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

Inquiry into fly-in-fly-out (FIFO)/drive-in-drive-out (DIDO) workforces practices in Regional Australia

To the Committee,

Regional Development Australia, Darling Downs and South West (RDA DD&SW) welcomes the opportunity to respond to the inquiry into the fly-in-fly-out (FIFO)/drive-in-drive-out (DIDO) workforce practices in Regional Australia. RDA DD&SW is well placed to provide advice on the current and predicted workforce requirements that will utilise the FIFO and DIDO approaches to employment retention, as our RDA region covers the rapidly expanding Coal Seam Gas (CSG) industry areas of the Western Downs and Maranoa Regional Councils, including the extensive Surat Basin area and we have had many discussions with stakeholders on this issue.

RDA DD&SW is supportive of FIFO/DIDO workforce practices as we believe that the majority of employees who take the decision to relocate their families are almost exclusively attracted to communities that provide established health, education, retail and social infrastructure and importantly, available, affordable housing. Very few, if any of the small towns that are currently hosting resource development in our region are able to provide these essentials to real and perceived liveability. We are also acutely aware of the potential for non-resource related industry and service provision within greater communities to receive little if any economic advantage from the resource development 'boom'. An example of this is the large Regional City of Toowoomba. Toowoomba is the only centre in close proximity to the resource development (particularly CSG and Coal) activity with the capacity to accommodate a large number of the predicted workforce that is required immediately. We have current data from Real Estate representatives in the city to support this. However, Toowoomba is being over-looked by resource development companies as a major location for FIFO/DIDO workers as commercial airline operators are currently unable to use the Toowoomba to Roma, Chinchilla, Emerald, Gladstone and Moranbah flight paths due to protective State Government legislation.



The Toowoomba airport upgrade has recently been completed and now enables the introduction and use of the larger Dash 8 300 series aircraft (50 seats). Prior to the upgrade, the largest aircraft capable of operating into Toowoomba was a Dash 8 100 (36 seat, reduced to 28 seats due to runway length). Essentially, this initiative by Toowoomba Regional Council means that most of the Surat and Bowen Basin regions can be serviced by equivalent sized aircraft to those that currently operate from Brisbane.

Regional operator, Skytrans is prepared to expand their service to include these ports however, the two ports with the strongest demand ex Toowoomba, namely Roma and Chinchilla are not currently accessible due to the State government legislation that restricts carriers from accessing some airports.

Roma is a closed airport for Regular Public Transport (RPT) operations but is open to charter flights. This is because under the Queensland Transport and Main Roads long distance passenger services arrangements, Roma along with many other regional ports are regulated. The basis for regulation was to ensure that remote and rural Queensland communities continue to receive a regular service without the threat of suspended services due to viability problems caused by competition. Generally a port is regulated if the market is sub 50 000 passengers per annum. These remote air services are subject to tender for a 5 year period. The current tender runs through until March 2013. At the time when the current tender was let, Roma was not experiencing the massively increased passenger demand it currently has. This passenger demand is primarily from Brisbane, Sunshine Coast and Gold Coast as employee families will not relocate to Toowoomba whilst no transport service is available.

The Chinchilla situation is different. It is unlikely in its current state to gain approval for RPT operations for aircraft above 30 seats. This is to do with the aerodrome (AD) characteristics. For an AD to receive services from aircraft with more than 30 seats it must be certified by the Civil Aviation Safety Authority (CASA). Skytrans have had a gap analysis carried out on Chinchilla to have the AD upgraded from its current registered status to a certifiable status. The cost to do this would be less than \$50 000

To get the AD suitable for RPT rather than charter operations, CASA would need to grant an approval to operate into a narrow runway. This has been provided by CASA for Palm Island off the coast of Townsville where the AD is almost identical to Chinchilla. Therefore, it could be achieved with cooperation from all stakeholders and not a substantial amount of money. It must be noted that only the Dash 8 100 (36 seat) could be operated into this AD due to the runway length and pavement strength.



If a commercial operator was able to offer flights from Toowoomba, Miles, Chinchilla, Roma, Emerald, Bundaberg and Gladstone, the opportunities for Toowoomba and surrounding areas to benefit from a FIFO/DIDO workforce would be greatly increased. Skytrans for one have indicated that they have existing under-utilised aircraft that could service this much needed path immediately. Due to a massive shortage in accommodation at Roma, (and most other towns to the west) anyone wishing to travel from Toowoomba to Roma has to drive on the ever degrading and increasingly dangerous Warrego Highway for up to five (5) hours each way. Regardless of the resource sectors usage, we also have much anecdotal evidence that there remains a significant demand from many industry and government departments for a service from Toowoomba to Roma.

RDA DD&SW believe that FIFO and DIDO represent one of the few practical methods of meeting the resource sector human resources demand in our region over the next decade and beyond. However, if we are to maximise the benefits to regional areas and increase the attractiveness of decentralisation, we need to ensure that the larger centres are able to participate in the process. Benefits to the larger regional centres flow directly through to the smaller centres in many ways. Eg. Increased medical and support services required are able to better service the smaller areas etc. Immediate benefits will require a change to Qld State legislation at present and we are hopeful that this may become one of the recommendations of the Senate inquiry.

Yours sincerely,

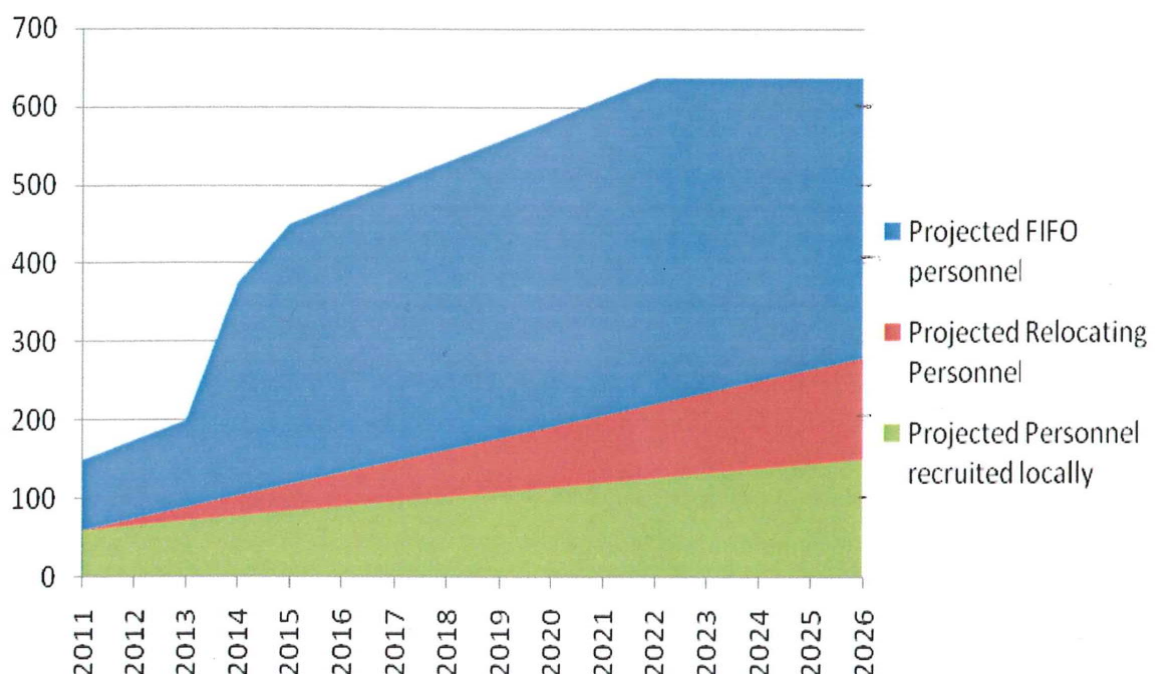
Brian Hewitt
Chief Executive Officer
Regional Development Australia Darling Downs and South West.



In addition we have provided a response to the following issues which the committee will focus on:

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

Our information is that in relation to the CSG activity, the majority of FIFO workers and the workforce in general will be utilised during the initial/construction phase. This includes the development of the gas fields in the Bowen and Surat basins, construction of the 520km gas pipeline from the gas fields to the Curtis Island LNG facility and construction of the LNG facility on Curtis Island. One involved resource company quoted that construction of the pipeline will commence in mid 2012 and be completed by mid 2014, with an expected workforce of 1000 employees divided into two (2) groups, 800 working on the main line and 200 working on the in-field lines. The majority of the construction workforce will be accommodated in temporary camps in five (5) locations. Each camp will operate for approximately 7-8 months. It is estimated that those workers involved with the construction who will relocate to the Surat area permanently will be negligible. This is a prime example where FIFO workforce practices will have no economic benefit to nearby communities. The only possible benefit is for communities to attract and increase the number of permanent residents to the area and for companies to promote DIDO practices from these nearby communities.



The above represents workforce prediction from one (1) company with their involvement in the CSG activity in the Surat Basin. The figures are divided into three (3) – local employees (already residing in the area - green), employees relocating to the area (red) and FIFO (blue). Of the 636 workers only 130 will be recruited locally in the next 15 years and a similar amount of relocating employees, however, 350 employees will reside out of the area which will result in no economic benefit to local communities.



Costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce

The main issue with companies having to choose FIFO/DIDO workforces, particularly in our region is the availability of housing in the smaller communities. The cost of land and availability of land are both good, however, the availability of builders affects the time frame to actually construct and offer the housing to employees.

We know of one (1) company that will be chartering flights from Brisbane to Miles because companies are currently unable to utilise commercial flights out of Toowoomba for reasons outlined earlier. This is a significant cost to the company as only smaller aircraft have the ability to operate into and out of Miles, meaning the company has to charter more flights to accommodate the passengers.

Many companies offer several financial programs for employees and community members to offset the cost of relocation, incentives to live locally and assistance for low income community members to offset the expected rise in rental prices as a result of the high demand and low availability of housing in the area, these are additional costs incurred by the resource companies.

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

Most of the FIFO/DIDO workforce personnel are accommodated in work camps therefore provide no, or very little, benefit to communities. However, there are many reported negatives associated with non-resident FIFO/DIDO workforce practices on communities. The lack of economic benefit to communities is the primary concern throughout the region, also the increase on neighbouring community services. The resource development activity has also brought a sharp increase in social services requirements, with one (1) local organisation reporting alarming spikes in issues such as; men's health, alcohol, drug and gambling, isolation, anger management and domestic violence within the last 2 years.

The demand on infrastructure from direct and indirect resource activity is a current significant issue. The state governments' decision to prioritise the majority of the rail network from the west to Brisbane for coal transportation has seen an increase in heavy vehicle activity throughout the region. Far western councils have reported a distinct decrease in cattle transport rail trains throughout the last 12 months, going from 2-3 per week to now seeing as little as 12 for the year. Quilpie move approximately 180,000 head of cattle a year, and with limited access to the rail network, the majority are now being forced to be transferred by road, once again increasing the degradation of the road network. The resource activity has also major direct impact on the road network with one (1) company stating that they will need over 200,000 heavy vehicle trips through Toowoomba and on the already depleted Warrego Highway during the construction phase of the CSG LNG project.



This is another example of a community that receives only negative impact from the resource development with little or no access to mitigation (SIMP) funding. RDA DD&SW is a staunch advocate for a 'royalties for the regions' style program whereby non-resource communities can seek funding to mitigate the impact of the resource development on their communities. We also believe that a percentage of the Royalties paid to government should be allocated specifically as a contribution towards the upgrade of Federal Government funded roads.

Potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce

This is the most prevalent of issues with regards to FIFO/DIDO workforce practises within the RDA DD&SW region. All of the non-resource council areas have expressed interest in accommodating FIFO/DIDO and permanent resource personnel. Some council's have even gone as far as to offer free land to resource companies and developers wishing to provide housing for employees. All of these communities have existing infrastructure to cope with a small to medium increase in population and also have the transport infrastructure in place to enable FIFO/DIDO personnel the ability to either fly or drive to and from their work location. Many of these regional and remote communities rely on agriculture as their major employers; however, diversification of industry employment is one of the keys to the sustainability of regional Australian communities and the only answer to increasing the average income within the community.

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

The Western Australian 'Royalties for the Regions' initiative is an initiative that could be considered for implementation in Queensland if not the other States and Territories throughout Australia. Currently there are communities/shires in non-resource areas that have no access to mitigation funding to off-set any of the disadvantage or social impacts within their communities. Also the State governments need to commit a percentage of the Royalties to priority infrastructure, for example, committing to co-fund the repair/upgrade of Federal roads. The degradation of the Warrego Highway for example has been greatly accelerated due to the increased resource activity in the last few years.