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Minister for Tertiary Education, Skills, Jobs and Workplace Relations

The Committee Secretary
House of Representatives Standing Committee on Regional Australia
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary

I am pleased to provide the Standing Committee on Regional Australia Inquiry into the use of Fly-In Fly-Out (FIFO) and Drive-In Drive-Out (DIDO) workforce practices in regional Australia with the information below.

Extent of FIFO and DIDO Work Practices

FIFO and DIDO arrangements are increasingly common for employment in regional and remote areas of Australia. While generally associated with the mining and gas industries, people working in other industries, such as construction and health, may also engage in FIFO arrangements. However, the availability of data on the extent and patterns of FIFO and DIDO activity across Australia is limited.

The main source of data on relevant activity is the Australian Bureau of Statistics' Census, which was most recently conducted in 2011, and 2006 before then. The Census is able to report the usual residence and place of work of individuals, with many regional towns reporting high rates of visitor numbers, most likely due to FIFO activity.¹ However, there is a general appreciation that the Census results do not accurately reflect the extent of FIFO activity. The ABS sought better recording of the living arrangements of FIFO workers in the completion of the 2011 Census form² and my Department will continue to discuss with the ABS how to better gauge FIFO activity.

Surveys of mining and gas employers have been conducted in parts of Australia from time to time to gauge the extent of FIFO activity. For example, the Chamber of Minerals and Energy of Western Australia commissioned a survey on the extent of FIFO activity in the WA mining industry in 2000.³

¹ Australian Bureau of Statistics (2008), 'Towns of the mineral boom', *Australian Social Trends*, July, ABS Cat. No. 4102.0.

² Australian Bureau of Statistics, 20011 Census – Fly In Fly Out, <http://www.abs.gov.au/websitedbs/censushome.nsf/home/2011+Census++Fly+in+fly+out>, accessed on 29 September 2011.

³ Hogan, L. and Berry, P. (2000), 'Mining and Regional Australia: Some Implications of Long Distance Commuting', *Australian Commodities*, Vol.7, No. 4, pp. 648-659.

The survey involved over 100 mining operations and 18 000 workers. It found that 47 per cent of companies used FIFO, with 47 per cent of mining workers employed on a FIFO basis. When this is broken down by employment arrangement, 63 per cent of directly employed workers were residential and 38 per cent were FIFO, whereas 22 per cent of contract personnel were residential and 78 per cent were FIFO.

There are indications that the proportion of WA mining workers engaged in FIFO activity has remained relatively stable for most of the early to mid 2000s, at between 40 and 50 per cent of the workforce.⁴ However, this may change as the level of investment in mining and related activity increases as expected over the next decade. For example, modelling for the Pilbara Industry's Community Council suggests that the FIFO share of resources related employment will increase in the Pilbara, from an estimated 49 per cent in 2010 to 62 per cent in 2020, with more than a doubling of the number of people concerned to almost 34 000⁵.

Resources Sector Taskforce

The National Resources Sector Employment Taskforce (NRSET) was established in November 2009 to help secure the skilled workers needed for major resources projects over the five years to 2015.

The Taskforce found that resources sector employment growth of 4.9 per cent per annum is expected to create around 61 500 new jobs to 2015. Meeting this level of new jobs will require comprehensive workforce development that includes increasing the participation of local people, helping workers move to new job opportunities, and other activities to connect workers to jobs in remote locations, such as FIFO and DIDO arrangements.

The NRSET final report, *Resourcing the Future*, is available from:
<http://www.deewr.gov.au/Skills/Programs/National/nrset/Pages/ResourcingtheFuture.aspx>

The NRSET confirmed the general perception that the FIFO and DIDO workforce is important for resources projects, particularly in the construction phase but also in ongoing operations. *Resourcing the Future* indicated that employers reported general difficulty attracting suitable applicants from local populations, and therefore looked to options like FIFO and DIDO to meet their labour needs.

The NRSET concluded that FIFO arrangements can be used to provide employment opportunities for people with suitable skills and experience residing in other regions on resources projects.

Fly-in Fly-out Coordinator

Resourcing the Future recommended the establishment of a FIFO coordinator in Cairns, Queensland, to develop links between resources projects in remote locations and skilled workers, including local unemployed job seekers.

⁴ Sibbel, A., 'Living FIFO: the experiences and psychosocial wellbeing of Western Australian Fly-in/Fly-out employees and partners, mimeo., June 2010, pp.12-13, citing data from the Chamber of Minerals and Energy of Western Australia.

⁵ Waller, M. (2010), *Planning for resources growth in the Pilbara: revised employment and population projections to 2020*, Pilbara Industry's Community Council, April.

Cairns is an urban centre with growth potential as a mining services and FIFO hub, because of its existing service base and sizeable pool of unemployed workers.

The Australian Government, through my Department, is funding this coordinator position, and has contracted an industry organisation (SkillsDMC) to work with a local business organisation (Advance Cairns) to deliver the service in the Cairns region.

The coordinator will work with local employment services providers and employers in remote parts of Australia, to develop training and employment pathways for unemployed job seekers and skilled workers.

In consultation with state jurisdictions and industry stakeholders, the Australian Government may appoint a further four FIFO coordinators.

In addition to connecting job seekers to FIFO work, coordinators could also help connect workers transitioning from industry sectors in decline to the growing resources sector.

FIFO Coordinators are one way the Government is facilitating labour force adjustment, by helping connect workers to the labour needs of industry sectors that are growing strongly.

Regional Education, Skills and Jobs Plans

In addition to the work being conducted through the implementation of the NRSET report recommendations, the Government is also providing funding over three years for the Regional Education, Skills and Jobs Plans initiative.

This funding will be used to engage 34 Regional Education, Skills and Jobs Coordinators in regional communities to work with local stakeholders to identify the needs of each region, raise awareness of the opportunities that new and existing investments present, and to develop regional education, skills and jobs plans. These plans aim at improving access to education, training and employment in non-metropolitan Regional Development Australia areas.

Regional Education Skills and Jobs Coordinators will engage with local businesses, education and training providers; local and state governments; service providers; and community organisations to link programs and projects to achieve maximum benefit and drive the Government's regional education, skills and jobs agenda.

Employment and Skills Programs

The Government has programs to help connect local job seekers to local jobs in the resources sector. These include:

- Job Services Australia and Disability Employment Services, which provide personalised services to help job seekers find and keep a job, and to help businesses find staff to meet business needs
- Jobs and Skills Expos to help connect job seekers with employment and training opportunities

- The Indigenous Youth Careers Pathways Program to provide young Indigenous people with personal mentoring and case management, to help them deal with issues making the move from school to work difficult
- The Indigenous Employment Program, which provides support for activities that increase employment opportunities and participation for Indigenous Australians.

There is also a range of programs to help enterprises and individuals gain the skills needed to address labour shortages and continue building Australia's productive capacity. Under SkillsConnect, processes around a number of skills programs have been consolidated to allow the Government to target the pressures emerging in the economy, and ensure employers are easily able to access training support. SkillsConnect allows industry to come to government with whole-of-workforce proposals that can draw on:

- The National Workforce Development Fund, for training to develop workforce capability
- The Accelerated Apprenticeship Program to provide competency-based apprentice pathways that recognise skills as they are acquired
- The Apprenticeship Mentoring Program to support apprentices to complete their training
- The Workplace English Language and Literacy Program to support workers who don't have the language and literacy skills needed to access training.

The Connecting People with Jobs initiative provides practical assistance to unemployed job seekers who relocate for ongoing work or apprenticeships. The initiative commenced on 1 January 2011 with funding available to assist up to 4000 eligible job seekers to relocate. A wage subsidy is also available for employers taking on a relocating job seeker in an ongoing position.

On 1 August 2011, the eligibility criteria were expanded to maximise opportunities for job seekers, including those who have been recently retrenched, to relocate and to open eligibility to Disability Employment Service participants.

Local Employment Coordinators

The Government has also engaged Local Employment Coordinators (LECs) in Priority Employment Areas.

The Government identified 20 Priority Employment Areas to assist in providing targeted strategies for supporting jobs at a regional and local level. Each area is the focus of a range of Government activities designed to respond rapidly to the needs of workers who are made redundant, and to ensure maximum effectiveness of government, community and business efforts to deliver local solutions to skills and employment problems and boost participation in these areas.

The role of the LEC is to help drive responses to local labour market requirements, and to facilitate connections and partnerships with governments, communities and businesses.

An example of how the LECs are working with employers to engage workers from areas with high unemployment is in the Ipswich-Logan area.

The LEC and Energy Skills Queensland in collaboration with the Queensland Department of Employment, Economic Development and Innovation (DEEDI) and Boystown identified an opportunity for unemployed job seekers from the Ipswich-Logan and other Priority Employment Areas in Queensland to undertake training and be placed into employment in the drilling sector. The project aims to support 180 job seekers over two years move into the sector, 50 per cent of whom will be Indigenous job seekers. To date, six intakes have seen job seekers from Ipswich-Logan, Bundaberg, Gympie and Toowoomba complete the program. Of the 82 job seekers who completed the program, 51 have been employed, with 25 of those employed in the drilling sector and another 31 currently participating in recruitment processes for the sector.

Of the 25 employed in the drilling sector, eight are classed as FIFO, 16 are classed as DIDO, and one is a local worker.

Indigenous Opportunities

FIFO and DIDO work arrangements are also an important opportunity for Indigenous Australians who live in rural and remote areas and who have limited workforce opportunities in their local area.

Jobs that are available in these communities are often based on government service delivery and employment opportunities are relatively constrained. Jobs made possible through FIFO and DIDO may represent the key private sector opportunity for job seekers in these areas. The high wages paid and the number of job opportunities represented in industries that utilise FIFO have the potential to dramatically boost the overall economic returns to communities.

Given the cultural importance of place and family in many Indigenous communities, the implications of FIFO need to be considered carefully to ensure cultural and family obligations can be maintained. Working under FIFO arrangement can allow workers to remain part of their communities, or it can be an opportunity to trial a more permanent move out of a community.

The importance of ensuring a critical mass of individuals participating in work applies as much to FIFO and DIDO arrangements as it does generally, particularly in communities with historically low levels of mainstream employment.

The Government's Memorandums of Understanding (MoU) on Indigenous participation in the resources industry with the Minerals Council of Australia and the Queensland Resources Council offer opportunities to work through these issues with stakeholders in a strategic way. The MoU structures provide an opportunity for Indigenous Australians, industry and government to consider issues and develop action plans designed to increase Indigenous employment and business development resulting from resources sector activity.

Most FIFO and DIDO operate without subsidisation from governments. This includes employment of Indigenous Australians from remote communities. An example is the people from Fitzroy Crossing in the Kimberley employed by Downer EDI at Fortescue Metals Group's remote mine site at Christmas Creek in the Pilbara, since December 2010. The employees are flown from Fitzroy Crossing directly to the mine and back by the employer.

Migration for Large Projects

In response to an NRSET recommendation, the Government has moved to implement Enterprise Migration Agreements (EMAs), to help address the skills needs of mega projects with capital expenditure of more than two billion dollars and a peak workforce of more than 1500 workers.

EMAs are a custom-designed, project-wide temporary migration arrangement that can help meet peak workforce needs, ease capacity constraints, and ensure economic and employment benefits are realised.

The consultative process for EMAs provides for consideration of stakeholder views on the impact of overseas workers, including those employed on a FIFO or DIDO basis (whether their primary place of residence is in Australia or overseas). This includes consideration of the impact of overseas worker cohorts on the labour market, access to and delivery of Government programs and services, infrastructure investment, and social inclusion issues.

While employer-sponsored temporary migration programs contribute to the supply of skilled labour available to Australian industry, they do not represent a cheap labour source. Migration complements other domestic strategies to meet future skills needs, including in regional and remote Australia.

Other Initiatives

Despite a lack of hard evidence, I am aware that there is a perception that there has been, and will continue to be, significant growth of FIFO and DIDO work practices, from both metropolitan locations such as Sydney and regional centres such as Cairns.

In regions like northern Tasmania, I am aware that commercial flights are being used by workers to commute to work opportunities in other parts of Australia. This practice utilises scheduled commercial flights connecting through major airports like Melbourne and Perth. I am also aware that resources companies are using point to point charter flights from locations such as Avalon in Victoria to bring workers to projects in Karratha in WA.

The Queensland Government has established a 'Work for Queensland' taskforce, which is considering a range of options to help meet resources sector workforce needs and 'extend the benefits of the boom in that sector to communities where there are perceived to be good supplies of potential employees'. This includes examining options for connecting people in high unemployment areas to job opportunities in regional Queensland.

The taskforce is holding Work for Queensland Mining and Gas Jobs Expos in Cairns, Gold Coast, Sunshine Coast, the Whitsundays and Wide Bay-Burnett through October and November 2011, which the Australian Government is supporting. These expos will provide a platform for job seekers to get exposure directly to mining and gas company representatives, and to learn about pathways into the industry including FIFO and DIDO work arrangements.

Conclusion

In conclusion, FIFO and DIDO work arrangements are an increasingly common and important employment mechanism utilised by many enterprises to meet their growing demand for skilled workers, particularly in the resources sector in remote locations. FIFO complements actions to increase local participation and support the relocation of workers to growth areas.

I have outlined a range of Australian Government employment and skills programs and initiatives that support increased participation of local people, the relocation of job seekers for ongoing work, and the connection of job seekers and displaced workers to employment opportunities through FIFO and DIDO.

I trust this information is helpful.

Yours sincerely

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