



INQUIRY INTO THE USE 'FLY-IN, FLY-OUT' (FIFO) WORKFORCE PRACTICES IN REGIONAL AUSTRALIA

**SUBMISSION
NARRABRI SHIRE COUNCIL**

Narrabri Shire recognises itself as the heart of the North West. Narrabri Shire has a resident population of over 14,000 people across 13,065 square kilometres. The Local Government area also consists of the towns Wee Waa and Boggabri and the villages of Baan Baa, Bellata, Edgeroi, Gwabegar and Pilliga.



Narrabri Shire consists of a high industry base in agriculture, transport and a growing base of Coal Mining and Coal Seam Gas Extraction.

Fly in Fly out work practices is an interesting concept and especially in this time when skilled employees are highly sought after, employees have a choice and can be/is dictated to by the employee's family. Typically, employees are flown into remote/rural areas in greater distances from a capital city 1000kms plus, where the majority of the Australian population resides, or in an ocean setting.

Narrabri is in a unique setting, within six hours driving of two capital cities and an hour's flight by plane using a daily service. The cost of living in Narrabri is considered to be a lot lower than the mining areas of central Queensland and North of Western Australia where distances predicate the costs.

Narrabri Shire Council would welcome the move by workers and their families to permanently relocate into the Shire, but realizes there are many issues to address for people considering the change. This may include but not be limited to education facilities, age of children, family and friend relationships at present location, medical services availability, opportunities for work and recreation for workers and family members.

It is recognized that fly in/fly out may be a quick solution for employers, with taxation requirements for such provision encouraging this choice, however, experience in isolated communities shows long term issues for employers due to social isolation and often family breakdown.

In areas like Narrabri Shire which are remote from coast and major cities but not isolated, there should be room for both FIFO and permanent relocation to support industry needs.

TERMS OF REFERENCE

1. The Extent and Projected Growth In FIFO/DIDO Work Practices, Including In Which Regions And Key Industries This Practice Is Utilized.

The potential of growth in the FIFO/DIDO work practices is more prevalent in regional areas supporting the industries of Coal Mining and Coal Seam Gas Extraction. Other industries with smaller scaled FIFO/DIDO workforces are Medical and Specialized Agricultural necessities.

Narrabri Shire is part of the Gunnedah Basin with a predicted production of 12% of the coal reserves in NSW, sustaining supply over the next 50 years. The Basin is expected to attract \$3 billion in coal related investment with the coal industry employing around 500-800 people directly and 2,400 – 3,000 indirectly. A new mine is opening in Maules Creek at the end of 2011 with an estimated employee base of 470 people and another two coal mines proposed in the area. Eastern Star Gas is also expanding its operations from the PEL 238 which produces gas to support the Wilga power station to the production of 550 core wells within the Pilliga State Forest. This will increase demand for skilled employees and the FIFO/DIDO option will be attractive in order to fill the vacant specified skilled positions particularly in underground mining. For the open cut mines, the management and key operational staff are likely to be recruited from outside the area. The skill level required for open cut mining is lower than for underground, with open cut mining having a relatively high level of 'new' starts who receive 'on-the-job' training. The mining companies in Narrabri have indicated that specified skilled positions within the mining industry require personnel from other areas and internationally which are required for a specified amount of time depending on the skill, and therefore FIFO/DIDO is a necessary option.

The Agriculture industry also utilizes the FIFO/DIDO system to bridge gaps in specialized skills and seasonal work. Specialized skills in agriculture such as large animal vets and dieticians and also consultants for land use and innovation are not permanently available in the Narrabri Shire. Seasonal workers are required to support the cotton and grain industries in harvesting the crops and ginning. Due to the extensive drought of the past 10 years and consolidation of agricultural holdings within the Shire, most harvesting is contracted to mobile contracting teams which travel from crop to crop across Shire and State borders.

Narrabri Shire also has 3 major research centres in agriculture and astronomy which have a constant flow of FIFO scientists and specialists from all over the world undertaking short term projects.

The medical provisions of the Narrabri Shire are coming under increased demand from the mining and agriculture boom in community population whether temporary or ongoing residents of the Shire. Whilst facilities exist for specialized services such as ultrasound, radiology, denture clinics, paediatricians, skilled employees are provided on a FIFO rotation. To provide support to the hospitals should one of the few doctors take leave a locum is required to be brought in from another area, and has in the past included supply from New Zealand. This is also an industry that should extend the use of FIFO/DIDO to bridge the gaps in specialized medical skilled personnel in the hospital system. Currently Narrabri has adequate numbers of obstetricians and anesthetists, no renal dialysis and no skin specialist. Narrabri Shire is currently experiencing a baby boom with limited midwives. Radiology results are transferred to Sydney for results which are time consuming.

Recommendation: That the projected use of FIFO/DIDO workers be canvassed during the assessment of State Significant projects and proponents be required to

prepare plans to maximize the use of permanently development located employees over a reasonable time frame, eg 5 years from start-up with targets and milestones.

2. Costs And Benefits For Companies, And Individuals, Choosing A FIFO/DIDO Workforce As An Alternative To A Resident Workforce.

Individuals that are employed in the mining industry through the FIFO program that have all expenses paid have the opportunity to earn a high wage income to sustain their way of life or families.

The concern for regions is the attractive treatment of FIFO/DIDO costs under fringe benefit taxation laws so as to make this option more cost effective than subsidizing permanent accommodation or other mechanisms to encourage permanent relocation. This can act as a barrier to families considering permanent relocation. A system whereby benefits become transferable from FIFO/DIDO to permanent relocations over time is worthy of consideration.

The Agricultural industry can often share to cost of obtaining specialist workers and consultants in rural areas due to the shared resources between farms. This allows the agricultural industry to remain at the forefront of competitiveness with their product.

Seasonal workers are always at a shortage each year and create the real issue of crops not being harvested which creates gaps in the Australian food market. DIDO seasonal workers are currently backpackers which travel with the seasonal work, however this is an opportunity for unemployed areas to work for a period of time before moving on or returning.

The cost to the medical industry is high to source specialized skills to boost the areas lacking in medical services. Rural areas with dominant industries such as mining and agriculture require a productive medical service which can meet the demand of a large influx of workers. The FIFO/DIDO strategy should be increased for the medical profession to ensure that the minimum of skills are provided to communities with high risk injuries and to ensure that there is an adequate service to the growing community.

Recommendation: That the Federal Government reviews the fringe benefit taxation treatment for FIFO/DIDO expenses to ensure that areas which are not truly isolated are not exempted to the same extent as truly isolated location workers.

3. The Effect Of A Non-Resident FIFO/DIDO Workforce On Established Communities, Including Community Wellbeing, Services and Infrastructure.

Where FIFO/DIDO is utilized there are identifiable impacts on communities where the workers are employed.

Workers need to be accommodated, fed and transported and entertained when not working. Where 'mining camps' are fully self-contained in isolated areas these needs are met at the expense presumably of the employers, but with many people in a small facility, social issues inevitably arise.

Narrabri Shire has taken the stance that any accommodation for temporary or FIFO type workers should be as close to towns as possible and integrated with their communities. This meets the basic needs of the workers and enables them to sample the communities with a view to permanent relocation in the future. However, strains can be placed on aspects of the communities such as demand for transport and services and larger numbers utilizing local facilities to the extent that the needs of the permanent residents are no longer met.

Because of the transitory nature of some temporary work, especially in the construction phase, private investors can be reluctant to commence new developments to meet the FIFO needs because there is no certainty over long term returns on investment.

The rates able to be levied on accommodation 'villages' do not meet the level of expenditures required to provide Council facilities such as roads maintenance or recreation grounds upkeep.

Not all workers are accommodated in 'villages' and consequently the motels, hotels and caravan parks in all 3 major centres of Narrabri Shire are full for most days on an ongoing basis. This is impacting on the traditional patronage by business reps and tourists, and affecting the ability of Council to host large Conferences or popular live entertainers at our 2000 capacity theatre/conference centre due to long lead times required for accommodation bookings for attendees from outside the Shire. The problem is exacerbated during traditional agriculture harvest and planting seasons due to most contractors in the sector being DIDO and also needing transitory accommodation.

On a positive note, the use of FIFO especially has led to an increase in passenger air services from 26 flights per week to Sydney only, to 58 per week to Sydney and Brisbane with 3 flights occurring on some days to Sydney. This has given local residents a much improved service and connectivity to these capital cities where many have business and family commitments.

The requirement for bussing of the FIFO workers to accommodation, work and town facilities has improved the ability of local carriers to provide good transport services for our communities. However, the strain created on our small airport has necessitated the development of a Master Plan for the airport and Council is planning major upgrades as soon as funding can be acquired through loans and Development Application contributions.

There will be an obvious need as the number of employees rises, whether FIFO or permanent to increase the number of doctors and allied health professionals to serve

the area. On top of this, the aging of our population is creating stress on the provision of medical and allied services for this sector.

Recommendation: That State Government prioritise the development of a regional strategic plan to ensure that facilities and services are adequate for the demand created by FIFO/DIDO in the Gunnedah Basin and especially Narrabri Shire.

4. The Impact On Communities Sending Large Numbers Of FIFO/DIDO Workers To Mine Sites;

Narrabri Shire does not provide a large number of workers to service other areas on a FIFO/DIDO basis. However, Council has undertaken a study tour of Central Queensland communities and observed the communities of Mackay and Rockhampton, where the higher wages of people living in those communities but working in Central Queensland, have driven up the costs of short and long term accommodation, and basically created social disharmony with lower wage earners unable to afford to live in the town of their birth.

Council would be supportive of any arrangement which can minimize such an impact on 'dormitory' cities and towns to maintain harmonious family and community relationships.

Recommendation: That Governments at all levels work with resource sector employers and communities to minimize the use of FIFO/DIDO arrangements where facilities can be provided for sustainable communities local to the resource developments.

5. Long term strategies for economic diversification in towns with large FIFO/DIDO workforces

Local Governments are developing strategies to support economic diversification within the Shires to ensure the sustainability of towns during and at the completion of the mining activities in the region. Currently Narrabri Shire Council is releasing residential and industrial land with a view to attracting investment in the Shire to ensure long term sustainability and diversification and to support the industries attracted to the Shire to meet the mining industries requirements.

In the growing momentum of the mining industry in Narrabri Shire, Council representatives visited Local Government areas in Queensland already influenced by mining to create an understanding of the requirements in all areas for the Shire. As a direct influence of the findings from this visitation Narrabri Shire Council's Economic Development Department works continually to encourage diversified investment into the Shire and monitors investment opportunities in undersupplied service areas promotes opportunities to meet the demand of services.

Narrabri Shire has been identified by Dr Roy Powell from University of New England, as the most diversified and sustainable economy in the New England/Northwest area of NSW, prior to the resource sector developments emerging.

The proposed workforce for the total known mine approvals equates to around 12% of the total workforce in the Shire. Of these it is anticipated that up to 50% may continue to be FIFO/DIDO for the long term.

Council also has identified the Shire as a regional aged care location and is working to facilitate growth in this sector.

The Shire has also become a major grain consolidation hub and hosts a large transport and logistics support sector.

The Make It Work initiative to retain seasonal workers is mentioned in the next section of this submission.

Recommendation: That the NSW Government support Local Governments which are developing an emerging mining industry to develop local and regional strategic plans for the long term sustainability of their areas.

6. Key Skill Sets Targeted For Mobile Workforce Employment, And Opportunities For Ongoing Training And Development

The mining industry particularly in early phases requires a broad range of skills such as boiler makers, electricians, engineers, large machinery operators as well as miners.

Currently there are courses provided through selected TAFE NSW institutes and also private institutes to support the sustainability of rural skilled workers in mining based careers, with selected institutes providing training onsite. Ongoing training and development for a FIFO/DIDO workforce can be accommodated at Narrabri through these institutes should this be supported by the industry. Narrabri Shire TAFE does not provide extensive training in the mining industry at the local campus, only short certified entrance level courses, although the new England Institute does support automotive trades and rural welding at Narrabri.

Whitehaven Coal in Narrabri Shire currently uses the experience of qualified miners to train locally employed people without the skills necessary. However, the encouragement of the mining industry to endeavor to increase traineeships and cadetships should be enhanced to endeavor to provide more opportunities for local communities and younger generations to ensure that the skilled workers are provided for the future.

A committee has been established through Agrifoods Australia Skills Council called the "Make It work Committee" which through Narrabri Shire Council is currently operating a pilot program to employ 10 staff to work seasonally in different industries to establish skills to ensure further employment to meet seasonal skill shortages. Should this pilot be successful these programs should be supported to sustain local skills and employment including in the mining industry.

Recommendation: That the Government encourage the development of training plans in conjunction with local training providers and communities to ultimately provide the skill sets required for the resource development sector with a view to reducing the need for FIFO/DIDO workers.

7. Provision of Services, Infrastructure And Housing Availability For FIFO/DIDO Workforce Employees.

Support services, infrastructure and housing availability are significant factors in the development of the mining industry within Narrabri Shire. Narrabri Shire Council is working productively to ensure that the demand is met as expediently as possible for all stakeholders. Support services are continuing to increase and develop with the influx of population. This development is supported through Narrabri Shire Council's Economic Development Department. Service shortages such as childcare availability have been identified and Council is working productively with the industry to resolve the issue.

Narrabri Shire Council is currently in deficit in the maintenance of road networks which are currently being utilized on an intensive scale by agriculture and mining industry. However, through ongoing communication with the mining industries operating within Narrabri Shire, constant maintenance and resealing of roads is continuing to ensure a continuing road infrastructure network for all FIFO/DIDO employees and community members alike.

Narrabri Shire Council has developed a Master Plan to address infrastructure issues with the Narrabri Airport which hosts the services of Aeropelican; the airline has increased its services to meet demand from FIFO workforces. To ensure a safe and serviceable facility Narrabri Shire Council is approaching funding through Voluntary Payment Agreements to provide the upgrade to the Airport to meet the growing FIFO workforces.

Housing stocks in the Narrabri Shire have been insufficient in providing rentals to employees relocating to the Shire through mining. The influx of people from the mining and gas industries to Narrabri Shire has increased with housing sales at a average of \$270k and continuing to rise. Future growth will require up to 1,000 new dwellings by 2031 in Narrabri Shire. Narrabri Shire Council is releasing residential land to create housing affordability in the region. Property investment companies are also releasing house and land packages to create a large amount of residential development in Narrabri.

However, the demand for rentals has driven up rent prices to the detriment of community housing provisions and there is a serious deficit of affordable housing for the lower socio-economic end of the market. The Women's Crisis Centre is having its own crisis with an inability to find appropriate longer term accommodation for those in need. Government agencies recently held housing forums in Narrabri and Gunnedah Shires to try and find a solution. The problem has been exacerbated by the

department of Housing exiting the affordable housing construction market and becoming too reliant on community housing which is now moving to the mining related higher rental markets. There is a need for government to reconsider its policy and funding for new affordable housing in this Shire.

Narrabri Shire Council has established a Growth Management Strategy and Local Environment Plan to expand land zoning to provide affordable land opportunities to increase the provision of housing for the influx of population. However, the increase in housing availability will highlight infrastructure issues such as provision of sewer, water and waste services, which are being addressed at cost to the residents of the Shire.

Motels are often full in Narrabri Shire, the number of rental vacancies are extremely low and existing house sales are limited. The Newell Highway, being a direct corridor from Melbourne to Brisbane dissects the town of Narrabri ensuring a large tourism industry which requires the provision of temporary accommodation in order to attract tourism to other areas within the Shire. Narrabri Shire Council is currently working to upgrade caravan parks and encouraging investment in motel facilities to meet the demand.

The MAC has an operational village in Narrabri and is currently constructing the next stage of temporary accommodation for the FIFO/DIDO workforce in the area to reduce the pressure on local accommodation provisions. Narrabri Shire Council has the view of maintaining temporary accommodation sites within town limits in order to ensure obtainable services to all FIFO/DIDO employees which in turn ensures growth of the services and adaption to demand.

The provision of medical services to the FIFO/DIDO workforce is currently limited with some doctors closing their books from the influx in patients. The number of Doctors, nursing staff and also skill provisions in Narrabri Shire has been of concern in recent years, highlighted by the continual growth of the area. Narrabri Shire Council currently hosts a Medical Taskforce including Councillors, local Division of GPs, Hunter New England Health, a community rep and dentist to attract more service providers to the area to meet the demand.

Recommendation: That the mining industry work with Local Government in relation to information of FIFO/DIDO workforce numbers to ensure that provision of services, infrastructure and housing can be addressed prior to the commencement of construction of the site.

Recommendation: That the mining industry encourages relocation of employees to region areas which are established communities with planned infrastructure to accommodate population growth.

8. Strategies To Optimize FIFO/DIDO Experience For Employees, Their Families, Communities And Industry.

Narrabri Shire Council is developing continuously including community infrastructure upgrades such as pools and sporting facilities. Narrabri Shire Council is working to provide an attractive community for mining families wishing to visit and/or relocate to the Shire to maintain options for the FIFO/DIDO workforce and the existing community. The release of residential land opens the opportunity for choices of relocation and the upgrade of accommodation supplies provides the opportunity for families to visit the region.

Working groups with representatives from Local Government and all mines could structure the use of skilled personnel to ensure workers required for a specific purpose can maintain employment for extended time throughout the mines in the region giving strength to the option of relocation to the Shire.

The release of industrial land provides opportunity for industry investment to support the mining industry and the FIFO/DIDO workforce. Maintaining temporary accommodation in town limits ensures the support of industry and provides a healthy lifestyle for the FIFO/DIDO workforce with access to community services.

Recommendation: That the establishment of working groups with representatives of Local Government and mining companies investigate the possibility of sharing of skilled employees to extend employment to encourage relocation and address issues in relation to the FIFO/DIDO workforce.

9. Potential Opportunities For Non-Mining Communities With Narrow Economic Bases To Diversify Their Economic Base By Providing A FIFO/DIDO Workforce.

Narrabri Shire has three identified villages within the Local Government area that have a narrow economic base being Bellata, Pilliga and Gwabegar. The opportunity for providing a FIFO/DIDO workforce would be stimulating to the economy of the community. However, the majority of residents of those towns who can find work in the resource sector have done so. The skills of those remaining of employable age are more suited to forestry and agriculture.

10. Current Initiatives And Response Of The Commonwealth, State And Territory Governments.

The Federal Government has committed \$200 million to a skills investment fund which is tendered to programs to provide training to meet skills shortage. Restructuring of this funding to endorse the provision of training in regional areas supporting the mining industry would establish an ongoing skilled workforce and the ability for employees to extend skills and achieve advancement in the industry.

Recommendation: That the Federal Government review skills training funding to regional mining hubs to meet skilled labor demands into the future.

Narrabri Shire has a continually expanding mining industry which To date has seen an influx of construction workers and some resource sector employees to the region. Narrabri Shire Council through early planning is providing opportunities for industry, residential and service providers to meet the needs of the influx of population. However to maintain a sustainable Shire the importance of providing training opportunities to regional people to enable employment is essential.

Narrabri Shire Council supports the need for FIFO/DIDO workforce for specific skilled positions within the mining industry and high percentage FIFO workforces for remote mining sites. Although regional mining sites should be regulated through approvals given by the Minister to employ locally and support local industry wherever possible to sustain the community infrastructure to full potential before a FIFO/DIDO workforce. The establishment of a residential workforce through current residents or the encouragement of relocation brings with it families which often includes a spouse with work skills such as teaching, nursing etc which can further enhance the communities within the Shire.

The Commonwealth Government must review the tax relief afforded for FIFO/DIDO provision in regional but not isolated areas.

The State Government must facilitate development of realistic regional plans based on communities of interest to ensure that adequate resources are provided to sustain developing areas.

