

18 May 2015

Research Director
Infrastructure, Planning and Natural Resources Committee
Parliament House
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Brisbane Qld 4000

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Dear Sir or Madam

Fly in fly out and other long distance commuting work practices in regional Queensland

Rio Tinto welcomes the opportunity to provide a submission to the inquiry into fly in fly out (FIFO) and other long distance commuting work practices in regional Queensland. This is a matter of significance for regional communities and for the resources sector. This submission reflects the views of Rio Tinto Alcan Bauxite and Alumina, and Rio Tinto Coal Australia.

Rio Tinto's operations in Australia span a number of commodities and a diverse range of geographic locations, many of which are remote from capital cities. Workforce arrangements, including FIFO and drive in drive out (DIDO) and bus in bus out (BIBO), vary across the Group and are dictated by the particular circumstances applying at individual operations and growth projects.

In Queensland, Rio Tinto does not operate any 100% FIFO operations but does use commuting arrangements including DIDO (incorporating company supported BIBO) and FIFO at some sites.

Rio Tinto seeks to support and contribute to sustainable and resilient communities in the regions where it operates. To this end it supports local employment wherever possible and continues to invest strongly in regional communities historically associated with its operations.

There are, however, good reasons why Rio Tinto has introduced commute workforce arrangements in some areas and why these will be an essential feature of resources sector for the foreseeable future.

These reasons include the remote location of many of our operations, the demand and resulting competition for labour across the sector (particularly during construction phases), limited skilled labour availability in many regions, lack of suitable accommodation and infrastructure and the strong preference of many employees and their families to live in areas with greater amenities or existing social and familial connections.

Importantly, FIFO / DIDO is an essential workforce arrangement for many construction, expansion and maintenance projects that require large numbers of specialised employees for limited periods of time. In many cases it is simply not possible to meet these requirements with a resident local workforce and the impacts on local infrastructure and services would be significant.

FIFO / DIDO can have many positive benefits for both host and source communities. Properly managed, FIFO / DIDO workforces can, and do, contribute significantly to the economic and social circumstances of host communities. FIFO / DIDO programmes also provide important opportunities for job seekers living in regional communities in non-mining areas which may have limited local employment options, thus enabling the economic benefits of mining to be spread more widely throughout regional Australia.

The rapid expansion of the resources sector and resulting competition for labour has meant that employees are benefiting from better conditions. Shift roster patterns at Rio Tinto are being designed to allow more flexibility and better work-life balance for commute employees. High quality accommodation and recreation facilities are being offered to ensure that employees have comfortable, healthy and safe living arrangements while away from home.

Rio Tinto acknowledges concerns in some areas about the growth of FIFO / DIDO operations. However, Rio Tinto believes that these issues can be satisfactorily managed through consultation and co-operative engagement with regional communities, governments and other stakeholders.

Any move to arbitrarily limit FIFO / DIDO or to compel companies to base residential workforces in locations that may not be optimal would seriously impact the sector's ability to meet its labour needs and in some cases threaten project viability.

Enquiries should be directed to Rio Tinto's Manager Government Relations - Queensland, Julia Wilkins, [REDACTED] or [REDACTED]

Yours sincerely



Chris Salisbury
Chief Operating Officer – Coal

cc Phillip Strachan, President and Chief Executive, Rio Tinto Alcan Bauxite and Alumina

Attach. Submission to the inquiry into fly in fly out and other long distance commuting work practices in regional Queensland

Submission to the inquiry into fly in fly out and other long distance commuting work practices in regional Queensland

1 Introduction

Rio Tinto welcomes the opportunity to provide a submission to the Infrastructure, Planning and Natural Resource Cabinet Committee inquiry.

About Rio Tinto

Rio Tinto is a leading international mining group, combining Rio Tinto plc, a London listed public company headquartered in the UK, and Rio Tinto Limited, which is listed on the Australian Stock Exchange. Rio Tinto's interests are diverse both in geography and product. Most of our assets are in Australia and North America, but we also operate in Europe, South America, Asia and Africa.

Our businesses include open pit and underground mines, mills, refineries and smelters as well as a number of research and service facilities. Wherever Rio Tinto operates, health and safety is the first priority. All our Group businesses put sustainable development at the heart of their operations, working closely with host countries and communities, respecting their laws and customs. For Rio Tinto it is important that the environmental effects of its activities are kept to a minimum and that local communities benefit from operations.

Rio Tinto's operations in Queensland

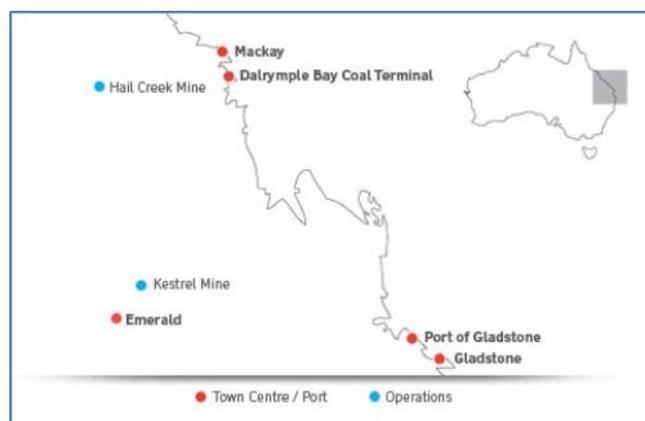
About Rio Tinto Coal Australia

Rio Tinto Coal Australia (RTCA) is one of Australia's leading mining organisations with a highly successful record in the development and management of world-class open cut and underground coal operations.

In 2014, more than 4,700 employees and 1,400 contractors helped us produce 56 million tonnes of coking, semi-soft and thermal coal for international export.

We operate five coal mines in Australia located in Queensland and New South Wales and are proud to be a long term member of the communities where we operate. These communities have helped us retain a leading position in the global coal market.

In Queensland, RTCA operates the Hail Creek and Kestrel mines located in the Bowen Basin region.



About Rio Tinto Alcan

Rio Tinto Alcan (RTA) is a global leader in the aluminium business. We are one of the world's largest producers of bauxite, alumina and aluminium. Within Australia, RTA operates mines, ports, rail infrastructure and processing plants. In 2014, RTA's two Australian mining operations, Weipa (Western Cape York Peninsula, Queensland) and Gove (Nhulunbuy, Northern Territory) combined, produced more than 30 million tonnes of bauxite.

Product is shipped to international customers, however, the majority of bauxite is supplied to RTA's local refinery facilities in the Gladstone region. We own and operate the Yarwun Alumina Refinery and are a majority shareholder in the Queensland Alumina Limited Refinery; together they represent a combined capacity of approximately 7 million tonnes of alumina annually.

RTA is a major contributor to the regional economy and makes substantial investment in local infrastructure in the communities and townships in which they operate.



2 Rio Tinto's approach to FIFO and DIDO, local communities and changing workforce requirements

Rio Tinto seeks to support and contribute to sustainable and resilient communities. To this end we support local employment where possible. There are, however, good reasons why FIFO / DIDO employment is an essential feature of resource sector operations in Australia. These include distance from operations to major population centres, the demand for labour, particularly during construction phases and the desire of many mine personnel and their families to live in areas with greater amenities or existing social and familial connections.

It should also be emphasised that, particularly in Queensland, rather than sourcing FIFO and DIDO employees from large capital cities, Rio Tinto's DIDO programmes provide employment opportunities for jobseekers living in regional communities (for example, the workforce for the Hail Creek mine is largely domiciled in the regional city of Mackay – see case study later in this document), thus enabling the economic benefits of mining to be spread more widely throughout regional Australia.

Importantly, FIFO and DIDO are essential workforce arrangements for construction, expansion and maintenance projects that require large numbers of specialised employees for limited periods of time. Construction projects typically require tranches of different skills for defined periods of time. These are aligned with the sequential phases of construction such as earth moving, civil works, electrical, installation and finalisation.

In a nation with a wide range of regional growth profiles, it is imperative that there be a balanced approach between FIFO and DIDO and local community development.

In the future it is anticipated that an increasing proportion of resource recovery will occur at mines located away from the existing towns and population centres. In order to appropriately manage fatigue risks and minimise impacts on small rural and remote communities it will be important to be able to utilise a range of accommodation and roster arrangements, including long distance commuting. Competition for labour between industries and operators, particularly in the resource rich states of Queensland and WA, is requiring employers to offer increased flexibility in terms and conditions of employment. Like all companies operating in regional Australia, Rio Tinto finds that permanent residential employees are increasingly looking for this flexibility. Equally important for many prospective employees are career and employment opportunities for their partners who may not be working in the same industry. FIFO / DIDO work arrangements can provide greater opportunity for both partners to achieve their career and employment objectives. Without that flexibility, recruitment into the mining workforce would be increasingly difficult.

3 Key factors when considering workforce arrangements

Meeting workforce requirements in the resources sector is an increasingly complex and dynamic challenge. The circumstance of each project and mine is different, therefore workforce arrangements must be considered on a case by case basis. Short-term project workforces and medium to long-term workforces are inherently different and require different approaches.

Factors that Rio Tinto considers when planning workforce arrangements may include:

- the nature of the operation, including technologies involved
- duration of mine life and phase of development
- social demographics, skills requirements and the profile of the regional workforce
- labour availability and cost
- health and safety (e.g. fatigue management)
- community expectations and sustainable development principles
- the nature, culture and history of neighbouring communities
- social infrastructure (e.g. education, hospitals, child care, government services)
- location and local community context (e.g. attractiveness of region)
- accommodation capacity (including quality and affordability)
- local and regional infrastructure and regional development strategies (e.g. power, water, transport, roads)
- opportunity to source workers from regional communities; and
- business context and commercial considerations.

4 Employee health and wellbeing

Ensuring that the experience for residential and commuting employees and their families is a positive one, is an important objective for Rio Tinto. This is an essential element of Rio Tinto's workforce retention strategy. Within this, the number one priority for Rio Tinto is health and safety. This applies to our entire workforce, not just those on FIFO / DIDO arrangements.

Rio Tinto's Queensland operations have also introduced a number of measures aimed at optimising the FIFO / DIDO experience for employees and their families, with a particular focus on health and safety. These include:

- an employee assistance programme which is offered across the business and provides free, independent, confidential counselling for employees and their immediate family on issues such as stress, anxiety, depression, interpersonal relationships, financial and legal;
- training packages on fatigue management and fitness for duty tailored and directed at people living a commute lifestyle as well as residential employees;
- provision of quality accommodation for commuting employees including telephones and wireless internet to enable regular communication with families, recreational facilities such as gyms and swimming pools and healthy food options and nutritional information in the mess; and
- regular roster reviews and analysis undertaken to ensure the needs of employees and the business are met. These reviews focus on safety (e.g. fatigue management) as well as, for example, Hail Creek employees on the Monday to Friday roster leave site early one night per week and return later the next day to allow for more time at home. Rosters are structured to support work / life balance (e.g. the introduction of a nine day fortnight). Each site also has a health and wellbeing program called Achieve Health which is delivered in conjunction with comprehensive Fitness for Work training, including all aspects of fatigue management. The health and wellbeing programmes focus on identified health risks and provide education and activities to support the wellbeing of employees and their families.

Recently RTCA has also developed a Mental Health Framework which aims to manage the impacts of mental health risks across RTCA operations. The Framework sets out a methodology to assess mental health related risks and includes a suite of training packages to respond to those risks identified. The training packages include general awareness training for all staff, leadership training, peer support and suicide prevention.

5 Case study: Hail Creek

RTCA's Hail Creek operation is located in Central Queensland approximately 50km northwest of Nebo and 120km southwest of Mackay. Due to the distance to major population centres, the workforce is required to reside on site during their shift to manage fatigue risks. Hail Creek Mine is a strong supporter of regional employment with 85% of the workforce residing in the Mackay Regional Council area and 95% living in regional areas, the majority within three hours of the site.

The mine provides employees with the option to utilise a company-provided bus service to and from the mine to ensure safe transit and mitigate fatigue related risks (rather than people driving personal vehicles). To support this Hail Creek Mine offers a variety of short-based roster arrangements that ensure minimal time away from home and minimal travel to and from work. These rosters include a three days on, one day off, three nights on, five days off arrangement for operational personnel, a lifestyle arrangement (four days on, five days off, five days on, four days off) for maintenance personnel and a nine day fortnight roster for professional staff. The onsite village is modern and comfortable with various social, sporting and recreational activities and facilities available.

For the life of the operation, Hail Creek Mine has worked closely with its local and regional communities of interest include the Isaac and Mackay Regional Council areas, with a focus on the communities of Nebo, Mackay, Mirani and Sarina. This reflects both the location of the operation and the primary place of residence for employees. Hail Creek Mine engages with the local and regional community through a number of avenues including involvement in community organisations, volunteering, sponsorships and donations and community development contributions.

Community investment initiatives are supported through the Hail Creek Mine Community Development Fund (Community Development Fund), the Wiri Yuwiburra Community Benefits Trust (Wiri Trust), and the Nebo Community Benefits Scheme. Through these funds and other avenues, Hail Creek Mine has contributed approximately \$9 million over the last 10 year period to our local communities.

In addition to employment opportunities and community investment, the operation also benefits local and regional communities through expenditure with local suppliers. In 2014 Hail Creek Mine spent \$195 million with 236 suppliers in the surrounding region and a further \$205 million with 268 suppliers elsewhere in Queensland.

6 Need for flexibility

Rio Tinto asks that the committee consider all the variables that impact a company's decision to operate FIFO and DIDO operations, such as those previously outlined.

It must be remembered that being a FIFO or DIDO worker is a decision an individual opts rather than is forced in to.

Queensland industry needs to maintain a competitive position in a globally resource industry sensitive to commodity cycles and fluctuating prices. Any additional regulation impacting a company's ability to utilise FIFO or DIDO workforce arrangements would be seen as counter-productive.