



Australian Government

Department of Infrastructure and Transport

Secretary

Mr Tony Windsor MP
Chair
Standing Committee on Regional Australia
Parliament House
CANBERRA ACT 2600

Dear Mr Windsor

Thank you for your letter dated 24 August 2011 to the Hon Anthony Albanese MP, Minister for Infrastructure and Transport, advising of the House of Representatives Standing Committee on Regional Australia's inquiry into the use of fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia. Your letter was forwarded to the Department of Infrastructure and Transport to allow the Department to consider making a submission to the inquiry.

The Department has prepared a submission to the inquiry addressing three of the terms of reference. I apologise for providing the submission after the due date for submissions. I trust the Department's submission will be of assistance to the Committee.

Yours sincerely

Mike Mrdak

17 October 2011

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Australian Government

Department of Infrastructure and Transport

House 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

Submission by the Department of
Infrastructure and Transport

October 2011

Introduction

The Department of Infrastructure and Transport contributes to the wellbeing of all Australians by assisting the Government to promote, evaluate, plan and invest in infrastructure and, by fostering an efficient, sustainable, competitive, safe and secure transport system.

The Department provides policy advice to the Minister for Infrastructure and Transport and delivers a wide variety of programs on behalf of the Australian Government, conducts research and analysis, provides safety information and advice, and performs regulatory functions.

This submission covers three of the Terms of Reference for the inquiry:

- The extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised;
- Provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees; and
- Current initiatives and responses of the Commonwealth, State and Territory Governments.

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

The Bureau of Infrastructure, Transport and Regional Economics (BITRE) is part of the Department and provides economic analysis, research and statistics on infrastructure, transport, and regional development issues to inform Australian Government policy development and wider community understanding. BITRE holds aviation, maritime and rail transport data collections, which are made available in a number of publication series.

Accurate statistics on the size of the FIFO market are difficult to obtain as FIFO passengers travel on both scheduled airline services and closed charter services. BITRE collects data on scheduled airline services operated within Australia, but collects data on charters from only a small number of operators. BITRE is in the process of expanding its domestic aviation data collection to cover all major charter operators. SkyWest Airlines are already reporting charter passengers, while negotiations are continuing with Network Aviation, Skippers, Cobham and Alliance Airlines.

The scheduled airline data collected by BITRE shows the strong growth that has occurred on routes servicing the resource industry. This is particularly apparent in Western Australia (WA), with routes in the Pilbara growing strongly. Growth in the last financial year (2010-11) and average annual growth over the last 10 years for these WA routes are shown below (one way trips):

Route	Growth 2009-10 to 2010-11	Average Annual Growth 2000-01 to 2010-11
Karratha - Perth	9.0%	14.5%
Perth - Port Hedland	15.5%	15.8%
Kalgoorlie - Perth	11.7%	2.7%
Newman - Perth	20.6%	19.6%
Paraburdoo - Perth	42.2%	18.7%

Queensland routes used by the resource sector workers also cater for other markets, such as tourism, but the strong growth is still apparent (one way trips):

Route	Growth 2009-10 to 2010-11	Average Annual Growth 2000-01 to 2010-11
Brisbane - Mackay	16.4%	14.8%
Brisbane - Rockhampton	-2.2%	10.0%
Brisbane - Gladstone	33.1%	8.6%
Brisbane - Emerald	34.3%	17.4%
Brisbane - Mt Isa	13.8%	7.4%

These figures show that the resource industries are one of the drivers of growth in the domestic aviation sector. BITRE data shows that the number of passengers carried on regional airlines has increased from 950,000 in 1984 to almost 5.7 million in 2010. However, the number of regional airports receiving scheduled airline services fell from 278 to 138 between 1984 and 2008. The number of airlines servicing regional airports fell from 52 to 27 over the same time. This change reflects a range of factors, including shift to larger aircraft, a move to 'charter only' services and declining profitability at the smaller end of the market.

Besides the resource sector, the Department is aware that the Australian Rail Track Corporation (ARTC) and the Tasmanian Railways Corporation (TasRail), both of which deliver rail projects funded under the Nation Building Program, also utilise FIFO/DIDO work practices. TasRail has been extensively using FIFO practices for its senior staff since its establishment in December 2009. The ARTC has used DIDO practices for specific maintenance activities and FIFO practices to deal with major incidents. Figures may be available from the organisations.

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

The Department administers two funding programs that can provide infrastructure for FIFO/DIDO workforce employees – the Regional Infrastructure Fund and the Nation Building Program.

Regional Infrastructure Fund

The Australian Government established the Regional Infrastructure Fund to address urgent regional infrastructure needs, while supporting the mining industry, boosting export capacity and developing and growing regional economies. The Regional Infrastructure Fund is worth \$6 billion over 2010-11 to 2020-21, with \$5.6 billion subject to the passage of the Minerals Resource Rent Tax.

The broad objectives of the Regional Infrastructure Fund are to:

- Promote development and job creation in mining communities, and in communities which support the mining sector;
- Provide a clear benefit to Australia's economic development, and to investment in Australia's resource or export capacity; and
- Address potential capacity constraints arising from export production and resource projects.

Guidelines detailing how the program will be administered to meet its objectives will be released publicly by the Government shortly.

In 2010, eight projects were announced as being funded from the Regional Infrastructure Fund Program, totalling \$916 million of Australian Government funding. Two of the project commitments directly support FIFO/DIDO workforces in WA and Queensland:

- *Gateway WA*
This project will support the FIFO workforce in WA by improving access to and from Perth Airport for people travelling between Perth and the resource areas of WA. The project involves upgrading the roads around Perth Airport, in particular the Tonkin Highway, with interchanges at key junctions and additional lanes. Construction is expected to commence as early as 2012-13. The Australian Government has committed \$480 million to the project, with the Western Australian Government providing a further \$120 million, through the Regional Infrastructure Fund. The project will also receive funding through the Nation Building Program as one part of the \$700 million Perth Urban Transport and Freight Corridor Upgrade, to which the Australian Government is providing \$350 million.
- *Peak Downs Highway Safety Works south west from Mackay*
This project is only in the early planning stage, but will involve a series of safety works along the Peak Downs Highway, including the replacement of four narrow timber bridges, upgrading of intersections and widening of the roadway. The safety works are predominantly aimed at assisting with the movement of freight from mining regions, connecting to major ports in Mackay, but will also benefit drive-in, drive-out workers in the region. The Australian Government has committed \$120 million to this project.

These projects are examples of Regional Infrastructure Fund commitments designed to improve productivity, transport efficiency and safety, and improve regional freight links.

The Regional Infrastructure Fund will provide funding for two different types of projects - Economic Infrastructure projects and Regional Infrastructure Planning projects. Projects that are eligible for consideration for funding will include rail, road, ports, airports, energy, communications, water and other critical infrastructure, as well as project development work and development of regional infrastructure plans.

Nation Building Program

The Nation Building Program is the Australian Government's key funding program for land transport infrastructure. Under the current phase of the program \$36 billion of funding will be provided over 6 years (2008-09 to 2013-14).

The Nation Building Program is providing funding for three major road projects that will support FIFO/DIDO workforces in WA:

- *Upgrade of the Great Northern Highway at Port Hedland*
This project has two stages. The first stage involved the reconfiguration of several intersections and the construction of an additional lane on the Great Northern Highway to improve traffic flow, and was completed in October 2009. The second stage will involve

realignment of the highway around the north and west of the Wedgefield industrial area to meet future traffic demands. Construction on the second stage is expected to commence in mid 2012 and be completed in mid 2014. Both stages of the project will benefit the mining workforce by reducing congestion and improving safety on the highway, in particular for workers commuting between the residential area of South Hedland and employment areas in Port Hedland. The Australian Government is providing \$160 million towards this \$200 million project.

- *Dampier Highway Duplication*

This project involves the duplication of the Dampier Highway between Karratha and Dampier, a distance of approximately 15 kilometres. Construction on an initial stage, through Karratha, was completed in December 2009. Construction on the remaining stages, covering the section between Karratha and Dampier, commenced in April 2011 and is expected to be completed in late 2012. The project will benefit the mining workforce by reducing congestion and improving safety on the link, in particular during the morning and evening peaks when a large number of workers commute between the two towns. The Australian Government is providing \$80 million towards this \$100 million project.

- *Gateway WA*

As discussed above, this project will receive funding through the Nation Building Program as one part of the \$700 million Perth Urban Transport and Freight Corridor Upgrade, to which the Australian Government is providing \$350 million.

The Roads to Recovery Program under the Nation Building Program provides funding to local councils to construct and maintain local roads. Every council in Australia is guaranteed a share of the total funding available, with spending decisions made by local councils and reported to the Department. Local councils in regions with FIFO/DIDO workforces are able to use their Roads to Recovery funding to construct and maintain their local roads used by the FIFO/DIDO workforce, for example roads to airports and mine or construction sites.

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

The Department is responsible for the security regulation of aviation services including services used to move workers employed on a FIFO basis. As discussed above, FIFO workforces utilise both regular public transport and chartered aircraft to provide transport services depending on operational requirements.

The Australian Governments Aviation White Paper announced a number of important security initiatives relating to regular public transport and open charter flights. These included extending security screening requirements to all regular public transport and open charter services over 20,000 kilograms maximum takeoff weight. This was further supported by the Strengthening Aviation Security Initiative announced in February 2010. This initiative provides, among other things, funding of up to \$650,000 for a full suite of security screening equipment to all airports required to commence screening as a result of the White Paper announcement. The Department is currently assessing funding applications under this program.

The Aviation White Paper also announced that the Government would examine, in consultation with aviation sector, the feasibility of extending maximum takeoff weight as an aviation security screening trigger for closed charter FIFO operations, noting the growth in the use of large aircraft for closed charter flights in support of the mining, oil and gas sector.

The Department has been working with industry to develop a code of practice for security screening on closed charter FIFO services. Recommendations from the working group will be provided to the Government for consideration in late 2012.

Conclusion

The Department of Infrastructure and Transport supports the provision of infrastructure for regional Australia and the expansion of the resources sector through two funding programs. It collects data on scheduled airline services and is expanding this to include closed FIFO charter operations, which will provide governments and industry with improved statistics on FIFO workforce practices in Australia in the future. The Department is also working with industry on improved security measures for closed charter FIFO services.