White, A/G General Manager

Department of Innovation, Industry, Science, Research and Tertiary Education

Mr Craig Robertson, Division Head, Tertiary

Wednesday, 15 February 2012 – Canberra**Public hearing****National Rural Health Alliance**

Professor Lesley Barclay, Chair

Mr Gregory Gordon, Executive Director

Ms Helen Hopkins, Policy Adviser

Skills Australia

Mr Robin Shreeve, Chief Executive Officer

Ms Sue Beitz, Head of Secretariat

Tuesday, 21 February 2012 – Cairns**Public hearing****Individuals**

The Hon Bob Katter MP, Federal Member for Kennedy

Mt Isa City Council

Cr John Molony, Mayor

Advance Cairns

Mr Stewart Christie, Chief Executive Officer

Beacon Foundation

Ms Georgina Breeuwer, Manager, North Queensland Partnership

Cairns Regional Council

Mr Angelo Finocchiaro, Senior Economic Development and Innovation Officer

Ms Lyn Russell, Chief Executive Officer

Ms Val Schier, Mayor

Far North Queensland Industry Workforce Development Group

Ms Colleen Hallmond, Project Manager

Kagara Mine

Mr Garrett Burns, Truck Operator

Ms Nicole Edwards, Workplacement Trainee

Mr Noel Gertz, Community and Indigenous Relations Manager

Mr Adrian Gertz, Operator

Ms Siobhan Singleton, Trainee

MITEZ Inc.

Mr David Glasson, Chair

Mount Isa Chamber of Commerce

Mr Brett Peterson, President

Northern Queensland Regional FIFO Group

Mr John Carey, Chair

SkillsDMC

Mr Steven McDonald, Chief Executive Officer

Mr Jeremy Blockey, FIFO Coordinator, SkillsDMC

The Cairns Institute, James Cook University

Mrs Sarah Warne, Senior Manager for Strategy & Enterprise

Whitsunday Regional Council

Mr Michael Brunner, Mayor

Community statement session

Cr Val Schier, Mayor, Cairns Regional Council

Mr Angelo Finocchiaro, Cairns Regional Council

Ms Lyn Russell, Cairns Regional Council

Mr Brett Peterson, Chair, Mt Isa Chamber of Commerce

Mr David Glasson, Chairman, Mt Isa to Townsville Economic Zone

Wednesday, 22 February 2012 – Moranbah**Public hearing****Dysart Community Action Association**

Mrs Elizabeth Fox, Member

Ms Rose Kouwenhoven, President

Isaac Regional Council

Mr Mark Crawley, Chief Executive Officer

Miss Jessica Dix, Manager Economic Development

Mr Cedric Marshall, Mayor

Mr Scott Riley, Executive Director, Planning and Environmental Services

Moranbah Medical Centre

Ms Laura Terry, Practice Manager

Moranbah State High School

Mr Kevin Hackney, Student

Mr Samuel Vella, Student

Mr Scott Whybird, Principal

Ms Chantelle Winter, Student

Moranbah Stater High School

Mr Edward Doherty, Student

Moranbah Traders

Mrs Lyn Busk, Liaison Officer

Mr Peter Finlay, President

Community statement session

Ms Anne Baker

Ms Kelly Vevea

Mr Mark Johnstone

Mr Troy Christiansen

Inspection

- Moranbah housing estate
- The MAC Village Coppabella
- Peak Downs Highway

Thursday, 23 February 2012 – Mackay**Public hearing****Individuals**

Mr George Christensen MP, Federal Member for Dawson

CFMEU (Mining and Energy Division, Queensland)

Mr Jim Pearce, Mining Community Advocate

Mackay Airport

Mr Rob Porter, General Manager

Mackay Regional Council

Cr Darryl Camilleri, Deputy Mayor

Cr Col Meng, Mayor

Mackay Whitsunday Isaac Regional Economic Development

Mr Mick Crowe, Director

Qld Nurses' Union

Mr Des Elder, Assistant State Secretary

Ms Andrea Patticrew, Clinical Nurse, Mackay Division of Mental Health and ATODS

Queensland Nurses' Union

Mr Danny Hember, Member

Regional Economic Development Corporation

Ms Narelle Pearse, Chief Executive Officer

Regional Social Development Centre

Ms Deborah Rae, Social Development Director

Whitsunday Industrial Workforce Development

Mr Colin Thompson, Chair

Whitsunday Regional Council

Mr Michael Brunner, Mayor

Inspection

- Mackay Harbour
- Paget Industrial Area – G&S Engineering

Friday, 24 February 2012 – Brisbane**Public hearing****Ausco Modular Pty Limited**

Mr Roger Bradford, General Manager, Strategic Development

CQUniversity

Prof John Rolfe, Centre for Environmental Management

Devine Group

Mr Cameron Mana, General Manager, Business Growth

Ensham Resources Pty Ltd

Mr Darryl Price, Mining Operator and Open Cut Examiner

Mr Peter Westerhuis, Chief Executive Officer

Local Government Association of Queensland

Mr Greg Hoffman, General Manager, Advocacy

Ms Simone Talbot, Manager, Advocacy Infrastructure, Economics and Regional Development

Queensland Resources Council

Ms Judy Bertram, Director, Community Engagement

Mr Michael Roche, Chief Executive

Ms Bronwyn Story, Community Development and Environment Policy Adviser

Queensland University of Technology

Prof Kerry Carrington, Professor and Head of School of Justice

Dr Alison McIntosh, Senior Research Associate

Regional Development Australia - Darling Downs and South West Inc

Mr Bryan Gray, Executive Assistant/Project Officer

Mr Vic Pennisi, Deputy Chair

Regional Development Australia Darling Downs and South West Qld

Mr Brian Hewitt, CEO

The University of Queensland

Prof David Brereton, Director, Centre for Social Responsibility, Sustainable Minerals Institute

Theiss Pty Ltd

Mr Mark Vining, General Manager People and Capability

Mr Michael Wright, Executive General Manager, Australian Mining

Vale

Mr Jason Economidis, Director, Growth Projects

Wednesday, 29 February 2012 – Canberra

Public hearing

Department of Resources, Energy and Tourism

Ms Stephanie Foster, Deputy Secretary

Mr Chris Stamford, General Manager, Minerals Branch

Department of Regional Australia, Local Government, Arts & Sport

Mr Tony Carmichael, First Assistant Secretary

Mr Andrew Dickson, Acting Assistant Secretary, North West and Local Government

Mr Bruce Taloni, Assistant Secretary, Policy Coordination

Department of Regional Australia, Regional Development and Local Government

Mr Simon Atkinson, Acting First Assistant Secretary, Policy Coordination Branch

Department of Resources, Energy and Tourism

Ms Tania Constable, Head of Division, Resources

Wednesday, 28 March 2012 – Karratha

Public hearing

CPU

Mr Jim Murie

Karratha Senior High School

Mr Nathan Baxter, Chaplain

Mr Kevin Tat, Student

Ms Danielle Upton, Student

Ms Victoria Duff, Student

Point Samson Community Association

Mr John Russell Graham

Mr Robert Vitenbergs, Committee Member

Regional Development Australia Pilbara

Mr Ian Hill, Consultant

Ms Diane Pentz, Chief Executive Officer

Shire of Ashburton

Mr Jeff Breen, Chief Executive Officer

Shire of Roebourne

Ms Rosemary Cousin, Member

Ms Katherine Galvine, Advisor to the Chief Executive Officer

Ms Collene Longmore, Chief Executive Officer

Mr David Pentz, Director, Development, Regulatory and Infrastructure

Mr John Verbeek, Principal Economic and Business Improvement Advisor

Cr Fiona White-Hartig, Shire President

Soroptimist International Karratha and Districts

Mr Joanne Pritchard, Member

Ms Vivien Kamen, Immediate Past President

Mrs Judith Wright, Member

St Luke's College

Ms Sheila Frye, Teacher

Ms Erin Newman, Student

Ms Jade Williams, Student

Mr Matt Peters, Student

Community statement session

Ms Carolyn Biar

Mr Jim Murie

Mr James Massey

Mr Michael Salt

Ms Sheila Frye

Mr Peter McGroder

Mr Nathan Baxter

Inspection

- Ausco Modular Facility 'Stayover Karratha'
- Woodside Interpretative Centre - Burrup Peninsula
- Dampier

Thursday, 29 March 2012 - Port Hedland**Public hearing****Hedland Senior High School**

Mr Liam Gangell
Mr Luke Hooper
Mr Mitchell Roberts
Ms Madison Stanitzki
Mr Jordan Tavo

Port Hedland Community Progress Association

Ms Janette Ford, Vice President

Shire of East Pilbara

Mr Allen Cooper, CEO
Mrs Lynne Craigie, Shire President

Town of Port Hedland

Cr Kelly Howlett, Mayor
Mr Paul Martin, Chief Executive Officer

Community statement session

Mr Steve Coates
Mr Bob Neville
Mr Darren Galvin
Ms Sharlene Tressider
Ms Sara Andrews
Name withheld
Mr Mark Worthington
Name withheld
Ms Patricia Mason
Ms Mary Attwood
Mr Chris Whalley
Ms Filipinas Wharburton

Inspection

- Port Hedland Port
- South Hedland

Friday, 30 March 2012 – Broome**Public hearing****Broome Chamber of Commerce and Industry**

Ms Maryanne Petersen, Executive Officer

Broome Enterprise Centre Inc.

Mr Michael Young, Manager

Shire of Broome

Mr Grace Campbell, Shire President

Community statement session

Ms Jan Lewis

Ms Miriam Fessler

Mr Ian Perdrisat

Ms Shely Ourana

Ms Monique Huyskens

Ms Sonya Gobel

Ms Louise Middleton

Ms Claire Bowman

Mr Cam Martin

Mr Ronald Johnston

Inspection

- Broome North Development

Tuesday, 17 April 2012 – Perth**Public hearing****Individuals**

Mr Steve Rose

AngloGold Ashanti Australia Ltd

Mr Michael Erickson, Vice President, Technical and Business Improvement

Ms Andrea Maxey, VP Corporate Affairs, HR & Business Development

Association of Mining and Exploration Companies (AMEC)

Mr Justin Fromm, Senior Policy Officer

Mr Graham Short, National Policy Manager

Australian Medical Association Western Australia

Dr David Mountain, Associate Professor

Bay of Isles Community Outreach

Ms Pam Gardner

Chamber of Commerce and Industry WA

Ms Marcia Kuhne, Manager, Industrial Relations Policy

Chamber of Minerals and Energy

Mr Bruce Campbell-Fraser, Executive Officer, People Strategies

Chandler Macleod

Ms Michelle Evans, Recruitment Manager, WA Mining and Energy

Mr David Stroud, Manager Workforce Planning and Sourcing

Chevron Australia Pty Ltd

Mr Graeme Harman, Manager Wheatstone External Affairs

Fortescue Metals Group Ltd

Ms Linda Dawson, Group Manager, Human Resources

Mr Ford Murray, Manager, Community Relations

Ms Deidre Willmott, Group Manager, Approvals and Government Relations

Mental Illness Fellowship of Western Australia

Ms Sandra Vidot

The Chamber of Minerals and Energy of Western Australia

Mr Reg Howard-Smith, Chief Executive

The Perth Brothers and Sisters of the Order of Perpetual Indulgence

Mr James Rendell, Blessed Father Abbot of the Great Southern Land

Mr Les Douglas, Mistress of Novices

Mr Neil Buckley, Blessed Mother Abbess of the Abbey of the Black Swan

Western Australian Network of Alcohol & other Drug Agencies (WANADA)

Ms Deanne Ferris, Communications Officer

Ms Debra Zanella, Board Member

Community statement session

Mr Ian Christie

Ms Sandra Vidot

Ms Pam Gardener

Wednesday, 18 April 2012 – Perth**Public hearing****Individuals**

Ms Anne Sibbel, Community Psychologist

Busselton Chamber of Commerce and Industry Inc.

Mr Ray McMillan, Chief Executive Officer

City of Bunbury

Mayor David Smith, Mayor

City of Greater Geraldton

Mr Tony Brun, Chief Executive Officer

City of Mandurah

Ms Lesley Wilkinson, Director, People and Communications

Commissioner Children and Young People Western Australia

Ms Michelle Scott, Commissioner

FIFO Families Pty Ltd

Mrs Nicole Ashby, Director

Peel Youth Services

Mrs Belinda Westbrook, Manager

Remote Economic Participation and Curtin University

Prof Fiona Haslam McKenzie, Principal Research Leader, Co-operative Research Centre

Shire of Collie

Mr Jason Whiteaker, Chief Executive Officer

Western Australian Local Government Association

Mr Charles Johnson, Special Projects Consultant

Mayor Troy Pickard, President

Western Australian Regional Cities Alliance

Mayor Ian Carpenter, Chairman

Youth Affairs Council of Western Australia

Mr Craig Comrie, Executive Officer

Thursday, 19 April 2012 – Kalgoorlie

Public hearing

City of Kalgoorlie-Boulder

Mr Donald Burnett, CEO

Mr Ron Yuryevich, Mayor

Goldfields Settlements Pty Ltd

Mr Paul Browning, Proprietor

Goldfields-Esperance Workforce Development Alliance (GEWDA)

Mr Ron Mosby, Chair

Kalgoorlie-Boulder Chamber of Commerce & Industry Inc

Mr Hugh Gallagher, Chief Executive Officer

Shire of Westonia & Shire of Yilgarn

Mr Jeff Sowiak, Joint Chief Executive Officer

Shire of Yilgran

Cr Peter Patroni, Shire President

Community statement session

Mr Matthew Scott

Mr Robert Cable

Mr Patrick Hill

Ms Anne Petz

Mr Neil Newman

Ms Lyn Hazelton

Mr Mal Osborne

Inspection

- Kalgoorlie
- The Super Pit
- Kambalda
- Red Hill Lookout

Wednesday, 16 May 2012 – Narrabri**Public hearing****New South Wales Association Mining Related Councils**

Mrs Colleen Fuller, Chair

Mr Donald Tydd, Executive Officer

Cr John Clements, Narrabri Delegate

Cr Hans Allgayer, Councillor, Gunnedah Shire Council

Broken Hill City Council

Mr Frank Zaknich

Cotton Catchment Communities Cooperative Research Centre

Dr Guy Roth, Consultant/Research Provider

Muswellbrook Shire Council

Mr Martin Rush, Mayor

Namoi Community Action Group

Mrs Lee-Anne Melbourne

Mrs Jon-Maree Baker, Executive Officer, Naomi Water

Narrabri & District Chamber of Commerce

Mr Richard Orr, President

Mr Russell Stewart, Vice President

Narrabri & District Community Aid Service

Ms Judy Simmonds, Manager

Mrs Joanne Burgess, Manager, Community Tenancy Scheme

Mrs Maree Tann, Manager, Narrabri Family Crisis Centre

Narrabri Shire Council

Ms Robyn Faber, Mayor

Mr Les Knox, Councillor

Mr Paul Wearne, Acting General Manager/Director Corporate Services

Community statement session

Cr Les Knox

Inspection

- Auscott Narrabri Operations

Wednesday, 23 May 2012 – Canberra

Public hearing

Department of Health NT

Dr Leonie Katekar, Chief Remote Medical Practitioner

Department of Housing, Local Government and Regional Services NT

Mr Robert Kendrick, Senior Executive Director

Department of Policy and Research NT

Ms Tracy Clark, Director, Employment Strategy and Research

Department of Resources NT

Mr Alister Trier, Executive Director, Minerals and Energy

Department of the Chief Minister NT

Mr Keith Fernandez, Director, Intergovernmental Relations

General Practice Network NT

Miss Angela Tridente, Manager, NT Health Workforce & Member Services

Minerals Council of Australia

Mr Chris Fraser, Executive Director

Mr Sid Marris, Director, Industry Policy

Ms Melanie Stutsel, Director, Health, Safety, Environment and Community

Friday, 25 May 2012 – Sydney

Public hearing

Australia Sex Workers' Association Inc

Ms Zahra Stardust, Policy Officer, Scarlet Alliance

Australian Youth Affairs Coalition

Mr Andrew Cummings, Executive Director

Ms Jacqui McKenzie, Policy and Project Officer, Youth Sector

Mr Reynato Reodica, Deputy Director, Youth Sector

CEPU

Mr Allen Hicks, Assistant Secretary, Electrical Division

Construction, Forestry, Mining and Energy Union

Mr Wayne Mc Andrew, National Vic President, Mining and Energy Division

Mr Andrew Thomas, National Industrial Officer, Mining and Energy Division

Construction, Forestry, Mining and Energy Union (CFMEU)

Mr Tony Maher, National President, General President - Mining and Energy Division

Far West Local Health District Board

Dr Stephen Flecknoe-Borwn, Chairman

Frontier Services

Ms Rosemary Young, National Director, National Office

Laverty Pathology and Medical Imaging

Ms Jane Corcoran, Regional NSW Manager

NSW Rural Doctors Network

Dr Elizabeth Barrett, Medical Advisor

Dr Rose Ellis, Director, Workforce Education and Training

Royal Flying Doctor Service

Mr Greg Rochford, National CEO

Scarlet Alliance, Australian Sex Workers Association

Ms Janelle Fawkes, Chief Executive Officer

TEKTUM Future Housing Solutions

Mr David Hartigan, Joint Managing Director

Mr Nicolas Perren, Managing Director

The Mac Services Group

Mr Michael Beashel, General Manager, Strategic Projects

Mr Geoff Dearden, Development Manager

Wednesday, 30 May 2012 – Canberra**Public hearing****Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union**

Mr Glenn Thompson, Acting National President

Connecting South Gold Coast Ltd

Mr Murray d'Almeida, Chairman

Corporate Development Mentors

Mr Sean Hardman

Gold Coast City Council

Ms Anne Norton-Knight, Economic Development and Major Projects

Services for Australian Rural and Remote Allied Health (SARRAH)

Mr Rob Curry, Board Member

Mr Rod Wellington, Chief Executive Officer

Wednesday, 13 June 2012 – Maryborough

Public hearing

Central Goldfields Shire Council

Ms Sharon Fraser, General Manager - Go Goldfields

Mr Mark Johnston, CEO

Maryborough Education Centre

Mr David Sutton, Assistant Principal

Maryborough Sports Association

Mr Kelvin Noonan, President

Parkview Bakery

Mr Garry Higgins, Manager

Inspection

- McPherson's Printing Group Premises

Thursday, 14 June 2012 – Melbourne

Public hearing

Australian Mines & Metals Association

Ms Lisa Matthews, Senior Workplace Policy Adviser

Australian Rural Health Education Network Carhen

Mr David Lyle, Director

Ms Sandra Thompson, Director

Mr John Wakerman, Director

Central Queensland University - Appleton Institute

Mr Andrew Dawson, Director

Rio Tinto

Mr Mark O'Neill, Chief Adviser Government Relations

Rio Tinto Coal Australia

Mr John Martin, Manager HSEC

Rio Tinto Iron Ore

Mr Kevin Lewis, General Manaher - Human Resources

Sodexo

Ms Linda Nunn, Industrial Relations Manager

Australasian Institute of Mining & Metallurgy

Mr Wayne Robins, Senior Manager, Policy Research

West Coast Council Tasmania

Mr Darryl Gerrity, Office of the Mayor

Wednesday, 15 August 2012 – Canberra**Public hearing****Australian Bureau of Statistics**

Mr Patrick Corr, Director, Demography

Mr Andrew Henderson, Executive Director

Department of Families, Housing, Community Services and Indigenous Affairs

Mr Sean Innis, Group Manager

Ms Kathryn Mandla, Branch Manager

Department of Sustainability, Environment, Water, Population and Communities

Mr Malcolm Thompson, Deputy Secretary

Mrs Mary Wiley-Smith, Acting 1st Assistant Secretary

Tourism & Transport Forum

Ms Adele Labine-Romain, National Manager, Research & Projects

Mr Justin Wastnage, Director, Aviation Policy

Wednesday, 22 August 2012 – Canberra**Public hearing****Individuals**

The Hon Bruce Scott MP

Australian Taxation Office

Mr Tony Poulakis, Assistant Commissioner

remoteFOCUS

Hon Fred Chaney AO, Chair, Reference Group

Dr Bruce Walker, Project Director

The Treasury

Mr Marin Jacobs, Acting Principal Adviser, Indirect, Philanthropy and Resource Tax Division

Mr Andre Moore, Manager

Ms Raylee O'Neill, Senior Adviser

Mr Chris Leggett, Manager, Philanthropy and Exemptions Unit

Wednesday, 12 September 2012 – Canberra

Public hearing

Mount Isa City Council

Hon Tony McGrady, Mayor

Cr Brett Peterson, Councillor



Appendix D – Delegation program

Canada

St John's, Newfoundland and Labrador

Saturday, 26 August 2012

Departure from Australia and arrival in St John's

Monday, 27 August 2012

Roundtable with Department of Natural Resources

Roundtable participants:

- Diana Doltan, Deputy Minister
- Justine Barnes, Manager, Labrador Development
- Paul Carter, Assistant Deputy Minister
- Walter Parsons, Executive Director

Labrador City

Meeting with:

- Karen Oldford, Mayor of Labrador City

Lunch with Diana Doltan, Janice Barnes and Karen Oldfield

Depart for Bay Bulls

Bay Bulls

Meeting with:

- Harold Mallowney, Mayor of Bay Bulls

Tour of Harbour Facility/Marine Base

Tuesday, 28 August 2012

Exxon Mobile

Meeting with:

- Margot Bruce-O'Connell and Hibernia team members

Iron Ore Company of Canada

Meeting with:

- Heather Bruce-Veitch, Director Government Relations
- Van Alexopolis

Department of Innovation, Business and Rural Development

Meeting with Brent Meade, Deputy Minister, Department of Innovation, Business and Rural Development

Wednesday, 29 August 2012

Depart St John's for Edmonton, Alberta

Edmonton, Alberta

Thursday, 30 August 2012

Roundtable with Alberta Energy Officials and Oil Sands Taskforce

Roundtable participants:

- Rick Brown, Assistant Deputy Minister, Corporate Support Division, Department of Energy
- Sandra Klashinsky, Executive Director, Oil Sands Sustainability Secretariat
- Megan Rankin, Executive Assistant, Alberta Energy Division
- Victoria Brown

- Adele Thomson, Canada National
- Martin Griggs, Canadian Association of Petroleum Producers
- Thomas Grins, International Policy Division, Department of Energy
- Larry Staples, Alberta Chamber of Resources, Construction Owners Association
- Fabricio Lima, International ministry of International And Intergovernmental Relations
- Percy Cummins, Immigration Policy and Programs, Department of Enterprise and Advanced Education
- Mark Douglas, Apprenticeship and Industry Training, Department of Enterprise and Advanced Education

Working lunch with Hon Elaine McCoy, Senator (Alberta) and Gwendolyn Crowdis, Senior Advisor

Nichols Applied Management

Meeting with:

- Maarten Ingen-Housz, Principal
- Pearce Shewchuck, Consultant

Department Edmonton for Fort McMurray

Fort McMurray, Alberta

Friday, 31 August 2012

Suncor

Meeting with Suncor Staff:

- Fauzia Lalani, Director Field Operations
- Bill Hetherington, Government Relations

Tour of oil sands facilities

Fort McMurray

Meeting with Mellissa Blake, Mayor of Wood Buffalo

Royal Canadian Mounted Police

Meeting with:

- Constable Christina Wilkins

Depart Fort McMurray for Vancouver

Saturday, 1 September 2012

Depart Vancouver for Ulaanbaatar

Mongolia

Ulaanbaatar

Sunday, 2 September 2012

Arrive Ulaanbaatar

Monday, 3 September 2012

Australian Consulate

Briefing by David Lawson, Australian Consul-General to Mongolia

Meeting with:

- Graeme Hancock, Chief Operating Officer, Tavan Tolgoi LLC

Marshall Residence

Lunch hosted by Mr Enkhbold MP, Chairman of the Mongolia-Australia Parliamentary Friendship Group with members of the Friendship Group

State Great Hural

Meeting with H.E. Mr Z. Enkhbold MP, Chairman (Speaker) of the State Great Hural

Meeting with H.E. Mr G. Bayarsaikhan MP, Chairman of Standing Committee on Nature, Food and Agriculture of the State Great Hural

Rio Tinto

Meeting with:

- Cameron McRae, President and CEO Oyu Tolgoi LLC (Rio Tinto)
- Otgonbat Sedbazar, Chief Advisor & VP, External Affairs
- Houston Spencer, VP (Communications and Media Relations)
- Michael Beck, VP, HR & Training
- Bat-Orgil Turboid, Deputy Director, Community and Government Relations

Leighton LLC

Meeting with Mark Bailey, Executive Director Leighton LLC

Australian Embassy

Presentation by Australian Youth Ambassadors for Development (AYADs)

- Catherine Tulloh, Environment Management and Climate Change Officer at UNDP
- Virginia Collins, Water Environment and Sanitation Project Officer at UNICEF
- Tarek Dale, Mining Sector Evaluator and Financial Analyst at Mining Sector Institutional Strengthening Technical Assistance Project
- James Anthony, English language teacher training specialist at Ministry of Education and Science

Ivy Restaurant

Dinner with Board Members of the Mozzies Association (Alumni of the Mongolia Australia Scholarships Program)

Mozzies Board Members in attendance:

- Mr Enkhbold MP, President of Mozzies Association
- Ms Oyungerel, General Manager of World Bank Governance Assistance Project & Mozzies Treasurer
- Mr Khuldorj, Professor at the School of Foreign Service, National University of Mongolia
- Mr Lut-Ochir, Director, Mongolian Development Bank and Chair of Mozzies Social Activities Committee

- Mr Munkhsuren, Director of mining consulting company, Chair of Mozzies Committee Working with Members
- Mr Elbegsaikhan, Executive Director, Mozzies Association
- Mr Enkhbat

Also in attendance:

- Mr David Lawson
- Mr Dean Woodgate
- Ms Bolormaa Khalzan, AYADs In-Country Manager
- Ms Catherine Tulloh, AYAD
- Mr Tarek Dale, AYAD
- Ms Virginia Collins, AYAD
- Mr James Anthony, AYAD

Tuesday, 4 September 2012

Vocational education and training

Meeting with:

- Kern Von Hagen, Talent Pipeline Manager, Oyu Tolgoi LLC
- Anthony Tyrrel, International TVET consultant to the Agency of TVET.

Bayanzurkh district

Visit UNICEF water, sanitation and hygiene (WASH) activities in ger district.

Accompanied by:

- Surenchimeg Vanchinkhuu, Health Specialist, Unicef
- Batnasan Nyamsuren, WASH Officer
- Dean Woodgate, Counsellor (Education)

Family Health Centre

Meeting with Dr Khandsuren, Quality Manager, Bayanzurkh district.

Observation of Family Health Centre services

Presentation of reach Every District (RED) strategy implemented in the Khoroo (health and social services for unregistered poor people from ger areas)

Visit a few ger families to observe living situation

School No. 44

Discussion with school management

Observation of WASH facilities supported by UNICEF

Central Tower

Luncheon hosted by Dr S. Oyun MP, Minister for Environment & Green Development, President of the Zorig Foundation and Vice Chairman of the Civil Will-Green Party

State Great Hural

Meeting with:

- H.E. Mrs Udval, Minister for Health
- Mr Amartuvshin, Secretariat of the State Great Hural.

Oyu Tolgoi

Wednesday, 5 September 2012

Depart Ulaanbaatar for Oyu Tolgoi

HSES

Oyu Tolgoi Site Presentation and Site Tour

Khanbogd

Visit Khanbogd town and local businesses.

Mess Hall

Dinner with Cameron McRae, CEO Oyu Tolgoi LLC

Thursday, 6 September 2012

Leighton Holdings Ukhaa Khudag, Tavan Tolgoi

Site tour of Ukhaa Khudag

Lunch with Dan Armstrong, Ukhaa Khudag Project Manager

Tavan Tolgoi LLC Site

Visit Tavan Tolgoi LLC Site

Depart Dalanzadgad for Ulaanbaatar

Seasons Restaurant

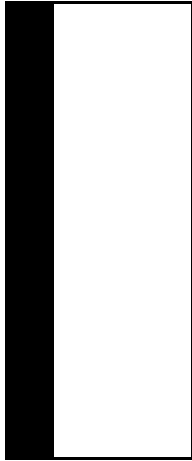
Dinner with Peter Goodman, Chief Operating Officer, Guildford Coal Ltd

Friday, 7 September 2012

Depart Mongolia

Saturday, 8 September 2012

Arrive Australia



Dissenting report – Dan Tehan MP

Some of the reports' recommendations require further amendment so they don't lead to additional bureaucracy, additional red tape and add to the cost of doing business for mining companies at a time when they are facing increased international competitive pressures.

Dan Tehan MP

Member for Wannon