



Ensham

R E S O U R C E S

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ENSHAM
RESOURCES
PTY LIMITED

ABN 23 011 048 678

As Operator of the
Ensham Coal Project

GPO Box 814
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Australia

Website:
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The Ensham Coal Project
is a joint venture of the
following companies which
are liable severally in the
following proportions:

Bligh Coal Limited
ABN 20 010 186 393
47.5%

Idemitsu Australia
Resources Pty Ltd
ABN 45 010 236 272
37.5%

LG International
(Australia) Pty Limited
ABN 2 002 806 831
15.0%

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

Via email: ra.reps@aph.gov.au

7 October 2011

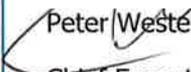
To the house of Representatives Standing House Committee on Regional Australia

Re: Inquiry into the use of 'fly-in, fly-out' (FIFO) and 'drive-in', drive-out' (DIDO) workforce practices in Regional Australia

Please find enclosed Ensham Resources' submission to the *Inquiry into the use of 'fly-in, fly-out' (FIFO), and 'drive-in', 'drive out' (DIDO) workforce practices in regional Australia.*

If you wish to discuss any aspect of this report, please contact Dr Jan Green on (07) 3221 1201.

Yours sincerely


Peter Westerhuis
Chief Executive Officer



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Ensham Resources' submission to the House of Representatives
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**

7 October 2011



1. Introduction

Ensham Resources (Ensham) welcomes the opportunity to make a submission to the House of Representatives Standing Committee's *Inquiry into the use of 'fly-in, fly-out' (FIFO) and 'drive-in, drive-out' (DIDO) workforce practices in Regional Australia.*

Ensham has a long and successful track record of effectively managing its non-residential workforce and supports the use of FIFO/DIDO workforces in regional Australia.

This submission will specifically address the following Terms of Reference as they relate to the experience of Ensham and its employees:

- costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce;
- the effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure; and
- strategies to optimise FIFO/DIDO experiences for employees and their families, communities and industry.

2. About Ensham

2.1 Current operations

Established in 1993 as a joint venture among major international companies and their Australian subsidiaries, Ensham is one of Queensland's largest and fastest growing thermal coal producers.

Ensham is a 24-hour operation located near Emerald, in central Queensland. Ensham Mine currently produces between 4 and 7 million tonnes per year of high energy low ash thermal coal, exported to leading energy producers in Japan, Korea, India, China and other countries.

A major producer in its own right, the Company aims to harness its considerable resources, currently estimated at around 900 million tonnes.

Ensham currently supports more than 400 direct and indirect jobs. However, it is estimated that its operations also produce significant flow-on effects, including economic benefits for the region, industry and workforce source regions.

As one of Queensland's largest coal producers, Ensham contributes significantly to regional and state economies. Between January and August 2011, Ensham contributed \$16.9 million in royalties to the Queensland Government and \$1 million at a regional level for rates and mining leases. This is in addition to direct benefits to the Emerald region through the procurement of local goods and services, and the Company's policy that managerial staff must reside locally, thus contributing to the local community.



2.2 Future operations

Ensham Mine has commenced a transition from open cut towards underground mining operations to secure its long-term future, so it can continue to deliver economic benefits to Queensland.

The transition from open-cut to underground mining is the most sustainably competitive strategy and will see the mine continue to operate for over 20 years. It also allows Ensham to maintain its commitment to the highest standards of environmental management.

First coal was successfully mined from Ensham's first underground operations in September 2011.

Underground mining will secure the future of the mine for more than 20 years and create an additional 160 new direct and indirect jobs. Successful transition to underground operations will sustain Ensham's continued contribution to state and regional economies.

2.3 State-wide benefits

Through the use of non-residential workforces, Ensham's operations benefit individuals and communities across Queensland, rather than being localised to the region of employment.

The Queensland Government has publicly acknowledged the necessity for non-residential workforces to help manage labour demand created by the resources boom in the coming years. In a media statement issued on 22 September 2011¹, the Hon Stirling Hinchliffe MP, Minister for Employment, Skills and Mining confirmed the Queensland Government's support for FIFO:

Minister Hinchliffe said the Bligh Government supported a fly in fly out (FIFO) policy for resources workers.

"The Bligh Government believes workers should have a say on where they live. People can live in Hervey Bay, Gympie or on the Gold Coast - pay rates, raise families, buy groceries at home - and work in the mining industry," he said.

"Right now there are more than 3,500 jobs for Queensland workers going in our booming resource industry. We'll need 38,000 workers to meet industry demand over the next few years".

Ensham believes individuals and communities across Queensland should share the economic and employment benefits of the State's resources industry.

The Company's long established non-residential workforce creates employment opportunities and spreads the economic benefits of industry throughout Queensland, with the workforce drawn from source regions including Mackay, Yeppoon, Biloela, Gympie, the Sunshine Coast and Brisbane.

In the Central Highlands local government area, where Ensham Mine is based, the number of the non-resident workforce was 3,225, or only nine per cent of the full-time resident population, as at June 2010².

¹ Queensland Government (22 September 2011). *Jobs for Queenslanders integral to the resources boom*. Media statement.

² Queensland Government. (February 2011). Queensland Treasury, Office of Economic and Statistical Research. *Bowen Basin Population Report, 2010*. <http://www.oesr.qld.gov.au/products/publications/bowen-basin-pop-report/bowen-basin-pop-report-2010.pdf>



3. Ensham's experience with FIFO/DIDO

Ensham's non-residential workforce policy offers employees **flexibility** and the **choice** to determine their workforce arrangements, by choosing to live in a location that best suits their personal circumstances.

The Company has more than 20 years' experience working with more than 141 non-residential employees (representing about 61 per cent of Ensham's total workforce) successfully managing the personal and societal impacts and opportunities associated with a non-residential workforce.

Ensham's 141 non-residential employees have chosen this workforce arrangement for a range of reasons including family and/or personal life, career opportunities, financial considerations, health requirements and quality of life.

The Company's experience is that non-residential workforce options have strong appeal for young people starting their career in the mining industry, who do not want to be permanently separated from their family, friends and lifestyle; and mature families who do not have the same commitments or lifestyle considerations as families with young children. Ensham believes it is important to provide staff with flexible working arrangements that best suit their own personal circumstances.

Ensham's non-residential employees are typically technical and operational staff, including dragline operators, truck and excavator drivers and electricians. The Company also has a policy that all managerial staff must live locally, supporting and contributing to the local community.

Ensham's use of a non-residential workforce **does not place additional pressure on Emerald's constrained infrastructure, services and facilities**, including health, education, emergency, community and social services.

The Company has developed several high quality villages for its non-residential workforce, which **prevents placing further pressure on accommodation** in the region, which is characterised by high property values and land scarcity.

The Company helps to further minimise the impacts of a non-residential workforce on both employees and the local community through initiatives such as its rigorous **Fatigue Management Policy**. Central to this policy is roster design and travel requirements that apply to both the residential and non-residential workforce.

Ensham's seven days on/seven days off (7/7) continuous roster was developed in 1993 in partnership with the workforce and was their preference. The 7/7 roster provides Ensham's workforce with flexibility and choice and is the envy of employees at other mines in the region. The 7/7 roster manages workforce fatigue, provides extended periods of leave for employees to spend with their families, and promotes a safe and productive work environment. Shifts commence on a Tuesday to provide more time with their families and prevent travelling on weekends, when there is increased traffic on highways and roads. The 7/7 roster also ensures the workforce spends every second weekend with their family.

To further enhance the safety of the non-residential workforce, individuals are also required to complete **Individual Travel Management Plans** designed to manage and minimise the risk of fatigue while travelling to and from site. This includes scheduling appropriate rest periods before the start of shift (for those workers who travel longer than one hour to site) and at completion of a roster cycle, before travelling on public roads.



4. Terms of Reference

Ensham employees provided valuable feedback to assist in addressing the following inquiry Terms of Reference.

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

4.1.1 Individuals

Costs

The table below summarises the 'costs' identified by Ensham employees in choosing a FIFO/DIDO work arrangement.

Factor	Cost to FIFO/DIDO employees
Family	<ul style="list-style-type: none"> Can present difficulties maintaining close family relationships, through lack of frequent contact. However, Ensham's 7/7 roster provides the non-residential workforce with additional time with their families and is anecdotally the preferred roster, in comparison to other non-residential rosters such as 14/4 or 19/9.

Benefits

The table below summarises the key motivators for employees when choosing a non-residential position.

Factor	Benefit to FIFO/DIDO employees
Choice	<ul style="list-style-type: none"> Allows employees to choose where they live and work.
Career	<ul style="list-style-type: none"> A competitive advantage for attracting and retaining staff. Provides career opportunities for employees who may not have considered a career in the mining industry if they were required to live locally.
Family	<ul style="list-style-type: none"> Allows families to continue living together without partners sacrificing their career, or disrupting children's education. Allows families to remain within their existing community close to family, friends, support networks, health and community services.
Lifestyle	<ul style="list-style-type: none"> Allows employees to choose where they live and supports many employees' preference for coastal living. Provides access to a broader range of recreation and leisure options at their primary place of residence, in comparison to smaller, local communities. Enhanced access to infrastructure and services, such as health, community and social services. Enhanced job satisfaction and recreational time, by allowing employees to focus on the job while at work and completely 'switch off' when they are physically removed from the work environment on their days off.
Finances	<ul style="list-style-type: none"> Do not have to fiscally manage the inflated cost of living in mining communities.



4.1.2 Ensham

Costs

Ensham is committed to providing a clean, comfortable and restful environment for its non-residential workforce. The Company's accommodation policy includes providing a high standard of village accommodation, including permanent rooms with ensuite (no 'hot bedding'), all meals and domestic services such as on-site laundries.

The annual cost to Ensham of providing high quality camp accommodation, and associated maintenance and services, for the non-residential workforce is comparable to the cost of providing long-term allowances to residential employees or owning and maintaining housing in Emerald.

Benefits

For Ensham, the benefits of providing its workforce with the choice and flexibility associated with a non-residential workforce far outweigh the costs.

Across Queensland, the number of current and future resource projects has created an intense and unprecedented demand for mining jobs. Many of the communities located close to mining operations simply do not have the workforce available to wholly meet this demand. For example, according to Queensland Government sourced unemployment data in the June quarter 2011³, many towns in the Bowen Basin had the lowest unemployment figures in the State:

- Central Highlands local government area (includes Emerald) – 2.5%
- Isaac local government area (includes Moranbah) – 1.3%
- Bowen Basin region (includes Banana, Central Highlands, Isaac and Whitsunday local government areas) – 3.4%.

In comparison, potential workforce source regions have some of the highest unemployment rates in Queensland, including:

- Gold Coast – 6.3%
- Cairns – 8.2%
- Queensland – 5.5%.

³ Queensland Government. Queensland Treasury, Office of Economic and Statistical Research. *Queensland Regional Profiles*



The table below demonstrates how Ensham’s non-residential workforce has contributed to the growth and success of the Company.

Benefit	Outcome
High staff retention rates	<ul style="list-style-type: none"> • High staff retention rates among the non-residential workforce. Some employees have left, only to return due to Ensham’s 7/7 roster. • Approximately 36 current non-residential employees have been employed by the Company for more than 9 years, with 21 workers having worked with the company since 1993. • A number of long-term staff indicated they plan to remain with the Company for the foreseeable future.
Low staff turnover	<ul style="list-style-type: none"> • Ensham has a low staff turnover rate of less than 5 per cent among non-residential employees
Low absenteeism / lost time due to injury or illness	<ul style="list-style-type: none"> • Average LTIFR over past 12 months is 1.8’.
Access to workers	<ul style="list-style-type: none"> • As one of 34⁴ mines in the Bowen Basin region and one of 55 operating coal mines in Queensland⁵, the ability to attract and retain its workforce from across the State has allowed Ensham to sustain and grow its operations – drawing from a state-wide resource pool of potential workers .

4.2 The effect of a non-residential workforce on established communities, including community wellbeing, services and infrastructure

Utilising a non-residential workforce at Ensham Mine does not place additional pressure on existing community infrastructure, services or facilities, such as health, transport, education, community or social services.

Similarly, Ensham’s non-residential workforce does not create additional pressure on local accommodation through rentals or purchasing scarce land. Ensham understand the direct impact of mining operations on housing remains a key concern for local communities. Instead, the Company’s non-residential workforce is housed in high quality village accommodation on site.

However, Ensham is aware of its responsibility to the region and local community, and therefore has a policy that all management staff must reside locally. This ensures Ensham contributes to the local community, without placing undue additional burden on local infrastructure, services and facilities associated with a large residential workforce.

Ensham’s operations bring considerable benefits to the local community and region. Wherever practical, local businesses benefit through the procurement of goods and services, such as catering, consumables, office equipment and supplies, operational equipment and services, and motor vehicles.

Ensham also supports a range of community programs through partnerships, donations, grants and scholarships. This includes sponsorship of a number of Queensland Resource Council initiatives to offer training opportunities to young people in mining communities, as well as sponsorship of local community events and junior sporting teams.

⁴ Bowen Basin Mining Communities Research Exchange. <http://www.bowenbasin.cqu.edu.au/>

⁵ Queensland Government (July 2011). *Queensland’s coal – mines and advanced projects*. <http://mines.industry.qld.gov.au/mining/coal-publications.htm>



4.3 Strategies to optimise the FIFO/DIDO experience for employees and their families, communities and industry

4.3.1 Employees and their families

The table below provides an overview of the strategies implemented by Ensham to optimise the FIFO/DIDO experience for Ensham employees and their families.

Factor	Strategy to optimise the FIFO/DIDO experience
Choice	<ul style="list-style-type: none"> • Providing employees with the choice to consider non-residential work arrangements, wherever practical.
Roster	<ul style="list-style-type: none"> • The 7/7 roster supports a greater work/life balance. • Ensham's roster commences on a Tuesday, maximising the number of weekends spent with family and reducing travel time on weekends, when highways and roads are busy.
Camp	<ul style="list-style-type: none"> • High quality accommodation comprising individual units with ensuite and solar hot water systems. • No 'hot bedding' – employees have their own private air conditioned living space with lounge, bedroom and ensuite. • Provision of services and facilities including: <ul style="list-style-type: none"> ○ Domestic services such as dining rooms and on-site laundries ○ Recreational facilities such as BBQs, gyms, tennis courts and pools ○ Undercover car parking ○ Landscaping.
Culture	<ul style="list-style-type: none"> • Employees value the Company's emphasis on personal choice and flexibility with regards to where they choose to live and work. • Promotion of a family-friendly culture. Family members are encouraged to stay at the village on weekends with full access to all recreational facilities and services (e.g. dining hall, pool and tennis court) and experience the working arrangements of their family member.
Safety	<ul style="list-style-type: none"> • Seven consecutive days off (Ensham's 7/7 roster) reduces the risk of travel fatigue when travelling to and from work. • Employees with seven consecutive days off are less likely to rush home (and drive irresponsibly) at the end of the roster cycle, due to an extended leave period. • Fatigue Management Policy and Travel Management Plans are well respected by employees.

4.3.2 Community

Ensham believes local councils and community organisations have an important role to play in managing the impacts and opportunities associated with the mining and resources industry and non-residential workforces.

4.3.3 Industry

Industry must work with government, community groups and other members, to effectively manage non-residential workforces and the associated issues and opportunities with industry expansion. Ensham values the contribution of the Queensland Resources Council and other peak industry groups in this endeavour.



5. Conclusion

Ensham Resources believes that non-residential workforce arrangements offer employees flexibility and choice. The Company's workforce are empowered to make decisions that best suit their personal circumstances, in collaboration with their families, while also limiting any additional burden on existing community infrastructure, services and facilities.

A non-residential workforce is critical to the continued success of Ensham's current and future operations. It will also spread the benefits of the mining and resources boom throughout Queensland, ultimately ensuring all Queensland communities can be part of the industry's growth and success.

In summary, Ensham believe they are an example of a non-residential workforce being successfully implemented, managed and maintained long term to benefit employees, the community, government, Queensland and the Company.