



Submission to the House of
Representatives Standing Committee
on Regional Australia Inquiry: The use of
FIFO and DIDO workforce practices in
Australia

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Executive Summary

AMMA is pleased to make this submission in response to the inquiry launched by the House of Representatives Standing Committee on Regional Australia on 24 August 2011 to inquire into the use of fly-in, fly-out (FIFO) and drive-in, drive-out (DIDO) workforce practices in regional Australia.

MEMBER SURVEY

To assist us in making this submission, AMMA conducted a 'survey' comprising an online questionnaire and telephone interviews in order to examine the extent and experiences of FIFO/DIDO work practices among AMMA's membership.

The survey was representative of the resource industry, with 74 member companies that currently use FIFO and/or DIDO work practices participating. The majority of respondents combined FIFO/DIDO practices with a residential workforce from the local regional community.

AMMA's membership extends to the offshore oil and gas energy sector that also uses FIFO practices. However, the experiences of that part of the sector have been excluded from this submission on the basis that the Standing Committee's inquiry relates only to regional Australia.

FINDINGS

FIFO/DIDO work practices are an essential mode of operation for the Australian mining sector and provide working arrangements that suit both employers and employees.

Sensible policy-making is crucial for the future of FIFO/DIDO work practices in recognition of their role in assisting what would otherwise be non-commercial mining operations. The contribution of these types of working arrangements to easing the critical skills shortage in the resource industry cannot be underestimated.

FIFO/DIDO work practices continue to play an important role in the sustainability of the resource industry's labour force. Without these practices, some operations would simply not be able to attract staff and this would have a detrimental impact not only on the industry but on the Australian economy as a whole.

It is worth noting that 82% of respondents to the AMMA survey said they had trouble sourcing all the skilled labour they needed from the local community.

The workforces required for many regional resource operations are unavailable in regional communities due to the fact that most locals already work at the operation if they are suitable. More often, local workers are simply in too short supply and resource companies have to look elsewhere for suitably qualified labour. Individuals sourced from outside regional communities are sometimes reluctant to relocate to the local community and companies are faced with no choice but to offer FIFO/DIDO work practices to attract the skilled labour they need.

The resource industry is currently facing a critical skilled labour shortage and using a FIFO/DIDO workforce is often the only viable way to fulfil the employment needs of companies. 87% of respondents to the AMMA survey currently used FIFO work practices while 52% currently used DIDO practices. These workforces are expected to

grow in the coming years as the industry continues to expand in response to global demand.

RECOMMENDATIONS

There is a need for government policy positions on FIFO/DIDO that support these arrangements and do not seek to demonise or eradicate them. Resource companies must be given every encouragement to develop resource projects by allowing working arrangements that are competitive and commercially viable. It must be remembered that residential workforces do not always provide the lifestyles of choice for employees nor can they always meet the skills and commercial demands of mining companies.

AMMA's recommendations to the inquiry are:

- 1) *Both state and federal governments should acknowledge that FIFO/DIDO is an essential remote mining practice supported by both employees and employers and which allows resource projects to operate where they would not otherwise be able to.*
- 2) *Federal and state governments should continue to allocate appropriate funding for regional development in order to sustain future population increases driven by resource projects, focusing on the areas where this will have the most positive impact.*
- 3) *While for some regional communities there is a need to improve services, infrastructure and housing, this should not be the sole responsibility of companies in the resource industry. For instance, regional councils should be encouraged to release land for housing developments in a timely and responsive manner.*
- 4) *Tax incentives for employees who take up residency in regional mining areas could be provided in an attempt to attract more employees and their families to regional communities, although this should not be seen as an alternative to or replacement for FIFO/DIDO work practices but an adjunct to them.*
- 5) *Closer relationships could be facilitated between industry and educational providers such as schools, universities and TAFEs to encourage traineeships and further study in regional communities in disciplines that are most relevant to the mining industry such as engineering, science and management.*

About AMMA

AMMA is the only national employer group representing the interests of the resource industry, having been serving the industry for over 90 years, particularly in relation to workplace relations issues.

The majority of resource industry employers that operate in Australia are AMMA members that employ a significant proportion of the 226,000 direct employees in the mining industry as a whole¹. The industry is estimated to be responsible for three to four times as many indirect as direct jobs.

AMMA member companies are engaged in a variety of activities in industry sectors including:

- Mining;
- Hydrocarbons;
- Maritime;
- Exploration;
- Energy;
- Construction;
- Transport;
- Smelting;
- Refining; and
- Suppliers to those industries.

AMMA's Board is comprised of business leaders from:

- Alcoa of Australia Ltd;
- Esso Australia Pty Ltd and Mobil Oil Australia Pty Ltd;
- Minara Resources Ltd;
- Newcrest Mining Ltd;
- Oz Minerals Ltd;
- P&O Maritime Services Pty Ltd;
- Sodexo Australia and New Zealand; and
- Woodside Energy Ltd.

¹ Labour Force, Australia, Detailed, Quarterly, August 2011, ABS, Catalogue no: 6291.0.55.003

Introduction

FIFO work practices are those where food and accommodation is provided at no cost to employees working at resource operations. Those operations include the construction of new projects or the expansion of existing operations. FIFO may also be referred to as:

- Long distance commuting (LDC) which can include drive-in, drive-out (DIDO) via a private vehicle or company bus; and
- Commuter mining.

DIDO work practices can involve employees driving to a mine site from their homes to live in a mining camp while working their roster cycle. Once the roster is finished, employees drive back home for their rostered time off. More often, depending on the location of the operation and distance from employees' homes, employees travel daily to attend work and return home after each shift. However, resource industry employers carefully manage those practices in terms of workplace health and safety outcomes.

The essential elements of DIDO are that employees live in the vicinity of the mine site and commute daily to the mine site and then return to their regional residential homes at the end of each working day. Others may drive to the mine site and remain until the end of their roster and then drive back to their regional residence.

The origins of FIFO

FIFO work practices had their origins during the late 1940s in the offshore oil sector in the Gulf of Mexico. As the offshore oil industry developed around the world, FIFO work practices expanded. In Australia, FIFO operations commenced in the 1960s with rapid growth in FIFO practices in Australia since the 1970s as air travel became more affordable and available. DIDO work practices have also become more common over the years.

Historically, Australia's mining operations were predominantly residential and based on the idea of establishing a mine and then a town around the mine, such as at Mount Isa in Queensland, Broken Hill in New South Wales, Savage River in Tasmania and the town of Goldsworthy in Western Australia. Today, we see a growing trend by companies, often driven by the desires of individual employees, to access FIFO and/or DIDO work practices because of a combination of social, geographical and economic factors.

Mining companies across Australia have used FIFO and DIDO strategies to ease labour shortages on regional sites, with West Australia's use of these practices most common. The Queensland Government has also introduced a new policy proposing an enhanced capacity for employees to participate in decisions relating to the establishment of FIFO and/or DIDO work practices on major resource projects.

However, this "outsourcing" of resource industry workforces has had its critics, with the primary concern being that such practices may be directing jobs creation and economic benefits away from the regional communities in which the related mining activities are taking place. However, the fact is that FIFO/DIDO workers do routinely participate in local communities and contribute to their economic sustainability. Resource industry companies themselves contribute generously to local communities' social and economic wellbeing and will continue to do so.

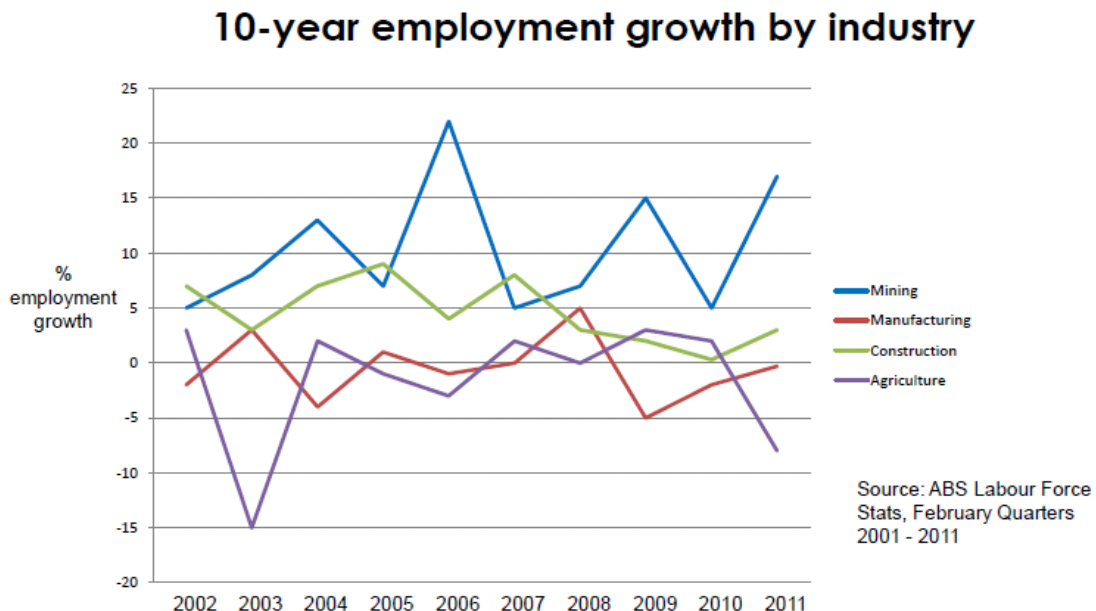
Labour supply issues and the current skills shortage

As of April 2011, there were 94 resource projects at an advanced or committed stage of development, worth \$173 billion² (an increase of \$40 billion on the number of committed and advanced projects in the pipeline in October 2010)³.

The resource industry also accounted for 9% of gross domestic product (GDP) in 2009-10, at \$102.6 billion⁴.

Just six years ago in 2005, the mining industry employed just 107,500 people. As of August 2011, this had more than doubled to reach 225,900, which is already way ahead of the level of employment growth predicted in the National Resources Sector Employment Taskforce (NRSET) report in June 2010⁵. The NRSET report predicted mining industry employees would grow to 250,000 by 2015. The industry is already on track for exceeding those predictions.

The following chart shows the level of employment growth in the mining industry over the past 10 years compared to other industries.



While mining industry employment continues to grow, so do vacancy rates for the skilled jobs necessary in the industry. As of August 2010, the mining industry had already returned to pre-global financial crisis (GFC) vacancy rates and, as of August 2011, had far exceeded them. The following graph demonstrates the growth in vacancy rates, which are currently sitting at 4.4% in the mining industry.

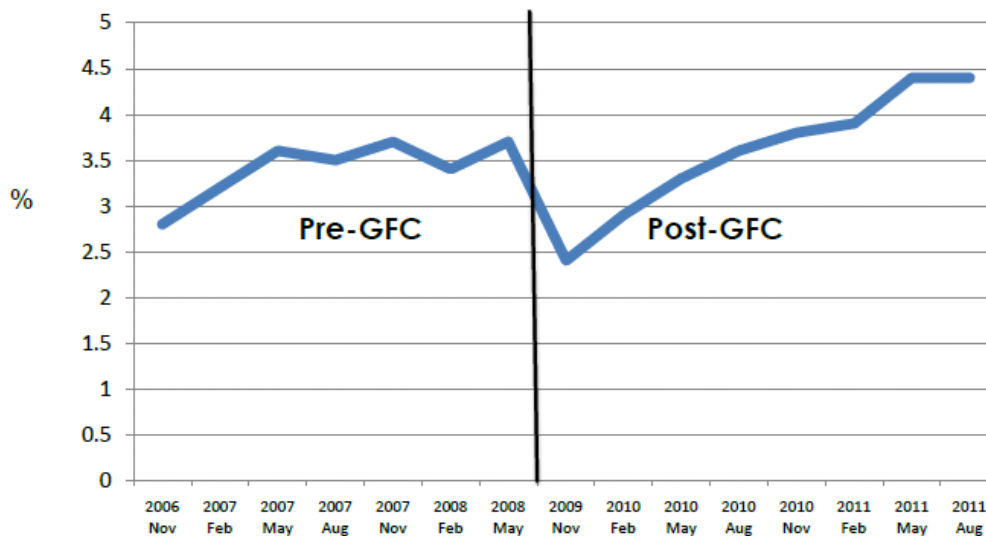
² *Minerals and Energy: major development projects: April 2011 listing*, published by ABARE in May 2011

³ *Minerals and Energy: major developments: October 2010*, published by ABARE, 18 November 2010

⁴ *Australian Commodities statistical tables*, Vol 18, No 1 March quarter 2011, ABARE

⁵ *Resourcing the Future: NRSET Report*, July 2010, Australian Government

Mining industry % vacancy rate – pre and post-GFC



Source: Job Vacancies, Australia, August 2011, Catalogue no 6354.0. ABS

To put the mining industry's 4.4% skilled vacancy rate into perspective, the construction industry currently has a skilled vacancy rate of 2.3% while manufacturing has a vacancy rate of 1.1%.

Among the occupations in critical shortage in the mining industry are engineers, with NRSET back in 2010 predicting a shortfall of at least 1,700 engineers by 2015. These roles are critical in order to get resource projects off the ground and are not always in plentiful supply in local regional communities. Nor do highly skilled engineers and their families always want to relocate to a regional location.

Demand for construction tradespeople on resource projects also looks set to exceed the NRSET forecasts, which were that there would be a shortfall of 35,800 construction trades workers by 2015.

Along with engineers and construction tradespeople, there is also a shortage of experienced workers in the industry. Today's resource industry is characterised by highly specialised processes becoming more so every day due to advances in technologies for exploration and mineral processing. The industry therefore places a premium not only on qualified tradespeople and professionals but also on those who have the specific skills and experience the industry needs.

While resource industry employers attempt to strike a balance by having sufficient experienced people working alongside the less experienced ones, demand is still far outstripping supply. It should also be noted that Australia has a comparatively low unemployment rate of 5.2% as of September 2011⁶.

The proportion of women in the mining industry has grown in recent years, from 11% in 2001 to 15% in 2011 (with occasional peaks and troughs including one corresponding with the GFC). The overwhelming majority of AMMA members have told us they would employ more women if they were available.

⁶ ABS, *Labour Force, Australia*, September 2011, Cat 6202.0

It is in this context that the committee needs to look at the extent of FIFO/DIDO work practices and acknowledge them as an essential part of attracting and retaining the skills necessary for resource operations in the current economic climate.

The extent and use of FIFO/DIDO work practices around Australia

This part of the submission looks at the extent, use and projected growth in FIFO/DIDO work practices among AMMA members, including the regions where these practices are utilised and the particular part of the industry where this is occurring.

Respondents to the survey operated in the following sectors of the resource industry:

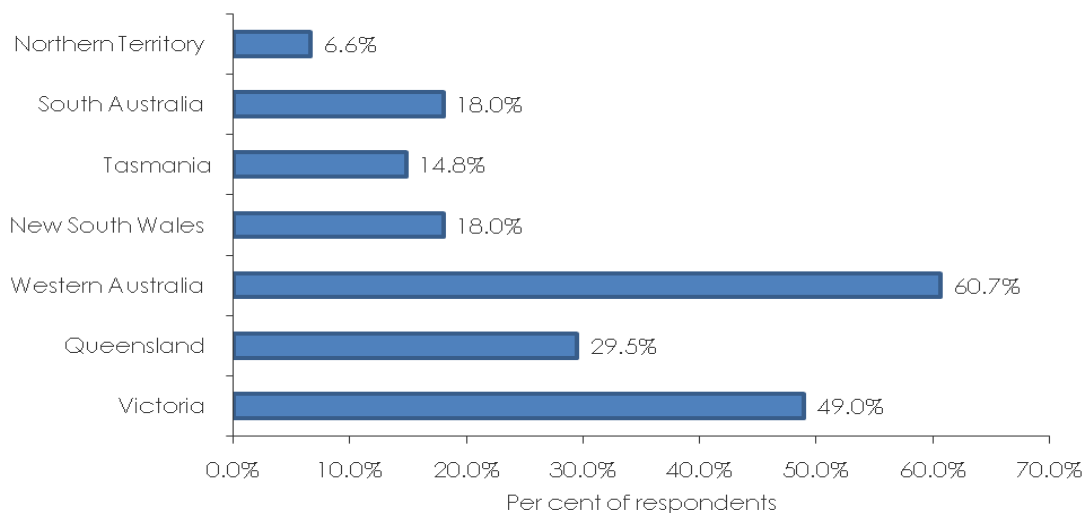
- 26% operated open pit mines;
- 25% operated underground mines;
- 22% operated concentrator/ore processing facilities;
- 17% operated both open pit and underground mines;
- 16% represented onshore oil and/or gas extraction;
- 14% represented 'other' parts of the industry (including construction sites, rail operations, exploration and civil infrastructure);
- 9% operated smelters/refineries;
- 4% represented in-situ leaching; and
- 3% represented dredging.

The most commonly mined commodity by survey respondents was gold, with copper, iron ore, lead/zinc, coal and nickel also well represented.

The vast majority of respondents' operations were located in Western Australia, followed closely by Queensland. Areas within these states where FIFO/DIDO operations were used included Port Hedland, Fremantle, Geraldton, Kalgoorlie, Karratha, Gladstone, Mount Isa and the Bowen Basin.

The chart below shows the breakdown of locations of survey respondents on a state by state basis. There were no respondents in the Australian Capital Territory in this particular survey.

Location of operation

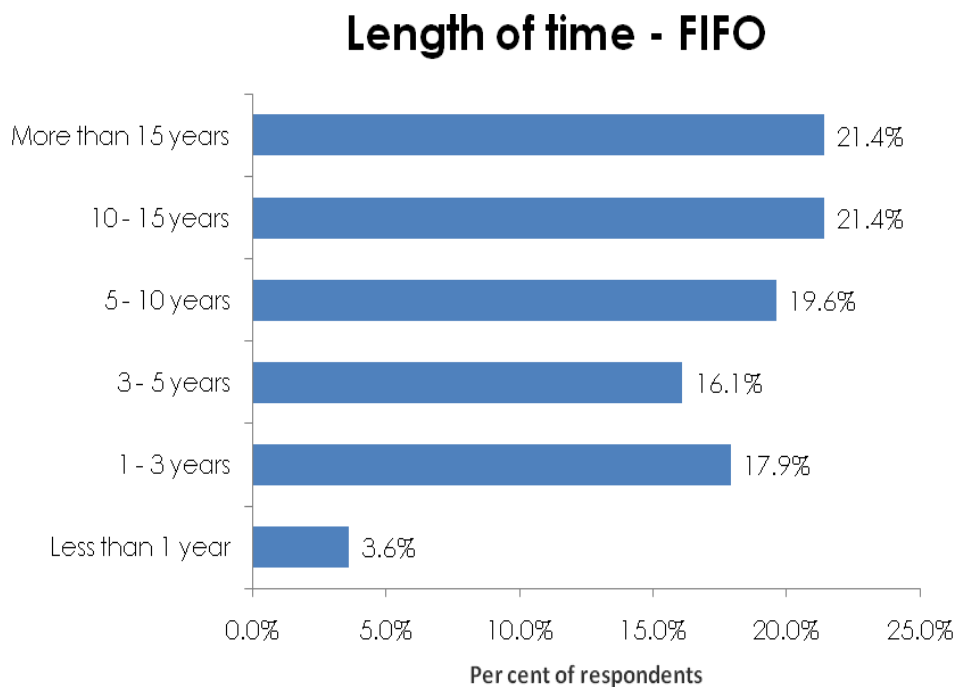


The extent and use of FIFO work practices

87% of respondents to the survey said they currently used FIFO work practices. A significant proportion of those had used FIFO for more than 15 years, with two respondents having established FIFO work practices in the early 1960s.

For those participants who had used FIFO work practices for more than 15 years, the length of time varied between 20 and 51 years.

The following chart shows how long respondents' operations have used FIFO practices.



The above graph confirms that FIFO work practices are firmly entrenched in Australia's resource industry with a strong history.

Projected growth of FIFO work practices

When asked if they expected their FIFO workforces to grow, 74% of respondents to the AMMA survey expected growth in the next 12 months. Added to that:

- 75% expected their FIFO workforce to grow in the next two years;
- 51% expected growth in the next five years;
- 42% expected growth in the next seven years; and
- 43% expected growth in the next 10 years.

Around 22% of respondents expected no growth in their FIFO workforces over the next 10 years, while some companies were unsure whether growth would occur.

The survey results confirm that not only are FIFO work practices entrenched and widespread in Australia's resource sector, they are expected to increase in the coming years. However, the reasons for this anticipated increase are more because of a lack of access to sufficient skilled labour in regional communities than for any other reason.

With FIFO operations expected to grow significantly over the next few years, employers face a challenging time ahead in terms of sourcing labour. Governments, therefore, should not seek to hinder or impede this growth but recognise it as a part of modern industrial life and instead find ways to optimise facilities in regional communities while at the same time supporting the infrastructure necessary to optimise FIFO/DIDO work practices.

Resource companies will also need to supplement their skilled workforces from overseas in the coming years in order to meet demand. This will inevitably lead to FIFO issues becoming more complex. Resource companies currently relocate employees from overseas and integrate them into their workforces. This results in a greater need to maximise rostering arrangements to cater for overseas-sourced staff.

FIFO roster cycles

Respondents to the AMMA survey were generally happy with their roster cycles for FIFO arrangements, which included two weeks on/two weeks off, eight days on/six days off, six weeks on/three weeks off, and five weeks on/five weeks off.

Some respondents reported pressure from employees to move to a two week on/two week off roster. One respondent noted the pressure:

'However, this is a very expensive roster cycle and requires additional employees which are already difficult to find.'

Another respondent said:

'Two weeks on and two weeks off rosters are very expensive as employees expect similar wages as two weeks on, one week off rosters. These types of rosters require the company to hire more employees.'

This shows there is often a balancing act between the desires of employees and the expense to the enterprise in choosing the length of FIFO roster cycles.

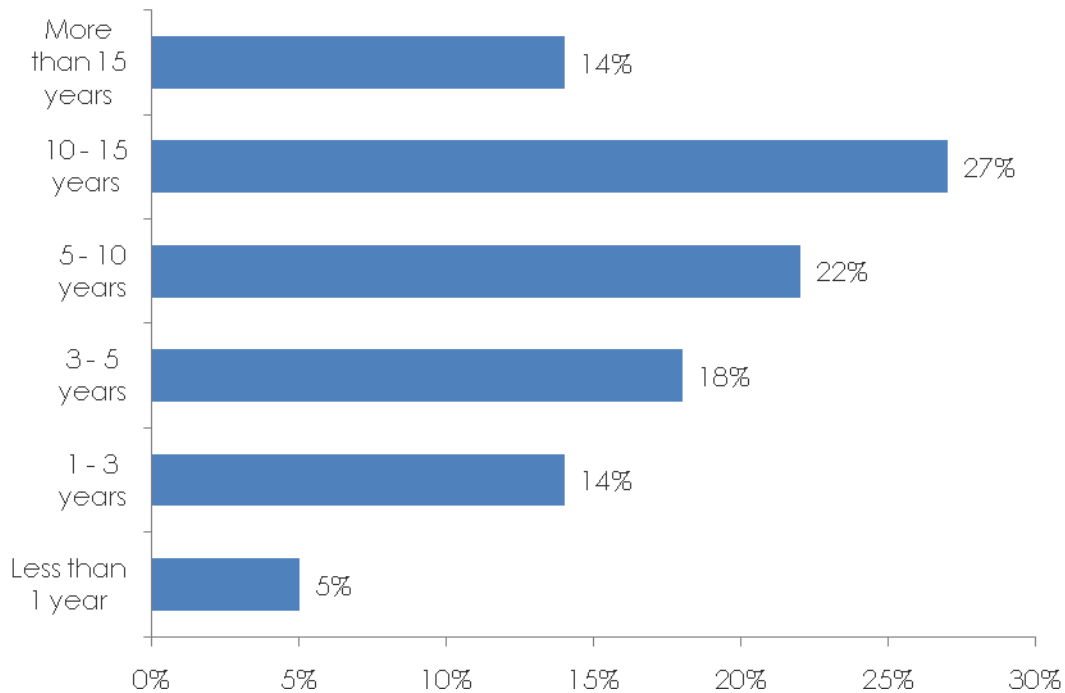
The extent and use of DIDO work practices

DIDO work practices were not as commonly used by AMMA members as FIFO work practices. Around half of the respondents to the AMMA survey (51%) used DIDO work practices, sometimes in conjunction with FIFO. As mentioned, 87% of respondents to the survey used FIFO work practices.

DIDO operations were most commonly used by companies where a regional town was in close proximity. For example, a mining operation may be close to coastal towns and/or other communities within 60 minutes of the mine. Some respondents said DIDO work practices were only used at the request of workers.

The majority of respondents to the survey said they had been using DIDO work practices for the past five to ten years. A handful had been using DIDO practices for more than 15 years, with one respondent having used the practice for over 40 years. The following chart reveals the breakdown of results:

Length of time - DIDO



While DIDO practices are not as extensively used as FIFO practices among AMMA members, more than half of AMMA's members currently use them. While DIDO practices are not as historically entrenched as FIFO, a good proportion of resource industry companies have used DIDO practices for at least five to ten years.

Projected growth of DIDO work practices

When asked if respondents expected their DIDO workforces to grow, 43% expected growth in the next 12 months and 47% expected growth in the next two years. A majority of respondents were not sure if their DIDO workforces would grow over the next five to ten years.

DIDO roster cycles

Many variations in roster cycles were reported by respondents in relation to DIDO arrangements. Unlike the roster cycles for FIFO employees, which were generally for weeks at a time, roster cycles for DIDO employees were shorter and comprised days rather than weeks. Roster cycles included five days on/five days off, eight days on/six days off, and four days on/four days off.

Training of FIFO/DIDO workforces

Respondents to the AMMA survey largely reported providing training to their FIFO/DIDO workforces in the same way as they did for their residential employees. The types of training provided included:

- Operational training as for local employees;
- Safety-related training;
- Leadership and management training;
- Fatigue awareness;
- Short courses required for project compliance;
- First aid, emergency response training;
- Working at heights and confined spaces training; and
- Fitness for work training.

Why do resource industry operations use FIFO/DIDO arrangements?

Fly-in, Fly-out (FIFO)

By far the most common reason cited by AMMA members for using FIFO arrangements is the remoteness of operations making it difficult to find employees willing to relocate to regional areas. That is assuming there is a local community in place nearby, which in many instances there is not.

Sample comments from respondents as to why they used FIFO arrangements included:

'The operation is in the middle of nowhere and this is the only way to have employees come to the area. There are no towns nearby.'

'It is too remote from the nearest community.'

'Professional and technical staff particularly are not prepared to relocate their families to remote locations. Both educational and medical facilities and lifestyle is restricted in these areas.'

'[We do it] in order to meet project requirements in remote locations where we are unable to attract specialist skills and experience to live in these locations and also where accommodation in those locations is limited.'

'There is no residential town close by.'

'Our mine is in a very remote location. The nearest decent sized town is an hour and a half's drive away. To be able to supply enough staff to run the plant continuously we need to provide a FIFO option.'

'The remoteness of the site, distance from the talent pools, and life of the mine would not support establishing a mine town. FIFO offers work/life balance for spouses and children – education, health etc.'

'We operate in very remote locations, very often at least 600kms from the nearest town. We could not hire employees regionally. These regions are extremely remote and uninhabited. Plus, we move regions constantly, so anyone we hire would have to fly to work anyway.'

In some cases there was a clear employee preference for FIFO arrangements. Some respondents cited among their reasons for using FIFO arrangements:

'Scarce skills; employee preference.'

'Attraction and retention for management roles and specialised technical roles.'

'Because for some positions we just can't get enough employees locally and some are unwilling to move the family to a regional centre.'

'Employees seek the lifestyle coupled with good, stable employment.'

Some respondents cited operational reasons for using FIFO arrangements, such as:

'We have a number of remote facilities that need to operate on a 24/7 basis and the most practical and efficient way to do this is to use FIFO labour to staff these facilities.'

'Roster requirements for site operations necessitate 24-hour operations.'

'FIFO is necessary to enable crews to travel to locations in the most efficient manner.'

The reality is that the remoteness of some regional locations makes it virtually impossible to have fully-fledged townships nearby. In cases where local communities do exist, a preference for FIFO is often expressed by skilled employees in preference to relocating there. This is not true in all cases, however, with many AMMA member companies managing to maintain a balance of FIFO/residential arrangements. The operational efficiencies achieved through the use of FIFO practices should also not be discounted by the committee.

Drive-in, drive-out (DIDO)

Of the AMMA members that used DIDO work practices, the reasons they cited for doing so varied, including:

- Enabling employees to maintain a lifestyle perhaps in a coastal location and still participate in the mining industry;
- Only for immediate local area residents or for unusual commutes;
- 'We drive when we can't fly';
- Individual choice by employees;
- For employees who live closer to the mine than to the pick-up point for the charter, i.e. for rural employees rather than city-based employees; and
- Where most of their operations are close to communities (i.e. less than 45 minutes from the site).

Of the respondents using DIDO practices, most were happy with them and said:

'DIDO provides an appropriate framework to enable workforce mobilisation and the balance of maintaining a lifestyle in communities in which employees choose to call home.'

and:

'Some sites are remote and require a mix of fly and drive. Some of our staff need to go between multiple sites and the only alternative is to drive.'

One respondent said:

'We are looking at a few options: A village ... to accommodate the DIDO employees – less time on the road, rostered days off for residential employees so they can get to larger towns for services, e.g. dentist, doctor, bank, shopping.'

As to how the DIDO arrangements operated, some AMMA members provided bus connections; in other cases employees used their own vehicles; many were paid a DIDO allowance; some drove company 4WDs; while others 'car pooled'.

Sourcing labour from the local community

According to the AMMA survey, 82% of respondents had trouble sourcing all the labour they needed, including specialist skills, from the local community.

Wherever possible, resource companies do source from the local community and are continually working to ensure a balance of residential and FIFO arrangements.

One respondent to the AMMA survey said:

'We are continuing to emphasise residential opportunities ... We have moved from around 42% to 68% of the workforce being residential through offering additional incentives and benefits to being residential.'

Another respondent said a successful trend was:

'... to offer more than one departure point. Our new project plans departures from Cairns, Townsville and Brisbane. This is to attract and retain talent.'

A third respondent said:

'We are actively seeking out local employment within our local area catchments to add value to the communities we are involved with, but this will always be a secondary course of action due to the population densities of these areas being low compared with regional and capital centres.'

It needs to be borne in mind that regional communities are generally small and the specialised labour required is often not available. Resource companies are commonly left with the commercial decision of having to recruit employees from elsewhere. Some of these alternative employees are reluctant to accept positions unless FIFO/DIDO employment is offered because they do not want to relocate to a regional community. As one respondent to the AMMA survey said:

'We need to accept some reality that some places are not attractive places to live for a range of potential employees for a range of issues. We need to accept that these towns were established in the days of low employee mobility, poor transport and infrastructure and a lack of housing opportunities.'

Costs of using FIFO/DIDO work practices

There are, of course, logistical costs for businesses associated with FIFO/DIDO working arrangements which is why, as discussed, AMMA member companies continually strive to maintain a balance between these arrangements.

However, AMMA notes that the inquiry's terms of reference in respect to '*costs and benefits for companies and individuals choosing a FIFO/DIDO workforce as an alternative to a residential workforce*', appears to support the misconception that resource companies are 'choosing' a FIFO/DIDO workforce in preference to a residential one.

For reasons discussed throughout this submission, this is simply not the case and employers are constantly performing a balancing act between operational requirements and ensuring sufficient employees can be attracted and retained.

Costs to companies

The most commonly cited costs to companies associated with FIFO work practices were accommodation, catering and flight costs. Flight costs included charter and fuel costs. Other costs included runway maintenance and supporting infrastructure costs.

In order to minimise some of the logistical costs of FIFO arrangements on businesses, especially given the value of these projects to the Australian economy, some of the following options could be adopted with the help of state and federal governments:

- Better flight connections, schedules and availability of seats;
- Upgrade of airstrips and availability of commercial flights;
- Better access to charter flights;
- Ensuring the flight company is reliable and there are fewer delays;
- Government/state incentives; and
- Providing cheaper travel incentives for employers.

Costs to individuals and their families

While there is anecdotal evidence to suggest there are challenges associated with the transition to FIFO/DIDO arrangements for some workers and their families, the current research suggests these effects are not permanent and are ones which employers are constantly seeking to mitigate with effective workplace practices and support initiatives.

Research performed in 2009 on the effects of FIFO arrangements on WA mining employees and their partners⁷ largely disputed anecdotal evidence up until that time. It found that FIFO employees and their partners were generally no more likely to have high stress levels, poor relationships or poor health outcomes than direct commute employees or community workers.

Employers are working constantly to minimise any negative impacts given the strong need to attract and retain workers in the midst of the current skills shortage.

⁷ 'The effects of FIFO commute arrangements and extended working hours on the stress, lifestyle, relationship and health characteristics of WA mining employees and their partners' (preliminary report of research findings), August 2009, by Susan Clifford, School of Anatomy and Human Biology, The University of WA

Resource companies are already employing initiatives to assist individuals and their families to cope with any mental/emotional challenges of FIFO arrangements. For example, mining employers commonly provide employees with facilities to communicate with their families and ensure employees are able to be easily contacted in the event of an emergency or family crisis. Companies have also found that allowing employees to bring items to work that they would normally use in the home assists them to deal with loneliness e.g. a guitar.

AMMA acknowledges the work that is currently being undertaken by groups such as *Mining Family Matters* which supports employees and their families engaged in FIFO work practices. However, much of the work being done to ensure employees are comfortable and happy is taken on by employers in providing the best possible facilities, rosters and amenities.

These include:

- Establishing a collegiate community environment within the operation;
- Having a flexible leave structure;
- Providing company-supported flights to worksites once a year for family members;
- Providing a realistic overview of FIFO conditions and lifestyle at the pre-employment stage;
- Ensuring rosters are suitable for families;
- Providing mental, physical and financial support for employees and their families;
- Supplying access to multimedia in order for workers to remain connected to their families – skype etc;
- Implementing greater health and wellness initiatives;
- Developing 'villages' rather than 'camps';
- Encouraging pre-employment visits so employees and their families can see what they are getting into;
- Holding community events where families are welcome;
- Supporting family visits to projects;
- Establishing support networks in both locations;
- For smaller sites, holding family days so employees can show their partners where they work;
- Counselling and family workshops to help cope with the transition to FIFO; and
- Publicising the availability of employee assistance programs.

Benefits of using FIFO/DIDO work practices

The ability to attract a higher calibre of candidates and retain them is perhaps the most significant benefit to companies using FIFO work practices as it allows companies to attract skills from a larger talent pool. The reality is that the ability to attract and retain a high calibre workforce is often a direct result of being able to provide employees with the option of FIFO employment.

Benefits to companies

Key benefits arising from FIFO arrangements for companies include:

- The availability of a workforce;
- Access to a wider applicant pool;
- The ability to source employees, including those with specialist skills, from alternative regions;
- A flexible workforce;
- 24-hour operations enabled by two swings of rosters;
- The ability to mine in remote locations;
- A high degree of camaraderie resulting from employees living together;
- Low rates of absenteeism; and
- For operations moving from location to location, FIFO is the best staffing option.

Benefits to companies of using DIDO practices include:

- Access to sections of the candidate market that might not otherwise be available;
- Employees being happier and more productive;
- The ability to work on sites that aren't necessarily near an airport;
- Increased retention of employees; and
- The ability to recruit from local communities.

Clearly, the flexibility afforded by FIFO/DIDO arrangements is a significant benefit to companies in the resource industry that should not be discounted, particularly where the benefits to workers and their families are so substantial. The ability to operate a 24-hour workforce with no outside influence means employees come to work to do their jobs then leave to have time off to enjoy with family and friends.

It must be remembered that FIFO work practices are chosen by the individual and often offered by companies because not everybody wants to live in regional communities. One respondent to the AMMA survey noted:

'People often seem to forget that nobody has to do or is forced to do FIFO/DIDO work. The work practice is chosen by the worker. It does not suit everyone, but the benefits enjoyed by individuals and their families, such as the time spent together while not at work and the high wages is attractive to some people.'

Benefits to individuals

The most significant benefits for individuals and their families offered by FIFO/DIDO employment are the financial incentives that come along with the job. Wages are comparatively higher than those earned living in a metropolitan city working a standard Monday to Friday week.

In many cases, FIFO employees get the 'best of both worlds', that is, workers and their families are able to live wherever they want (e.g. in a metropolitan city) and at the same time individuals get to work at a mine site and enjoy a generous income without having to relocate their family. One respondent to the survey shared the benefits perceived to be gained by individual employees:

'Our employees enjoy the FIFO arrangements ... Financially, they are earning double what they would on a non-FIFO arrangement. Our employees have never complained about the FIFO arrangement – when I interview people they tell me it's the lifestyle they want.'

Other benefits for individuals associated with FIFO arrangements are:

- Minimal costs while onsite – all food and accommodation is provided free of charge;
- Travel allowances;
- Lifestyle flexibility – employees can live where they like;
- Quality chunks of time off work to spend with their families;
- Extra money earned enabling them to become financially set for the future;
- Greater access to holidays and relaxation;
- The ability to afford luxury items – cars, travel, etc;
- The ability to afford and pay off their first home quickly;
- The ability to establish an investment portfolio;
- Pre-arranged rosters and guaranteed time off;
- Comprehensive training and development;
- First-class accommodation;
- Gym instructors, nutritionists, and massage therapists; and
- No housework or cooking for half the year!

The most significant benefits to individuals and their families arising from DIDO practices include:

- The maintenance of lifestyle and location preferences;
- Being at home each night with the family;
- Where there are health issues preventing a worker from flying, DIDO allows them to continue working in mining;
- Better pay than an equivalent role in town; and
- In many cases, free travel to sites.

Impact on regional communities

As discussed, in many cases mining operations simply could not operate without FIFO/DIDO arrangements due to commercial needs and the fact that the skills and resources are unavailable in regional communities. Resource companies cannot attract the amount of employees necessary from regional communities.

But what about the effect on regional communities?

One respondent to the AMMA survey saw the impact of FIFO/DIDO arrangements on regional communities as extremely positive, saying:

'FIFO has only been used as a mode of hire when all other avenues have been exhausted. I think the community has benefited by the skill that has been attracted to the industry and with only a limited amount of FIFO employees, there is virtually no impact on the community.'

Another respondent said:

'Mining companies in general are aware of the impact they have on rural communities and they work hard at assisting with community relations and support for the local communities in a range of areas.'

Wherever possible, resource businesses interact with local communities to find opportunities for supply and demand in local businesses.

Dialogues have been established and continue between local businesses and larger resource companies to identify areas of operational/labour force need that might be met locally on an ongoing basis.

Sponsorship of community projects by resource companies is also an extremely common practice and many resource companies are extremely active in this way. Many companies also have policies to source products and services from the local community wherever possible on a cost and service basis.

Current initiatives under way in the industry that help to ensure favourable relations between FIFO/DIDO employees and the local community include:

- Community based sport and recreational activities and facilities that involve both FIFO/DIDO employees and local employees;
- Providing accommodation subsidies to local employees, e.g. if it costs \$400 a week for camp accommodation pay a subsidy of 50% to locals – this is an effective tax treatment so companies are not paying more;
- Providing social networking opportunities to assist in integrating the two workforces; and
- Providing financial incentives to local employees in terms of buying or building houses to live in the regional community.

Specific initiatives being offered by AMMA members in this regard include:

'We offer an allowance of \$16,000 to employees who choose to live locally. The option does not suit all employees for a variety of reasons. Another good initiative to assist with increasing the number of locally based employees is to supply two trips per year to the major capital city in that state'.

Around half of respondents to the AMMA survey currently offered financial incentives and/or benefits to attract more employees and their families to regional towns.

One respondent to the survey highlighted the importance of offering a range of benefits to attract employees:

'We offer a comprehensive range of benefits from housing assistance, education, health, local activities and so on. We also structure the organisation and rosters to better suit the residential roles and to allow those employees a more structured and practical R&R break.'

Government initiatives required

Some suggestions for government initiatives to make relocating to regional towns more attractive for resource industry workers offered by AMMA members include to:

'Create regional tax breaks to encourage people to relocate with their families to regional communities and encourage spouses to participate in the local workforce with further tax breaks.'

'Give employees that are living and working in regional communities some incentives to live there, for example, generous tax breaks, lucrative incentives to purchase a home in the regional community and live there.'

'Provide attractive relocation packages and create a vibrant local community.'

Interestingly, 95% of respondents to the AMMA survey believed tax incentives could work to encourage individuals to take up residency in regional mining areas:

'Tax incentives related to home ownership in smaller communities would assist.'

'Improved zone allowances could take into account current services like airport access.'

'Tax concessions are fundamental as the cost of living is out of proportion.'

'Resource industry base salaries generally are in higher tax brackets so tax incentives would be attractive.'

'Absolutely, if the incentives are substantial, then others will move to the regional centre.'

'Rental assistance/PAYG tax could be reduced if you live in certain areas.'

Housing, infrastructure and services

From the AMMA survey, 84% of respondents believed there was insufficient infrastructure and services in some regional communities to support and attract more residents, although some towns were seen as better than others.

Roads, transport and medical facilities were cited as paramount considerations:

'We struggle to get appointments with the local medical centre to conduct pre-employment medicals, as an example.'

'Some basic facilities such as schools and hospitals are required to attract and retain residents in remote locations. Also, social and community based infrastructure is needed, e.g. recreational centres.'

'Take Roxby Downs for example – accommodation runs out, roads need to be improved, there needs to be more options around for accommodation.'

'[There needs to be] development of retail, education, nightlife (not just pubs), community celebrations, community groups etc.'

'Pilbara townships are suffering from power and water supply issues as the state government has not invested funds into these despite the expansion predictions. This means that housing/community development needs to be delayed.'

'The state governments need to provide bigger incentives to local councils to put in new infrastructure.'

On the subject of housing, one survey respondent said:

'The housing issues are the result of long delays between the government knowing about the huge mining expansions and releasing land for housing developments. I left the town in 2002 and there was a general knowledge about the size of expansion of the mining companies years before then. I returned in 2008 and some land was only just being prepared for development. Housing construction commenced in 2009, well past the time it was needed.'

Overall, the type of infrastructure seen to be most important to regional communities was:

- Entertainment, sporting and youth recreation facilities;
- Educational and day care facilities;
- Shopping centres;
- Healthcare facilities and hospitals;
- Schools;
- Postal services;
- Training providers;
- Personal services – hair, beauty, gym, massage, dog training etc;
- Tertiary study opportunities;
- Street lights;
- Sewerage;
- Restaurants;
- Parks;
- Water parks;
- Festivals;
- Public transport;
- Better water supply;
- Police stations;
- Banks; and
- Churches.

Some regional communities either do not have adequate educational facilities or their schools only go to a certain grade. Children must therefore move away to complete further education, which is not ideal.

Even local employees often send their children to boarding schools in capital cities where they perceive the education standards to be higher.

Where educational facilities do exist in regional communities, staff turnover has been identified as an issue along with a limited range of subjects being offered to students in often poorly maintained and rundown facilities. This is not an attractive option to parents and has contributed to the rejection of the local school system as the preferred choice for some.

State education departments therefore have a role to play in enhancing financial incentives to attract and retain teaching staff and improve school facilities and conditions.

Resource companies are already providing their own incentives to families that choose to live and work in regional communities where inadequate educational facilities exist. Some AMMA members provide financial allowances to families to assist them sending their children to boarding schools in the closest metropolitan area, a practice which has generally been well accepted.

Federal Government responsibilities

From the AMMA survey, 83% of respondents did not believe the Federal Government had done enough to support regional communities. There was a perceived absence of state and federal government policies in place to encourage regional development where it was required.

According to survey respondents, ways in which the federal government could support regional communities include:

- Subsidising company supported flights to major centres;
- Improving the telecommunications network in regional areas;
- Providing housing opportunities and rent subsidies;
- Improving the attractiveness of regional medical placements;
- Providing adequate health and education services; and
- Increasing infrastructure investment to recognise the contribution of these mining towns to export dollars.

One respondent said:

'I believe the government is very quick to point the finger at mining companies.'

Another said:

'Considering the telecommunications network is so bad, and considering that on some sites you need to have a satellite phone, this is an area that can be worked on.'

Another said:

'I have not seen any evidence of any [government] support to regional communities.'

AMMA maintains that the Federal Government has a big role to play in striking a more favourable balance between FIFO/DIDO employees and regional communities.

State government responsibilities

State governments also have a role to play, with 85% of respondents to the AMMA survey believing they have not done enough to support regional communities to help strike a balance between FIFO/DIDO and local employees.

State governments could work more closely with industry and community leaders to develop a regional community plan to identify in which areas it is practical to build a

regional presence. This will not be feasible in all regional areas as evidenced by the research in this submission.

On the subject of state governments, one respondent said:

'[They are] happy to reap the benefits, quick to point the finger.'

Another said:

'They appear to rely on the deep pockets of big business.'

One survey respondent suggested state governments allocate more from royalties into local infrastructure. Another said:

'They could get smarter with developing a regional community plan and identifying in what areas it is practical (i.e. based upon the life of projects) to build a regional community.'

Conclusion

The resource industry continues to play a vital role in Australia's economy. To ensure this does not come at the expense of individuals, families and communities, it is important to ensure a favourable balance between FIFO/DIDO work practices and regional communities, something that resource industry employers are extremely conscious of and strive towards.

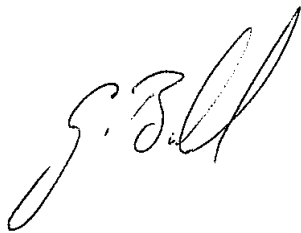
FIFO/DIDO practices are an important option for resource companies to allow their operations to remain economically sustainable. Without these practices, many operations would simply be unsustainable and unable to achieve maximum productivity. This is particularly true in the midst of the current critical skills shortage. Employees themselves are in many cases driving these practices with their pursuit of a better lifestyle and education for themselves and their families.

It is simply not feasible to establish mining communities in many remote regional locations where none currently exist. At such operations, FIFO/DIDO working arrangements are an essential part of doing business.

It is also important that the federal and state governments provide ongoing support to maintain FIFO/DIDO work arrangements as a necessary adjunct to residential workforces in order to ease the current critical labour shortage in regional mine sites across Australia.

AMMA trusts that this submission has provided an insight into the FIFO/DIDO working arrangements of our members in the Australian resource industry and that it will help to assist future government policy decisions for fulfilling workforce requirements in regional areas throughout Australia.

AMMA would be pleased to elaborate on or clarify any of the recommendations included herein should the Inquiry deem it necessary.



Geoff Bull
Director Workplace Policy
14 October 2011
AMMA