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12 October 2011

The Secretary  
House Standing Committee on Regional Australia  
House of Representatives  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Sir/Madam

**CEPU Submission to the Inquiry into the use of 'fly in fly out' (FIFO)  
Workforce Practices in Regional Australia**

Please find enclosed a submission by the CEPU. The CEPU represents the interests of skilled electrical plumbing and communications workers in a wide range of industries including electrical and plumbing contracting and construction, manufacturing and power generation and distribution. Electrical tradespeople form the largest membership group.

We have substantial numbers of members working in both traditional mining workplace arrangements and under the FIFO/DIDO arrangements which are the subject of this inquiry.

We welcome this opportunity to put our views to the Committee and thank you for the extension of time granted for us to submit our views to the Committee.

If you have any questions about our Submission, please contact myself or Electrical Division Assistant Secretary, Allen Hicks of this office.

We welcome the opportunity to address the Committee further on the issues raised in our Submission.

Yours sincerely

Peter Tighe  
NATIONAL SECRETARY

TRIM 2011/0212



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*“Living between two worlds”*

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**CEPU SUBMISSION**

to the House of Representatives  
Standing Committee on Regional Australia

**Inquiry into the use ‘fly-in, fly-out’ (FIFO) and  
‘drive in drive out’ (DIDO) workforce practices  
in regional Australia**



October 2011



*“Living between two worlds”*

## **CEPU SUBMISSION**

to the House of Representatives Standing Committee on Regional Australia  
**Inquiry into the use ‘fly-in, fly-out’ (FIFO) and ‘drive in drive out’ (DIDO) workforce practices in regional Australia**

*“FIFO is measured in dog years*

*It’s dependent on the person but most people get really tired of it after a while”<sup>1</sup>*

### **About this Submission**

This submission is made by the Communications, Electrical, Electronic, Energy, Postal, Plumbing and Allied Workers Union of Australia (the CEPU). We welcome the opportunity to put our views and concerns to the Standing Committee.

The CEPU represents the interests of skilled electrical plumbing and communications workers in a wide range of industries including electrical and plumbing contracting and construction, manufacturing and power generation and distribution. Electrical tradespeople form the largest membership group.

We have substantial numbers of members working in both traditional mining workplace arrangements and under the FIFO/DIDO arrangements which are the subject of this inquiry.

### **Executive summary**

This Inquiry is timely and necessary. Just as the practice of FIFO is not new, neither are the problems associated with FIFO. Regional centres have been expressing their concerns since the late 1980s, but because of the ever increasing use of FIFO, and now DIDO, and its extension to geographical areas traditionally served by permanent towns, the problems are growing in magnitude.

As thousands of workers now split their lives in two, working long shifts on a mine site and flying home to rest in Perth, Brisbane or other major cities, recent studies show the arrangement can be disruptive to employees lives and families, leading to lower job satisfaction and mental health issues such as depression and higher rates of suicide. There are however, measures that can be put in place, such as better balanced roster cycles which help ameliorate some of these problems.

The CEPU is not against FIFO/DIDO arrangements but believes there is a better balance that can be struck between the needs of companies to employ workers on FIFO/DIDO arrangements and the needs of regional communities. This better balance should take into account:

- the availability of a local workforce. Where possible, local workers should be employed in favour of remote FIFO/DIDO workers;

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<sup>1</sup> Beach R, Brereton D and Cliff D (2003) “Workforce Turnover in FIFO Mining Operations in Australia: An Exploratory Study - A Research Report by the Centre for Social Responsibility in Mining and Minerals Industry and Safety Health Centre”, The University of Queensland , p20 quoting an HR Manager.

- the negative impact of FIFO/DIDO workplace arrangements on the training of skilled labour;
- the negative impact on apprenticeships as mining companies engaging FIFO/DIDO labour do not train apprentices but attract skilled labour trained by other companies through offering higher wages.

The CEPU believes:

- Mining companies must consider the impact of their FIFO/DIDO workforce practices on local regional communities. The Western Australian Government Royalties for Regions program, designed to guarantee 25% of the State's mining and onshore petroleum royalties to go to regional areas, is a step in the right direction.
- Imposing a social bill on companies developing large mines, such as a commitment to provide permanent housing and employ local workers first, is the way forward.
- The now mandatory requirement for mining companies in Queensland to carry out social impact assessments on proposed projects is essential to stop the disintegration of regional communities. The imposition of a social bill in the guise of a housing strategy for *new* mines is part of the Queensland Government's policy to make mining companies provide social infrastructure for the communities they work in.
- Mining companies should be made to source a certain percentage of their workforce from among local and regional communities and rely on FIFO/DIDO only where labour is not available.
- The Queensland Government should ensure that the commitment by mining companies to employ local workers is a genuine commitment, done on a mine by mine basis and not on a company basis. This will ensure that local labour, where it is available, is sourced for new projects.
- Part of this commitment should include a commitment to take on local apprentices – without training opportunities young people in these areas have no future unless they move out of regional areas.
- Mining companies should not be abrogating their social responsibility to train skilled labour as this will lead to a further erosion of the broader skills base. Sourcing skilled labour through FIFO/DIDO arrangement means that the mining companies are in effect poaching skilled labour from companies who have made a commitment to training but cannot afford to pay the high rates of the mining companies. Mining companies must be made to compensate for this poaching by taking on a mandated number of apprentices on resource projects. A commitment to apprenticeship training is crucial to build our skills base into the future.
- Alternatively, companies on big resource projects should be required to pay a levy to support the training of apprentices and the upskilling of workers in the industry.

FIFO/DIDO employment practices impose a social cost on regional communities, the individual workers, families and negatively impacts the availability of a future skilled labour force. While it can be a practical and cost effective solution for mining companies, particularly in the more labour intensive construction phase, the equation can only be complete when these social costs are accounted for. The future of the skilled workforce, of regional communities and the mental and physical well being of the individuals concerned, is dependent upon mining companies being held to account for their share in the social cost of FIFO/DIDO labour force practices.

## INTRODUCTION

Over the past 30 years the use of “commute mining”, or fly in fly out mining (FIFO)/drive in drive out (DIDO) mining, has grown as an alternative to mining companies establishing or maintaining permanent mine communities. Rather than relocating the employee and their family to a town near the work site, the employee is either flown or drives (or goes by bus) to the work site where they work for a number of days and are then flown or drive back to their home town for a number of days of rest. Instead of establishing the great mining towns of yesteryear such as Kalgoorlie and Broken Hill, mining companies set up portable aluminium sheds, called “dongas” to house the thousands of miners who commute and live in work camps near the mines. Instead of living permanently in mining towns a new category of worker, the FIFO “fly in-fly out” or DIDO “drive in-drive out” employee, has been created.

FIFO is not new and used to be the only way some mining deposits in remote areas could be mined economically. However, over the last 10 years FIFO mines and operations have sprung up all around the country close to established towns particularly throughout regional areas of Western Australia and Queensland. Figures are hard to come by as the ABS does not specifically capture these figures and the census figures are out of date (2006). In addition, most companies won’t provide precise figures, however it has been estimated the total FIFO/DIDO workforce could be approaching 50,000 if contractors and additional services such as catering are included. As an example of how prevalent this arrangement has become, over the decade 1996-2006 direct employment in the mining industry grew 105% in Perth but only 29% in regional WA<sup>2</sup>. It is estimated that in the construction phase, by 2015 92% of the workforce in Western Australia will be FIFO.<sup>3</sup> The mining industry’s workforce has doubled to 200,000 in the past decade and much of this growth has been driven by FIFO/DIDO workers<sup>4</sup>. About 19 towns in Australia have large work camps, the biggest concentration being in Karratha which has 11,000 dongas. Another is in the Bowen Basin where a group of coal centres have work camps with 6,000 dongas.<sup>5</sup>

Just as the practice of FIFO is not new, neither are the problems associated with FIFO. Regional centres have been expressing their concerns since the late 1980s, but because of the ever increasing

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<sup>2</sup> McKenzie F (2011) “Fly in Fly Out the Challenges of Transient Populations in Rural Landscapes”, chapter 15, Landscape Series, 1, Volume 12, Demographic Change in Australia’s Rural Landscapes, Pages 353-374, Curtin University of Technology.

<sup>3</sup> McKenzie F (2011) Ibid.

<sup>4</sup> Paul Cleary, “FIFO Jobs leave hole in regions” The Australian, 23 July 2011

<sup>5</sup> Ibid

use of FIFO and now DIDO, the problems are growing in magnitude. The latest mining boom has seen such an explosion in the growth of FIFO/DIDO workers it has brought the problems associated with and caused by this practice into the spotlight.

As thousands of workers now split their lives in two, working long shifts on a mine site and flying home to rest in Perth, Brisbane or other major cities, recent studies show the arrangement can be disruptive to employee’s lives and families leading to lower job satisfaction and mental health issues such as depression and higher rates of suicide.

This inquiry is thus timely and needed.

## TERMS OF REFERENCE

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

#### 1.1 **Extent & growth**

There is a significant increase in planned capital expenditure in the mining industry. The combined capital expenditure of Australia’s advanced minerals and energy projects was a record \$173.5 billion in April 2011, 31 per cent higher than in October 2010,<sup>6</sup>.

The \$173.5 billion estimated capital expenditure represents 94 projects at an advanced stage of development (committed or under construction) and includes 35 energy projects, 35 mineral mining projects, 20 infrastructure projects and four minerals and energy processing projects.

*“Commodities attracting the most investment are oil and gas, iron ore and coal and associated infrastructure, which collectively account for around 92 per cent of all committed capital expenditure,”<sup>7</sup>*

Major additions to the ABARES advanced list of projects include the \$US16 billion Gladstone liquefied natural gas project that is being jointly developed by Santos, Petronas, Total and Kogas, and a number of large iron ore and coal projects, including investments by BHP Billiton, Fortescue Metals Group and Rio Tinto.

Western Australia accounts for 63% of advanced capital expenditure, reflecting the significant oil, gas and iron ore developments in the state. Queensland accounts for a further 28% supported mainly by the development of LNG facilities using coal seam gas as a feedstock, and coal mines and associated infrastructure. A further 305 projects are covered in the list, which are at various stages of planning prior to a final investment decision. Among these are 15 proposed LNG projects, which could collectively add up to 85 million tonnes to Australia’s LNG capacity in the longer term.

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<sup>6</sup> Minerals and Energy: major development projects – April 2011 listing, released today by ABARES

<sup>7</sup> Press release, 26 May 2011, ABARES acting Deputy Executive Director Terry Sheales.

FIFO/DIDO is widespread throughout Western Australia and Queensland.

There is no specific data on the aggregate dollar value of mining operations in Western Australia and Queensland reliant on FIFO. However, given the extent and value of projects planned or underway, it is safe to assume that the practice of using a FIFO/DIDO workforce will continue to grow. An analysis of the mining operations of publicly listed companies in WA has shown that 46.6% of companies use FIFO. It can therefore be estimated that \$12.6 billion per year of mining operations in WA are reliant on FIFO and that:

- 47% of all mining employees are employed on a FIFO basis, including 4.7% utilising drive in/drive out arrangements.
- 37.5% of directly employed personnel are FIFO.
- 77.7% of contractor personnel are FIFO.
- Projected demand for 27,000 FIFO workers in 2012 (approximately 72% of the total workforce) compared to a residential workforce requirement of 11,000 in the same period (based on a survey from July 2008).
- By 2014, the demand for additional FIFO workers is forecast to have reduced to ~18,500 above 2007 numbers.
- Approximately 82% of the FIFO workforce is sourced from the Perth/Peel region, 10% from interstate and 6% international. The remainder is sourced from the Mid West and Great Southern/South West regions.

## **1.2 State differences and similarities**

Queensland and Western Australia are the States most affected by the incidence of FIFO/DIDO work arrangements. While they share common characteristics there are differences between the two States which are important to the pressures created by FIFO/DIDO.

Queensland has regionalised settlement patterns with significant regional population centres along the seaboard and key inland centres such as Mt Isa whereas Western Australia's population is far more centralised in Perth with small non urban centres more dispersed.<sup>8</sup> This has a significant impact with the Pilbara being more reliant on a FIFO workforce from Perth and the Bowen Basin drawing a DIDO workforce from regional centres in closer proximity to mining operations.

## **1.3 Drive in/Drive out**

Drive in/drive out (DIDO) has become a significant model for staffing coal mining operations in central Queensland and to a lesser extent in South Western WA. An industry survey conducted by the Queensland Resource Council found that 61% of the mining workforce in the Isaac region, which covers the Northern Bowen Basin, was FIFO/DIDO in 2007. This

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<sup>8</sup> McKenzie FH, Phillips R, Rowley S, Brereton D & Birdsall-Jones C (2009) Housing Market Dynamics in Resource Boom Towns Final report for the Australian Housing and Urban Research Institute, Report No 135, July 2009/

equated to around 6,500 employees.<sup>9</sup> Given the limited air services in the region it can be safely assumed that most of these were DIDO rather than FIFO.

It is also more prevalent in south west Western Australia, where distances make driving from Perth and nearby areas feasible than in the north and mid west of Western Australia.

DIDO employees usually self drive, or are bussed, to the mine or a nearby town from the coast. Commute towns are typically 2-3 hours although some employees may drive 4+ hours.

DIDO has most of the same social and psychological impacts on its employees and their families as FIFO but these may be less severe than for FIFO workers as the time away from home is shorter. However, there are concerns over fatigue and road safety as workers often drive home after their shifts, which are already long.

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

### **2.1 Benefits for companies**

There are many reasons for the growth of FIFO and many advantages for companies. Changes have also occurred in direct and relative costs which tend to favour commute arrangements over new town construction.

Factors inhibiting the development of new communities include:<sup>10</sup>

- the cost of building and operating new resource towns;
- absence of government financial support for new town development;
- longer lead time required for new town approvals and construction;
- environmental implications of new town construction;
- administrative implications of managing a town, as well as a mine; and
- increased costs associated with town closure, once the resource is exhausted or is no longer economic.

Factors encouraging commuting include:

- improved quality and relative decline in communication costs;
- improvements in aircraft and aircraft safety, and relatively lower air-travel costs;
- lower turnover and absenteeism levels than in resource towns;

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<sup>9</sup> McKenzie et al, *ibid*.

<sup>10</sup> Storey K (2001) “*Fly In/Fly Out and Fly Over: Mining and Regional Development in Western Australia*”, *Australian Geographer*, 32:2, pp133-148 at 136.

- access to a larger supply of qualified labour. The simultaneous growth in the mining sector with a country wide skill shortage has favoured the use of FIFO as a solution to sourcing labour for remote areas. Finding sufficient and skilled and experienced local labour or finding labour willing to relocate permanently has sometimes been difficult; and
- preference for metropolitan over rural living by many workers and their families.
- structural changes in the industry;
  - Cost cutting
  - Increased outsourcing
  - Increased use of contract labour favouring longer work rosters requiring fewer FIFO trips.
  - Short term contracts

## **2.2 Benefits for the individual worker**

On the positive side:

- Many mine workers believe FIFO is an attractive option as it offers them the 'best of both worlds', a highly paid mining job and the opportunity for their family to enjoy a quality lifestyle in a more desirable residential location with the decent services such as better schools and medical support and lifestyle amenity.
- It allows the partner/spouse of the FIFO worker to find suitable local employment. This is sometimes quite difficult in mining towns.
- There is anecdotal evidence of family friendly rosters actually increasing the time employees spend with family and friends.
- Research into psychological stress in families of FIFO workers found that children did not experience significantly higher levels of anxiety and family dysfunction than non-FIFO children.
- It is popular with young people as a way to build capital quickly in order to purchase a home.

## **2.3 But at what cost to the individual worker?**

It's a strange kind of transient life working long shifts, eating chef prepared meals and sleeping in the "donga" portable buildings, with little else to do in the down time, bar watching DVDs or connecting with the on-line community, only having remote communications with family and friends.

### 2.3.1 Relationship & family issues for FIFO/DIDO workers

Great instability can be created at home when a parent/partner/spouse is only there half of the time. According to one commentator; "I think it's got to be one of the worst inventions possible for the ongoing wellbeing of families."

*"It destroys the family structure, it removes one parent from the children's life and the home life - they become very much like a visitor in their children's lives who's going to bring home the money and that's all they become valued for".<sup>11</sup>*

The major sources for stress for FIFO workers and their families:

- are the times of parting and reunion;
- the challenges in defining roles within the family;
- difficulties in maintaining personal relationships between partners/spouses and children;
- parenting and conflicts between partners/spouses over the use of leave time and money.<sup>12</sup>

Groups such as Anglicare and Relationships Australia, are well aware of the stresses created by long distance work such as FIFO, with specific sections on their websites specifically devoted to dealing with the stresses of working as a FIFO employee. Jennie Hannan, the Executive General Manager of Services for Anglicare in Western Australia, comments she has noticed during more than 25 years working with children and families, that long distance work is having a greater impact today on the emotional life of families.

Significantly, one practitioner<sup>13</sup> working with families believes that corporate responsibility towards families has sharply declined during this time.

Potts and Potts<sup>14</sup> identified the 14/7 FIFO pattern as having the “potential for major detrimental impact on personal affairs, family life and relationships” They suggested that the employee’s absence from home, combined with the repeated entry and exit from the family, can overload the partner at home and isolate the miner on site.

A counsellor with Relationships Australia, said he's seen many cases of the men on fly-in fly-out rosters trying to rescue a breakdown in family life.

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<sup>11</sup> Sue Price from Men's Rights Agency quoted in Fly-in fly-out roster the 'worst invention' for families <http://www.abc.net.au/local/stories/2011/09/06/3311417.htm> ABC online

<sup>12</sup> Costa SD, Silva AC, Hui V (2006) What are the Opportunities and Challenges for Women in Fly in Fly Out Mining in Canada?" at p.1

<sup>13</sup> Relationships Australia (2011) <http://www.frsa.org.au/site/Family%20Going%20the%20Distance.php>

<sup>14</sup> AusIMM Bulletin, Jan/Feb 2003, p67

*"Quite often I get guys come in and say they've come home from work and they've been told the relationship's over and the family has moved on and said they're not there very often or not all the time so they don't need them there anyway.*

*"With the child support arrangements the income is still there so the guys providing the income and not living with his family anymore."*

And the impact of the roster on the family life can be gradual; *"I think the intentions are good, they start of thinking it's all about being able to provide for the family and being able to afford the sort of things people need these days to keep up with other people. It's a gradual thing... people adapt to a degree but then because they're not there to interact with their children or their partner... they usually fill that in another way with friends or activities, and then when the partner comes home they don't have time for them."*<sup>15</sup>

### **2.3.2 Mental health issues for the FIFO worker**

There is evidence that depression and stress related problems associated with FIFO/DIDO working arrangements are common. According to Chris Pickett, CEO of the Pilbara Health Network<sup>16</sup>, FIFO/DIDO workers can feel isolated and lonely and often have difficulties managing the house and their family when they return back home. It can be difficult to disappear to work for weeks at a time and then reappear and try to re-establish a family relationship. Back at home, settling into the household can be an issue as the worker, usually the father, will try and reassume his role in a family that has adjusted to his absence.

### **2.3.3 Online gambling**

There is evidence that online gambling is a chronic problem in the camps as workers have no-where to go, are cashed up and have little to occupy themselves in their down time.

In its latest report, the Productivity Commission found that Australians already spend about \$790 million on offshore gambling sites. Anecdotal evidence suggests that West Australians may be leading the nation in online betting.<sup>17</sup>

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<sup>15</sup> Fly-in fly-out roster the 'worst invention' for families says Sue Price from the Men's Rights Agency. <http://www.abc.net.au/local/stories/2011/09/06/3311417.htm> quoting Mike Fry a counsellor with Relationships Australia

<sup>16</sup> Chris Pickett speaking at the 11th National Rural Health Conference as interviewed by Jane Kennedy, ABC ??

<sup>17</sup> Laurie V "Not a Pokie in Sight" The Australian 8 December 2010, <http://www.theaustralian.com.au/news/features/not-a-pokie-in-sight/story-e6frg8h6-1225967850576>

#### 2.3.4 High rates of labour turnover

- FIFO sites have a higher labour turnover than non FIFO sites. In a study conducted by the University of Queensland in interviews with HR managers, it was found it is inherently more difficult to retain personnel. This was mainly because employees were required to be absent from home on a regular basis. Town based employees go home every night and are part of the fabric of the community able to participate in family life. One manager described the pressures as follows:

*“They hit the wall and move on. It’s the nature of FIFO that people get sick of it. It’s influenced by many things, the age of the kids, the years in FIFO, where they live (domestic situation) family connections and movement of them and friends.”<sup>18</sup>*

- It is clear from this study that some FIFO sites do better than others in containing employee turnover. Factors which seem to mitigate against high turnover are better rosters, labour market factors such as remuneration, management practices and workplace culture.
- High turnover can perpetuate the poor organisational culture leading to high turnover. When personnel are changing rapidly it is much more difficult to build up organisational commitment and a sense of shared purpose. So high turnover leads to even higher turnover.
- In the mining sector, roster cycles are better geared to family needs and lead to lower turnover. On major construction projects the roster cycles are longer, creating more stress and higher labour turnover. In the past there were periods of time between projects giving workers a break home. It also allowed workers to alternate FIFO work with work that enabled them to be home each night. However, the pressure of the resource boom means that FIFO workers are now being transferred from one project to the next with no time between.

#### 2.3.5 Alcohol and violence

In the first study to examine the social impacts of the mining camps, the Queensland University of Technology found that Australia's mining industry is propagating a dark underbelly of alcohol-fuelled violence, prostitution and mental health problems<sup>19</sup>. The study found that the problems were exacerbated by the heavy population of men, which fuelled violence, particularly over the scarce number of women. Local men also became involved in such fights. The author of the study, Professor

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<sup>18</sup> University of Queensland Research report, op cit FN 1, p.20

<sup>19</sup> Authored by Professor Kerry Carrington, Head of the School of Justice Studies, Faculty of Law, QUT quoted by Courtney Trenwith, “Dark Side of the Mining Boom”, 6 December 2010, [www.watoday.com.au](http://www.watoday.com.au)

Carrington, said sex workers were known to operate out of stretch limousines in car parks.

Professor Carrington also found a culture of organised drunkenness where the camps had courtesy buses which would arrive at the end of shift and drive the employees to a pub which was surrounded by concrete and steel mesh. Also, that many camps had “wet” messes for drinking but no other recreational activities. To counteract this culture, the best camps were adding libraries, gyms and other recreational outlets.

### 2.3.6 Particularly challenging for female workers

- FIFO poses significant challenges particularly for female workers. Canadian research into the opportunities and challenges for women in FIFO found that of those women surveyed only 12% were employed in the trades with the bulk working in administrative/finance roles or as engineers/geologists, and over half were single and only 12.5% having children.<sup>20</sup>

*“FIFO creates severe stress on relationships and on workers psychological well-being. It seems indeed harder for women since they are often in lower paid positions and therefore have less financial reward for the FIFO lifestyle.”<sup>21</sup>*

- The camps, dominated by male workers, are not an ideal environment for young female employees. In the QUT study referred to above, Professor Carrington found the few females left in one WA region were known as Plemberton Princesses while sex workers were known to work out of stretch limousines in car parks. Professor Carrington also found there was an enormous amount of fighting and rivalry for those women. It is easy to imagine this could be quite an intimidating workplace posing great difficulty for female employees.
- Mine camps often provide little privacy, although that is changing with the better camps having ensuite bathrooms and rooms that are not shared.
- In addition, with one parent away so much of the time, the lifestyle is a rigid and extremely challenging one for employees with young families and almost impossible for workers who are single mothers.
- Rigid work schedules result in important family and community events being missed.

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<sup>20</sup> Costa SD, Silva AC, Hui V (2006) What are the Opportunities and Challenges for Women in Fly in Fly Out Mining in Canada?” at p.3

<sup>21</sup> Ibid.

- Mothers of young children need a supportive partner/spouse or extended family to provide childcare while they are at work and this is often a problem for women.
- For both sexes, the lifestyle is generally incompatible with starting a family.
- For mothers in particular it creates separation guilt and feelings of helplessness.

## **2.4 Cost to the companies**

Obviously there is a cross over between costs to the individual and costs to the companies. Unhappy and stressed employees impact on productivity as does associated higher labour turnover.

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

**3.1** Sending large numbers of non resident employees directly to mine sites is having a huge negative impact on the regional centres as they are in effect “flown over” by a non local workforce. This impact creates economic as well as social problems for regional centres and mining towns and for the resident communities the workers are leaving.

### **3.2 Social impact**

The social impact on families and individual is documented above.

### **3.3 Skills drain**

FIFO/DIDO does cause a skills drain from resident communities leading to skilled labour shortages in metropolitan areas as skilled labour heads out to the better paying mine sites.

### **3.4 Regional sustainability**

3.4.1 FIFO has serious implications for regional centres and regional development, as towns near the mines now gain only a small fraction of the income generated.

3.4.2 There is no doubt that FIFO/DIDO threatens the sustainability of regional towns and particularly towns who rely solely on the mine sites. It does not create residential communities and contributes little to existing communities and in fact impacts negatively on existing communities due to the “fly over” with the benefits from mining activity in their region flowing back to metropolitan centres such as Perth.

3.4.3 This has an economic impact as well as a social impact. In response to a survey of small communities in the Goldfields, respondents claimed that the self sufficiency of the camps is a negative one for small communities who need the economic boost of the mine and its workforce. They argue that it is important that employees and contractors participate as much as possible in the life of the community and policies that favour local employment, services and suppliers are essential to sustainability

of the towns.<sup>22</sup> Professor Carrington’s study dealing with the social impacts of the mining boom found that contrary to common assumptions that mining activity boosted local economies, many businesses were suffering and even closing down and the non-resident workforce was not spending as much in the local community as expected, except on alcohol and fuel<sup>23</sup>.

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

4.1 Non-resident FIFO/DIDO workforces diminish established communities on all levels, community well being, services and infrastructure. There is anecdotal evidence that:

- Some companies are forcing up local rents making it difficult for locals to continue to rent in the regional towns;
- Some companies are refusing to rent out empty company houses to locals.
- Some companies are refusing to employ available local labour in favour of FIFO/DIDO workers;
- In moving to a FIFO/DIDO workforce, some companies are forcing local employees to try and find work elsewhere in other mines where the pay is less.
- Fuel prices are skyrocketing through a complicated mix of lack of demand and capacity to pay, that is mining companies are bringing in their own fuel, DIDO workers fuel up in major centres and even supplement that with jerry cans rather than buy an inflated local prices. Where they do buy fuel they can afford to buy it at inflated prices as the companies are picking up the tab. Due to the decreased demand, local suppliers are forced to increase their prices and locals are left with having to pay higher prices.
- Extra road traffic generated by DIDO along with freight being moved into mining areas makes the road networks crowded and more dangerous.
- State Governments have been slow to return the revenue they have earned from these regions with extra funding for road improvements and maintenance.
- Mining companies are no longer investing in the infrastructure of existing towns which are now slowly dying.

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<sup>22</sup> Syme Marmion & Co June 2010 Report for the Western Australian Regional Development Council, “Extractive Industries & Sustainable Regional Development Final Report” at p.25, [http://www.gedc.wa.gov.au/downloads/publications/extractive\\_industries.pdf](http://www.gedc.wa.gov.au/downloads/publications/extractive_industries.pdf)

<sup>23</sup> Professor Carrington QUT quoted by Courtney Trenwith “FIFO workers destroy regional communities” 21 June 2011, [www.watoday.com.au](http://www.watoday.com.au)

## 4.2 Economic impact

- 4.2.1 Economically, regional communities miss out as the benefits flow back to businesses and services in the major metropolitan areas. If workers are not living locally and being employed locally, they are not spending locally or needing goods and services locally. And the impact of this multiplies. There is no future for people who currently live in regional centres so the incentive to move away is strong to create opportunities, leading to a further decline in the regional community. The ultimate result will be the creation of ghost towns.

There is anecdotal evidence that some camps don't even buy their produce locally because it's cheaper to buy in bulk from big centres.<sup>24</sup>

*"A business owner in Mount Magnet claimed that '75 per cent of the mines around Mt Magnet are now fly in/fly out, meaning that there are decreasing numbers of people living in the town, therefore many services have closed.'"*<sup>25</sup>

*"Most of the businesses surveyed received less than 20% of their trade from the mining industry. In Cue, mining contributed to less than 5% of their trade. The type of trade is selective with most goods and services purchased out of town. The grocery shop makes \$40 per day with the sale of newspapers to the mine.""*<sup>26</sup>

- 4.2.2 Allied to this is that it undermines the capacity of regional areas such as regional Queensland to benefit from tourism. According to one analyst; *"if towns lack a critical mass of services because workers don't live there, then tourists won't want to stay there either."*<sup>27</sup>
- 4.2.3 Less local jobs - The closure of local businesses inevitable leads to local job losses and less job opportunities for other local people. There are also less job opportunities for indigenous people making it harder to escape the poverty trap.

## 4.3 Social impact on regional communities

- 4.3.1 It has negative social consequences for individuals and families – both those in regional areas as well as families who live in metropolitan areas while their parent "commutes".
- 4.3.2 It has negative social consequences for mining communities. Mining communities tend to be communities in the true sense of the words – they have dense social networks, high rates of volunteering and community participation so when large

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<sup>24</sup> Cedric Marshall Mayor of Isaac Regional Council which covers the Bowen Basin commenting in The Australian newspaper, 23 July 2011, on camps run by the MAC Services Group.

<sup>25</sup> Syme Marmion, *ibid*.

<sup>26</sup> Syme Marmion, *ibid*.

<sup>27</sup> Edward Butler Analyst with IBIS World, quoted by Paul Cleary "FIFO Jobs leave hole in regions" *The Australian*, 23 July 2011.

groups of strangers it disrupts the equilibrium of how that community operates. Even if those strangers are not living in the town as most FIFO/DIDO workers are not, the ripple effects of FIFO/DIDO discussed above, impacts on the community. There is no commitment to the local community. "It's the footy teams not being able to get players, the infrastructure being put under stress."<sup>28</sup>

- 4.3.3 As jobs are lost, job opportunities disappear and businesses are suffering or closing down, clearly this has repercussions on regional communities. Families are forced to move away to seek opportunities elsewhere and the fabric of the communities starts to break down.

#### **4.4 Stress on medical services**

- 4.4.1 FIFO/DIDO workforces can place additional stress on local medical services. In the event of sickness or injury, FIFO workers are more likely or may need to access help that is close by. For workplace accidents and other medical emergencies, local medical services will be accessed. There will be no existing relationship between the doctor and patient. The patient's medical history is unknown as there is no pre-existing relationship nor access to patient medical records which may be crucial depending on the situation.
- 4.4.2 Further stress is placed on the local medical services by increased motor vehicle accidents involving DIDO employees.
- 4.4.3 Living in close quarters with thousands of other people allows sickness and disease to spread quickly and allows for the influx of germs from diverse geographic areas to congregate together in one mixing pot of germs. Again this can put additional strain on the local medical services especially if a virus or infection runs rampant through a camp.

#### **4.5 Regional concerns**

- 4.5.1 The regional centres in WA have become increasingly concerned about the effects of FIFO. A review of regional strategy documents, media reports and other materials indicates that criticisms fall into three overlapping areas: the health and well-being of local individuals and their families; the economic impacts of FIFO on local businesses; and the economic and social vitality of regional communities.
- 4.5.2 More specifically FIFO has negative economic and social consequences for individuals, families, and the local communities, contributing to greater abuses of alcohol and drugs, family violence and break-ups, parenting problems, and reduced community involvement.

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<sup>28</sup> Port Hedland resident, Julie Hunt, quoted by Kim Kirkman, The West Australian, 6 September 2011

Companies are seen to benefit from mining the resources in the regions, but, by basing their workforces in Perth and major centres in Queensland, give little back to those regions.

4.5.3 FIFO arrangements harm the regions by contributing to population decline and its impact. From the regional perspective, the disadvantages of commute arrangements are perceived to include:

- the failure of the system to provide employment or training opportunities for people in the area;
- the need for young people (the children of those who settled in the mining towns of the 1960s) to leave the area in order to find work which, ironically, could be found in their own region;
- the inhibition of population growth in the area;
- the receipt by the region of only a small share of the benefits of the development of regional resources;
- the problem that the approach shows no concern for regional or community social development; and
- the undermining of government policy with respect to decentralisation and regional growth.

#### **4.6 Problem - skilled trades apprenticeships**

4.6.1 A major problem with FIFO/DIDO is that it is a labour force arrangement that does not support apprenticeships. Mining companies do not tend to employ apprentices on FIFO/DIDO – the returns are not worth the outlay. Very high rates of pay are paid to experienced tradespeople. This has very serious and obvious long term implications as the workforce ages and young people are not being trained. As major employers, ordinarily these companies could be relied upon to have a certain percentage of employees training as apprentices but the FIFO/DIDO work arrangements changes that, placing even more pressure on companies in metropolitan areas to train to create pool of skilled labour which can then be poached from by the big mining companies by the lure of very high wage rates.

4.6.2 It is questionable whether the work camps are appropriate places for young apprentices to be working and whether the social issues that afflict older workers would be worse for young people less prepared for the isolation and culture of work camps.

4.6.3 In addition, young people in the regional centres are not being taken on by the companies to train as apprentices, further eroding the opportunities available in these towns and increasing the pressure on young people to leave to find work in metropolitan areas. This leads to a downward spiral where previously vibrant mining communities have nothing to offer their young people.

**5. Key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development;**

- 5.1 A particular problem for FIFO/DIDO workers is the incapacity to access ongoing training and development. The fractured lifestyle makes it very difficult to undertake ongoing training. It is unlikely that a worker who is spending long periods away from home will want to come home and spend more time away from their family by studying and training.
- 5.2 Companies need to create flexible training delivery measures such as training centres on big projects so that FIFO/DIDO workers have access to ongoing training.

**6. Provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees;**

**6.1 Housing**

Availability of accommodation is a critical problem. The scarcity and cost of existing accommodation has in part led to the creation of the donga style camps, particularly where they are near existing mining towns. Numerous reports identify that impact of the mining boom on the affordability of housing for locals in towns experiencing mining booms. Many mining towns are experiencing median house prices and rents as high as metropolitan markets.<sup>29</sup>

Most FIFO/DIDO employees live in camp style accommodation of varying degrees of comfort and amenity. A big issue, which came to a head in the Pluto dispute<sup>30</sup>, emerged over the motelling of the donga accommodation. Allocating a donga room to each employee meant that while the employees are away back at home, the donga was empty. The companies were keen to ensure full occupancy at all times by having employees share the accommodation motel style. Motelling requires the employees to pack up after every shift and usually return to a different donga with different neighbours. Many employees prefer the privacy of being able to call their donga “home”, creating a home away from home being critical to the mental well being of many workers separated from their families for long periods.

**6.2 Services & Recreation**

Usually a FIFO/DIDO job involves working a long shift (typically 12 hours each day) for a number of continuous days with all days off spent at home rather than at the work site. As the employee's work days are almost entirely taken up by working, sleeping and eating, there has been little by way of recreation facilities provided at the work site. However, facilities such as pools, libraries, tennis courts and gyms are starting to be constructed in the camps to increase the liveability of the camps. Such facilities help attract and retain skilled

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<sup>29</sup> McKenzie F et al (2009) “Housing Market Dynamics in Resource Boom Towns” A report for the Australian Housing and Urban Research Institute, AHURI Research Centre, Report No 135

<sup>30</sup> <http://www.watoday.com.au/business/pluto-donga-dispute-triggers-woodside-strike-20091201-k2xr.html>

staff by providing opportunities for recreation, relaxation and exercise which all diffuse the stress associated with living in these camps.

Some companies provide counselling and support for those employees struggling with the challenge of the lifestyle.

## **7. Strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry;**

### **7.1 Getting the roster balance right**

As stated above, there seems to be an optimum roster balance which makes the FIFO/DIDO work arrangement work better for the worker and their families. Feedback from CEPU members in WA is that a 3 x 1 roster of 20 days on and 10 days off gives them the best family work life balance. More work should be done in this area as rostering seems to be a critical factor in mitigating against the worst effects of the FIFO/DIDO work arrangements.

### **7.2 Taking into account travelling time**

Allied to getting the roster right is taking into account travelling time. With extended travelling time, in particular with DIDO workers, rostering should take into consideration the impact of travelling time. For instance, in WA the mining sector tends to have more frequent rostering, that is, 8 days on and 6 days off or 14 on 7 off or even time roster 14 on 14 off. However, in the construction sector, the majority are 28 on 7 days off. This seven days includes travelling time which for some workers may mean they are only home 5 days with their family. FIFO/DIDO has a less detrimental impact where the rosters are better balanced to accommodate more time at home. Cycle durations should not be too long.

Taking into consideration is particularly important for DIDO workers. To optimise time back at home, many workers get into their cars after a 12 hour shift to drive 4-5 hours home. This is leading to increased accidents and roads fatalities and should be avoided.

### **7.3 Provision of recreational facilities**

As mentioned above, construction of recreational facilities is crucial to improving the experience of living in FIFO/DIDO camps.

### **7.4 Private accommodation**

It's important to the mental health of many FIFO/DIDO workers that their accommodation is their own. The conversion of dongas to motel style accommodation adds another layer of stress to the lives of workers who are already struggling mentally with the challenges of living in donga camps.

Workers like customise their space to make it a “home away from home”, for instance by pinning up drawings done by their kids. Sharing accommodation motel style removes the

possibility of workers feeling more settled in their donga community. It gives the working experience an even greater feeling of transience.

## **8. current initiatives and responses of the Commonwealth, State and Territory Governments;**

8.1 The Western Australian Government is reported to be committed to have committed to directing a much greater proportion of the mining royalties earned in the region back into those regions.<sup>31</sup> Its Royalties for Regions program is designed to guarantee 25% of the State’s mining and onshore petroleum royalties – estimated to be \$1.2 billion in 2011-12 - to go to regional areas.

8.2 The imposition of a social bill in the guise of a housing strategy is part of the Queensland Government’s policy to make mining companies provide social infrastructure for the communities they work in. It is now mandatory in Queensland for mining companies to carry out social impact assessments on proposed projects. For instance, the Government has made it a condition of the development of BHP Billiton’s \$4 billion mine at Caval Ridge near Moranbah in Central Queensland, that BHP build 400 residential houses and restructure its regional workforce so that at least 20% live locally, while the rest are FIFO/DIDO.<sup>32</sup>

BHP had previously won approval for 70% FIFO but then outraged the local community by asking for 100% saying that because of the skills crisis it could not source sufficient skilled labour locally. However, in a cynical move to avoid its commitment, apparently BHP was able to meet its commitment to employ 20% of its workforce locally by combining the operations of a number of existing mines in the area and so with the respect to the new mine, the entire workforce will still be sourced as FIFO/DIDO.

The Government should ensure that the commitment to employ local workers is a genuine commitment, done on a mine by mine basis and not on a company basis.

8.3 The CEPU believes that this policy is going in the right direction. Mining companies must be forced to consider the impact of their FIFO/DIDO workforce practices on local regional communities. Imposing a social bill on companies developing large mines, such as a commitment to provide permanent housing and employ local workers first, is the way forward.

8.4 Mining companies should be made to source a certain percentage of their workforce from among local and regional communities and rely on FIFO/DIDO only where labour is not available.

8.5 Part of this should include a commitment to take on local apprentices – without training opportunities young people in these areas have no future unless they move out of regional areas. In addition, allowing mining companies to abrogate their social responsibility to train

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<sup>31</sup> McKenzie et al (2009) Housing Market Dynamics, op cit.

<sup>32</sup> “Live Local Policy Forced on BHP” reported in the Courier Mail, 2 September 2011.

skilled labour will lead to a further erosion of the broader skills base. Sourcing skilled labour through FIFO/DIDO arrangement means that the mining companies are in effect poaching skilled labour from companies who have made a commitment to training but cannot afford to pay the high rates of the mining companies. Mining companies must be made to compensate for this poaching by taking on a mandated number of apprentices on resource projects. A commitment to apprenticeship training is crucial to build our skills base into the future.

- 8.6 Alternatively, companies on big resource projects should be required to pay a levy to support the training of apprentices and the upskilling of workers in the industry.

FIFO/DIDO employment practices impose a social cost on regional communities, the individual workers, families and negatively impacts the availability of a future skilled labour force. While it can be a practical and cost effective solution for mining companies, particularly in the more labour intensive construction phase, the equation can only be complete when these social costs are accounted for. The future of the skilled workforce, of regional communities and the mental and physical well being of the individuals concerned, is dependent upon mining companies being held to account for their share in the social cost of FIFO/DIDO labour force practices.