



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

**SUBMISSION TO THE AUSTRALIAN GOVERNMENT HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON REGIONAL AUSTRALIA**

Local Government Association of Queensland Ltd

7 October 2011

The Local Government Association of Queensland (LGAQ) is the peak body for local government in Queensland. It is a not-for-profit association setup solely to serve councils and their individual needs. LGAQ has been advising, supporting and representing local councils since 1896, allowing them to improve their operations and strengthen relationships with their communities. LGAQ does this by connecting councils to people and places that count; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and delivering them the means to achieve community, professional and political excellence.

## Introduction

This submission has been prepared by the Local Government Association of Queensland (LGAQ) in view of the significant yet variable positive and negative impacts of FIFO and DIDO practices upon local governments and the communities which they serve.

## Advocacy Agenda

Whether it is the provision of essential community services, such as local roads and drinking water to recreational and cultural facilities, Queensland local governments cover the State's entire land mass, have the widest jurisdiction, and are equipped with the most flexible powers of any local governments across Australia. The size and geography of Queensland brings responsibility upon all spheres of government to deliver upon a diversity of economic and infrastructure issues, opportunities and priorities.

LGAQ's Advocacy Action Plan 2011-2012 focuses on supporting local government as it rebuilds its communities from recent flood and cyclone events, preparing the sector for local government elections in March 2012 as well as promoting, and where necessary, protecting local government's role in issues such as population growth, sustainable planning, regional economic development and community well being, climate change, water and road infrastructure reform, workforce planning and constitutional recognition.

Specifically, the Advocacy Action Plan outlines a number of relevant priorities including the following:

- Australian and State Government Sustainable Population Strategies – including State Population and Migration Policies.
- Resource Regions – policy, funding and legislative changes to support communities impacted by resource sector growth.
- Planning Systems – declaration of urban development areas only after full consultation with and agreement by relevant councils; ensuring the infrastructure costs of new development are not subsidised by ratepayers, and certainty that State Government appointed development assessment panels are not introduced.
- Regional Infrastructure & Development – alignment between local government long term Community Plans and infrastructure priorities and Regional Development Australia (RDA) Road Maps; and improved recognition and engagement of local government as a key partner in the RDA committee network by the Australian and Queensland Governments.
- Workforce Planning – development of a local government workforce strategy enabling comprehensive workforce planning, including a skills formation strategy for Indigenous councils.
- Rural, Remote and Indigenous Councils – develop collaborative policies and programs recognising the unique and diverse role undertaken by rural, remote and Indigenous councils who often possess limited in-house capability and capacity, yet are increasingly expected to fulfill important service and social roles in Queensland's isolated communities. The development of an implementation strategy to address the identified needs of non-amalgamated councils including:
  - recruitment and retention of human resources and skills development;
  - regional resource sharing and services sharing opportunities;
  - the impact of legislative requirements or compliance on resources and capacity;
  - financial sustainability and revenue capacity and stability; and
  - business systems and technology

## Supporting Queensland's Resource Regions

Queensland's resource industry has been a major contributor to the development and wealth of local and regional communities for more than a century. As mining and petroleum activity has increased in recent decades, so have the challenges of accommodating industry activity and its associated impacts on other land uses, public infrastructure and community expectations.

As the sphere of government directly responsible for, and engaged in the day to day governance of Queensland's communities, the issues confronting local governments located in, or adjacent to Queensland's resource regions / basins are significant, complex and diverse. Infrastructure provision, housing affordability, workforce skills and recruitment, social and cultural cohesion, environmental protection, supply of essential services, public order and safety, town planning and amenity, increased administration, managing and maintaining industry relationships, and participation in legislative processes are some of the key challenges confronting councils seeking to balance the benefits of resource industry activity with community wellbeing and long term sustainability.

These challenges have been the subject of debate at the LGAQ's Annual Conferences over a number of years and also form the basis of the following specific LGAQ Policy:

### **8.6.1 Resource and Mineral Extraction**

#### **8.6.1.1**

*Local Government seeks to work in collaboration with the State and the Federal Government and private sector bodies in identifying and addressing the infrastructure needs of local and regional communities required to support mineral and gas exploration and extraction and the environmental and social impacts that arise.*

#### **8.6.1.2**

*Local Government, as an equal government partner in resource communities planning, requires early and comprehensive engagement in resource tenure approval processes to allow sufficient time to plan for impacts associated with the commencement or upgrading of a resource project.*

#### **8.6.1.3**

*Local Governments are the main providers of key infrastructure and community services in resource communities and will require additional financial support to meet the demands on infrastructure and services that will flow from the predicted growth in resource activity over the next decade.*

In September 2008, LGAQ (on behalf of a number of local governments directly impacted by resource sector activity) and the Queensland Resources Council became signatories to the Queensland Government's Sustainable Resource Communities (SRC) Partnership Agreement. .

The Partnership was developed as a result of intensive and protracted representations from local governments in the Bowen Basin struggling to manage the social and economic impacts of this burgeoning development. Although the SRC Partnership has achieved some success, recognising the continuing challenges confronting its members, the LGAQ undertook a comprehensive engagement process with 18 councils to determine the systemic challenges impeding their ability to manage, respond to and support ongoing resource industry development - particularly those not currently being addressed by the SRC Policy and Partnership.

As a result, LGAQ released its position paper ***“Supporting Queensland's Resource Regions - Recommendations for enhancing local government sustainability in regions with current or proposed mining and petroleum activity”***

Recommendations were drafted to address a number of policy, legislative and funding issues summarised as follows:

### **LGAQ Supporting Resource Regions Position Paper – key themes**

#### **SRC Policy:**

- *The review of the Sustainable Resource Communities Policy including the SRC Partnership Group, Local Leadership Groups and whole of government coordination of initiatives and activities aimed at supporting resource regions.*
- *Provision of a long term funding stream to support the implementation of the strategies contained within the policy.*

#### **Environmental and Cumulative Impact Assessment and Mitigation:**

- *Greater consideration of economic, social and environmental cumulative impacts in the prescribed matters for Terms of Reference (TOR) and Environmental Impact Statements (EIS) processes and improved governance and monitoring arrangements.*
- *Review of EIS trigger criteria and consideration of the production capacity of a project's supporting infrastructure in determining whether a non-standard project requires an EIS.*

#### **Notification:**

- *Provision of a user friendly website comprehensively documenting whole of government tenure and approval processes for resource projects.*
- *Improved notification to local government when tenure or environmental authority applications (of relevance based on agreed activity levels) are received by the relevant authority.*
- *Extend road use notifications and compensation agreements to significant projects and to include the transport of equipment and infrastructure relating to the activities permitted.*
- *Extend the requirement for proponents to prepare Social Impact Management Plans (SIMPS) as part of the EIS process to apply to projects which have not been declared 'significant'.*
- *Require proponents to notify local government immediately when they become aware of an event caused by their project activity that could cause serious or environmental harm.*

#### **Compensation:**

- *Provision of a financial contribution to the case management costs of local government in managing EIS submissions and assessments (including but not limited to Environmental Impact Statements, Initial Advice Statements, Supplementary Environmental Impact Statements and Social Impact Management Plans).*
- *Develop and extend provisions for financial compensation for council services, facilities or activities impacted by exploration (and other) activities not covered by council rating provisions.*
- *Establish, as soon as possible, a long term funding stream for local government to support community infrastructure projects in resource regions in the order of \$150M per annum for five years (subject to an agreed funding model).*

This range of recommendations evidences the scale and complexity of issues faced by local governments in addressing resource industry growth and associated impacts upon communities. The need to be respected and engaged as a valid and equal government partner in decision making and information sharing to aid long term collaborative community planning is paramount. Similarly the need for a long term infrastructure fund in order for local governments to facilitate the economic and social infrastructure requirements of resource impacted communities is clearly evident.

## **Non-Resident Workforces – Impacts and Challenges**

A number of the impacts and opportunities as referenced in LGAQ's Position Paper referred to above can be directly attributed to the growing trend by many resource companies to employ non resident workforces. These workforces place considerable pressure upon established communities, existing services and infrastructure and community wellbeing.

The provision of housing for these employees can have significant impacts on the local property market for existing residents and prospective investors. Whilst demand for housing rises, rental and purchase prices can be artificially escalated, often forcing out long term residents (or those most vulnerable in the community, such as the young and elderly) who can no longer afford to live locally.

Recent reports suggest that a three bedroom single storey home in Dysart (within the Isaac Regional Council) for instance currently costs \$1800 per week to rent.

Similarly, where housing provision is increased, this can have a negative longer term impact on property prices and stifle investment. Legacy issues associated with temporary accommodation facilities once a project is complete also needs careful consideration. In some cases, these facilities are constructed outside of traditional town boundaries within rural residential sub divisions. The presence of high density singles quarters, heavy commuter traffic, provision of infrastructure and supplies and roster changeovers can have significant negative impacts upon the quality of life for local residents as well as overall community cohesion.

Due to the tenure and approval processes linked to these activities and their associated facilities, local governments are often afforded limited opportunity to be engaged in meaningful decision making about the consequences and impacts on these communities. Where councils express strong views, often the local concerns are disregarded in favour of a positive commercial outcome for the proponent and government. This has recently been evidenced in the case of the Queensland State Government's decision to approve a 100% Fly In Fly Out (FIFO) allocation for the Caval Ridge mine in the Isaac Region, despite Isaac Regional Council having voted directly against this.

Recent statements by the Central Queensland Local Government Association (CQLGA) and Councillor Cedric Marshall, Mayor of Isaac Regional Council and Chair of the LGAQ's Resource Communities Reference Group stress that some communities will become unsustainable unless a cap is placed on the number of non-resident workers who are associated with the resource industry.

"The fly-in, fly-out workforce is contributing little to our communities apart from extra pressure on our services," Cr Marshall has said.

The current percentage of non-resident workers within the Isaac Regional Council area is at an average of 30 percent across the whole region, according to the latest Bowen Basin Population Report 2010 (OESR – Queensland Treasury). The total estimated residential population is 22,650 and the total non-resident worker population is 9,903.

Member councils of the CQLGA – Banana Shire, Central Highlands, Gladstone, Isaac, and Rockhampton Regional Councils will also be working together to develop a regional policy and guidelines regarding FIFO workforces in Central Queensland and the balance needed to support local community services, while maintaining a sustainable workforce for industry.

"CQLGA and its member councils are not opposed to a level of Fly In Fly Out within the region and we understand that this is often necessary to get a skilled workforce," Cr Marshall said.

"However, CQLGA councils have made a commitment to work together to enhance the liveability of our communities and to advocate for the needs of Central Queensland.

"We need families to sustain our communities and we are committed to helping them flourish and benefit from the growth in Central Queensland.

"We do not believe this is possible if a 100% FIFO workforce is allowed to be adopted."<sup>1</sup>

## Capping Non-Resident Workforce Levels

Despite varied opinions amongst Queensland Councils on the advantages and disadvantages of FIFO, Bus In Bus Out (BIBO) and Drive In Drive Out (DIDO) workforces, the motion below was carried at LGAQ's 2011 Annual Conference which was recently convened from the 3<sup>rd</sup> to 6<sup>th</sup> of October.

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<sup>1</sup> CQLGA media release: 'Regionalisation concerns by CQ Councils' 26/8/11 [www.cqlga.asn.au](http://www.cqlga.asn.au)

**Motion NO. 38**

**NQLGA / WQLGA / ISAAC REGIONAL COUNCIL**

**PLACING A CAP ON THE NUMBER OF NON-RESIDENT WORKERS ASSOCIATED WITH THE RESOURCE INDUSTRY**

*“That the Local Government Association of Queensland makes representations to the State Government to place a ‘cap’ on the number of non-resident workers who are associated with resource industry activities and encourage community growth.”*

**BACKGROUND**

*Under current arrangements mining companies are no longer required to build communities to support their mining activity. Most are opting for the FIFO, BIBO or DIDO alternatives and workers are required to be accommodated in villages or camps.*

*The current percentage of non-resident workers within the Isaac Regional Council area is currently at 30 percent according to the latest Bowen Basin Population Report 2010 (OESR – Queensland Treasury).*

*The total estimated residential population is 22,650 and the total non-resident worker is 9,903. Central Highlands is registered at 9 percent, Bowen at 6 percent and the Whitsunday Regional Council at 3 percent.*

*If current practices continue where mining companies engage non-resident workers rather than provide for growing and sustainable communities, Isaac and other resource communities will reflect an imbalance to the point where communities become unsustainable.*

**LGAQ COMMENT**

*The LGAQ is well aware of the issues facing councils related to resource activity in or adjacent to their boundaries. In 2010, the Association developed the Supporting Queensland's Resource Regions Position Paper, which contains 29 recommendations to issues related to infrastructure management and funding, engagement of local government and environmental/social concerns. The Paper was presented to the State Government for action in late 2010 and since then the LGAQ has been working with Government agencies to progress the recommendations.*

*In progressing the recommendations contained in the Position Paper, the LGAQ is working with DEEDI to review the Sustainable Resource Communities Policy and Partnership Agreement and is seeking improved linkages between social impact assessment and regional planning. The Association is also seeking legislative changes requiring proponents to submit Social Impact Management Plans with Environment Impact Statements for proposed projects and that DERM take workforce considerations into account when applying environmental conditions.*

*If this motion is passed, the LGAQ will explore the appropriateness and potential of capping the number of non-resident workers in resource communities.*

*Additionally, these matters are represented in LGAQ's 2011/12 Advocacy Action Plan.*

**Forced FIFO, BIBO and DIDO**

On the same theme, and at the LGAQ Annual Conference on Tuesday 4<sup>th</sup> October, the LGAQ's Resource Communities Reference Group condemned the decision of the Queensland Government to endorse 100% forced FIFO policies by major mining companies (as evidenced by BHP's recent approvals for the \$4 billion dollar Caval Ridge Mine located in the Isaac Region.) A statement prepared by Whitsunday Regional Council stated that the decision “sets a dangerous precedent for all Queensland mining regions by allowing Queensland's mining industry leader BHP (BMA), for the first time in Queensland to implement 100% forced FIFO policies.” Commentary on this particular case is provided below by way of illustration.

## Case Study – BMA Caval Ridge Mine, Isaac Region

The Queensland Government approved a change in the application for BHP's Caval Ridge Mine on 2<sup>nd</sup> September 2011 which allowed a 100% FIFO workforce. This is the first such approval under the projects of state significance provisions to apply to existing coal mining regions. The previous EIS approval for this mine, which was applied for by BMA and approved by the State Government, was for a 70% FIFO, BIBO, DIDO commuting workforce, to a 30% locally based residential workforce (70/30). This approval allowed for substantial proportions of the workforce to live in the broader region by choice and facilitated the necessary housing to relieve housing pressures.

Whitsunday Regional Council prepared a background paper on the matter including the following:

*"100% forced fly in fly out policies pose a significant threat to the sustainable development of Queensland mining and gas regions by creating population imbalances between resident and non-resident workers, allows 100% of any economic benefit to fly out from these projects and puts increasing pressure on regional services that are funded on the basis of permanent population numbers.*

*Queensland's regional communities should not be placed on the slippery slope to a Western Australian style model of unsustainable population and development pressures that result in communities being unable to attract and retain families and businesses that are necessary for liveable and sustainable communities.*

*We call on the Queensland Government to:*

- 1. Reject 100% forced fly in, fly out policies from mining companies and to ensure Queensland mining and gas region's benefit from the mining boom by facilitating choice for employees and their families to live or relocate to these regions. Resource Communities must be able to strike a balance between resident and non-resident workers.*
- 2. Ensure that Social Impact Management Plan (SIMP) processes for mining and gas operations sets conditions to ensure employees are given a choice about where they live rather than being forced in 100% fly in fly out arrangements.*
- 3. Engage with regional resource communities, community groups and their council representatives and **genuinely listen and consult** on major policies and decisions affecting resource communities rather than implementing centralised policies which fail to deliver appropriate economic, population and development outcomes, and policies that negatively impact upon these communities, by allow mining companies to steamroll the concerns of the communities they are generating billions of dollars from".*

Mayors from Mackay, Rockhampton, Whitsunday, Central Highlands and Isaac Regional Councils recently supported the submission of the Moranbah Action Group and the Queensland Mining Communities alliance which asked the government to stand by its original approval for 70/30 rather than approve 100% FIFO on the following basis:

1. It removes the choice of new workers to live with their families in the Mackay, Whitsunday, Isaac, Central Highland and Rockhampton regions;
2. Its allows 100% of the economic benefit from the project to bypass the Mackay, Isaac, Whitsunday, Central Highlands and Rockhampton regions, despite these regions providing the resources;
3. The precedent will likely result in population imbalances developing in established mining communities between resident and non-resident workers;
4. It poses substantial problems for community infrastructure funding which is based on permanent population numbers, despite added non-resident pressure;
5. It creates unsustainable and lopsided private sector investment in large scale temporary accommodation structures as opposed to permanent family housing, which further limits future opportunities for non-resident workers to relocate to mining communities and regions; and
6. It flies in the face of, and poses a threat to the Queensland Government's Regionalisation Strategy.

## Non-Resident Workforces – Economic Opportunities

A number of initiatives have recently been launched in Queensland to assist non resource communities with high unemployment to supply large numbers of workers on the basis of a FIFO or DIDO arrangement. These arrangements can provide vital skills and labour which are in short supply locally to service these projects.

It is well documented that these working arrangements can place significant pressure on families and community services – through relationship stress, a reduction in participation in community activities and sporting groups. Conversely they can offer a lifeline to sustain those under financial stress due to local economic downturn.

As a result, a number of local governments – particularly in coastal high unemployment areas such as Sunshine Coast, Gold Coast, Cairns and Fraser Coast are supportive of FIFO arrangements and adopting initiatives to supply their local labour and skills to resource communities. It is also noted that the Australian and Queensland Governments have invested in initiatives such as the funding of the Cairns based FIFO coordinator and the convening of “Mining Jobs Summits” in order to meet those needs. A consortium approach instigated by the Gold Coast City Council has resulted in the Gold Coast Airport dedicating one of its terminals and promoting it as a specific FIFO resource with the assistance of Council’s Economic Development unit. It is recognised that these initiatives can help to deliver skills where they are needed to support and diversify the overall economy, as well as assist the unemployed, education and training organisations and the aviation sector.

Clearly there are significant benefits for some communities in supplying such workforces, however, this should be actioned only with the full support of the community receiving those workers – and meaningful engagement of the relevant local government is paramount. There should be consensus between the Queensland Government, the proponent and the local governments responsible for both supplying and receiving these workforces in order for FIFO, BIBO and DIDO arrangements to be fully endorsed and approved. A strong partnership approach to collaborative decision making allows for productive multi stakeholder approaches to resolving issues and pursuing further opportunities for mutual gain.

## Conclusion

As evidenced throughout this submission, there is divergence of opinion about the benefits and challenges associated with FIFO, BIBO and DIDO workforces and the variable impacts and opportunities experienced across Queensland’s regions.

Many regions face infrastructure and housing pressures in accommodating workforces and social complexities with respect to integrating large numbers of workers into small communities. Councils’ own operational workforces are often impacted by the influx of highly paid positions within the resource sector and are challenged in being able to attract and retain staff as they are unable to compete against the salary levels offered. Similarly increasing rent levels and house purchase prices can drive out locals who can’t afford to live there anymore and property market intervention can have longer term negative impacts on investment levels. The sustainability and legacy issues of accommodation facilities need careful consideration along with the appropriate contribution by proponents to the headworks costs of providing suitable housing at an affordable price – in order that the local community benefits in the longer term.

Often there can be environmental, health and community safety/crime impacts of large numbers of young single workers regularly travelling, living in close quarters and not valuing the town’s sense of identity and culture. Road safety, fatigue management and the availability of health and community services in small communities with resourcing constraints can pose other challenges. Quality of life and cultural impacts upon local communities are significant factors fuelling the debate over FIFO, BIBO and DIDO workforces.

In some cases councils welcome the economic benefit of the activity whilst it is supported by FIFO, BIBO and DIDO workforces – seemingly having minimal impact on community lifestyle. There are a number of non resource communities with high unemployment which recognise the economic opportunity of providing such workforces to other regions struggling to attract workers.

Individual council submissions will no doubt highlight some of these opportunities and challenges in further detail. It is LGAQ's position that the use of FIFO, BIBO and DIDO workforces can be relevant in some situations and the relevant local governments should be meaningfully engaged in decision making surrounding such proposals from an early stage. Similarly there should be no forced FIFO decisions upon communities where there is local consensus against such a decision.

In support of this, the recent release of the State Government's Major Resource Projects Housing Policy: Core principles to guide social impact assessment (August 2011) states that:

*The Queensland Government believes that workers should have a choice of where and how they live and work. Where a fly-in, fly-out workforce is proposed, the proponent must work with local communities, councils, unions and the state government to make sure that the liveability and sustainability of towns is protected and that workers have choice about where they live – page 1.*

*Project proponents should engage early with community stakeholders, local governments and unions in assessing the need for workforce accommodation, the nature of workforce accommodation required and the impacts on housing markets in preparing their EIS and associated draft SIMP – page 6.*

*Resource project proponents must therefore, where practicable and sustainable, locate a proportion of their operational workforce in resource towns to support growth and liveability of these towns and should provide evidence they have considered this option in consultation with the relevant state and local government and the community – page 7.*

As the sphere of government and locally elected body responsible for the governance and administration of regional communities, local governments are often the key service delivery agents in resource communities and play a vital role in addressing challenges relating to the liveability, wellbeing and long term sustainability of communities.

It is the Association's view that there should be consensus between the Queensland Government, proponents and the local governments responsible for both supplying and receiving these workforces in order for FIFO, BIBO and DIDO arrangements to be fully endorsed and approved. A strong partnership approach to collaborative decision making allows for productive multi stakeholder approaches to resolving issues and pursuing further opportunities for mutual gain.

Councils need to be viewed as legitimate partners in resource community planning given their wide ranging jurisdiction in supporting resource communities. Accordingly, LGAQ would recommend that any strategies and / or decisions relating to how FIFO, BIBO and DIDO workforces should be accommodated occur in full consultation with the relevant local government at the earliest possible opportunity.

The SIMPs which some proponents are currently required to prepare highlight significant progress in consideration of workforce issues and mitigation strategies. However, the experience of LGAQ, including a recent study tour to Central Queensland, has illustrated there remains significant and positive opportunities for genuine collaborative governance and decision making on these matters. There is progress to be made in the collaborative governance of cumulative impact management mechanisms, establishment and interpretation of clear project conditions with a shared understanding by all stakeholders, and the implementation and evaluation of associated SIMP strategies and outcomes.

LGAQ appreciates the opportunity to comment upon this inquiry and would welcome the opportunity to facilitate the provision of further commentary from members of its Resource Communities Reference Group should this be required.