



Submission to the Queensland Parliament Infrastructure,
Planning and Natural Resources Committee:
Inquiry into Fly-In-Fly-Out and other long distance
commuting work practices in Regional Queensland

ASSOCIATION OF MINING AND EXPLORATION COMPANIES

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1. EXECUTIVE SUMMARY

This submission has been prepared on behalf of the mineral exploration and mining industry. The Association of Mining and Exploration Companies (AMEC) has received input from its specialist Safety Committee and a number of its members and many consultants operating within the industry.

The Inquiry should recognise that a Fly-in-Fly-out (FIFO) workforce strategy may be the only viable option available for employers in the mining, exploration and services sectors in Australia. This is due to a number of critical factors including the location, nature of the mining activity (construction or production), the forecast life of the mine, access to infrastructure and housing, and costs associated with alternative strategies.

The industry experiences peaks and troughs in its activities, including commodity price cycles which require a flexible approach to workforce planning strategies. This is one of the reasons that there has been an increased trend towards the use of third party contractors in the industry. The quality of mineral discoveries have also been in decline as have average mine lives (less than ten years), which directly affect costs and project economics and create the need for flexibility and labour mobility.

As noted by the Productivity Commission Research Report in April 2014 on Geographic Labour Mobility, *'Australia's geography, demography and economy are the big forces that shape where people live and where jobs are located'*.

The majority of projects are unable to economically justify alternative strategies such as Transient Workforce Accommodation / villages, which are also prone to unreasonable town planning requirements.

It is critical to understand that FIFO is a matter of choice for employees entering the resources workforce. In doing so, the employee makes an informed decision and a clear lifestyle choice. FIFO is not confined to the resources sector but many other industry sectors.

FIFO may be particularly crucial in Queensland where the mine site could be in an extremely remote location hundreds of kilometres away from the nearest community. Obvious examples in Queensland are in the Galilee Basin, the NW minerals province or Cape York. Each of these areas simply do not have an available local workforce, nor the community infrastructure, to wholly service a mining operation.

Companies are extremely cognisant of the health and well-being of their employees and the effect their operations have on any nearby communities. They offer family friendly and flexible rosters and maximise initiatives promoting the health, safety and well-being of their employees. Companies attempt to ensure they provide an overall positive experience through support for both their employees and any local stakeholders.

AMEC looks forward to the findings of the Infrastructure, Planning and Natural Resources Committee Inquiry into FIFO working arrangements.

2. INTRODUCTION

The Association of Mining and Exploration Companies (AMEC) is the peak national industry body for mineral exploration and mining companies within Australia. The membership of AMEC comprises hundreds of explorers, emerging miners and the companies servicing them, many have interests and projects throughout Queensland.

AMEC's strategic objective is to secure an environment that provides clarity and certainty for mineral exploration and mining in Australia in a commercially, politically, socially and environmentally responsible manner.

Further information on AMEC can be found at www.amec.org.au.

3. BACKGROUND TO FIFO WORK ARRANGEMENTS

The general debate around fly-in, fly-out (FIFO) is a complex and sensitive one with many differing views.

The exorbitant cost of housing and rental accommodation, as well as a lack of government infrastructure and services, can be major setbacks to a workforce based in a local community on a permanent basis. In order to deal with this workforce issue, despite additional costs, mining companies, contractors and suppliers choose to use FIFO as a successful workforce strategy.

The cyclical nature of mining also makes it difficult to strategically forecast permanent workforce requirements. The industry experiences peaks and troughs in its activities due to a number of issues including project funding, approvals, commodity prices, competitive forces, the quantity and quality of mineral deposits, and the mine life cycle itself.

FIFO has provided a viable solution in attracting and retaining the right skill sets to work on mining and minerals exploration related projects in remote and regional communities throughout Australia. It has not only been successful in meeting the immediate needs of employers for construction and production purposes but it also provides workers with a choice.

A FIFO workforce may also be the only viable option open to mining companies on financial grounds, or simply due to the remote location of the mine site.

Workers contemplating FIFO arrangements are faced with a decision whether they want to work in a harsh environment, work on various rosters, and be away from home, family and friends. If workers choose this lifestyle, FIFO provides the opportunity to receive appropriate financial rewards for their skill sets and lifestyle.

In many cases, FIFO rosters in the mineral exploration and mining industry are family friendly, flexible and enable workers to set themselves up financially and provide the opportunity to spend quality time with family and friends when they are not on roster.

4. SPECIFIC COMMENTS ON THE TERMS OF REFERENCE

The following specific comments are made in respect of the Terms of Reference, as follows:

4.1 The health impacts on workers and their families from long-distance commuting, particularly mental health impacts, and the provision of health services in mining communities

AMEC considers that work practices and the management of employees' well-being has steadily improved. Fatigue management, family-friendly rosters, counselling and other support mechanisms are widely implemented in order to support not only the employee but their families as well.

It should be noted that on current research FIFO work practices have not been directly linked to mental health across the Australian population. As discussed below, mental health is regarded as a multi-faceted and difficult illness to categorise. However, it appears that it is widely distributed across the Australian population without an obvious increase in FIFO workforces.

In a submission dated September 2012, *beyondblue* (the national depression and anxiety initiative) made the following relevant comments to the Federal Government Inquiry into FIFO workforce practices in regional Australia:

Mental illness is the leading cause of non-fatal disability in Australia, and it is important to note that depression and anxiety accounts for over half of this burden. Globally, the World Health Organization predicts depression to become the leading cause of burden of disease by the year 2030, surpassing ischaemic heart disease¹.

Research assessing the impact of FIFO/DIDO (Drive in – Drive out) working arrangements on families and workers is also limited, and findings are sometimes conflicting and inconclusive. Despite these limitations, some research suggests that:

- There may be relationship difficulties associated with FIFO/DIDO working arrangements, including difficulties in communication; unmet expectations while workers are at home; an unequal share of family responsibilities; and role conflicts. Despite these difficulties, families generally report accepting and coping with the FIFO/DIDO arrangements, and the benefits, including high salaries and extended time at home, may justify and/or outweigh the costs.*
- There does not appear to be significant psychological impacts of FIFO/DIDO arrangements on children. Limited research indicates that rates of depression, anxiety, and the level of family functioning, do not significantly differ between FIFO families and a comparable community-based sample.*
- FIFO workers may be as healthy, or healthier, than 'daily commute' workers, and have comparable long and short-term stress levels.*
- Compared with locally resident miners, FIFO miners report higher levels of sleep disturbance, and more interference from work in the ability to perform social and domestic activities (such as participating in sport, attending the doctor, looking after children)².*

While additional research is needed to better understand the impact of FIFO/DIDO working arrangements on families and workers, it is important to note that this working

¹ *beyondblue* submission to the Inquiry into the use of FIFO workforce practices in regional Australia, Sept 2012 – page 1

² *Ibid* – page 3

arrangement may be the preferred type of employment for workers and families, depending upon their life stage³.

As there is limited contemporary research available, AMEC is unable to comment on whether there are any specific mental health impacts as a consequence of FIFO workforce arrangements in comparison with the remainder of the 'general community'.

AMEC is unable to make specific comment on mental health services provided by the State.

Industry does however provide a wide range of services to employees, contractors and their families across Australia.

These include:

- Specialist Employee Assistance Programs (EAPs) available 24 hours a day. This involves short term counselling for situations, incidents or circumstances with may be affecting the mental well-being of employees, contractors or their families,
- Full time on site wellness advisors,
- On site Registered Nurses,
- On site chaplains,
- Gym usage,
- Family friendly rosters - offering a work / life balance, including allowance for important dates and family events. Rosters range from 2:1(weeks), 9:5(days), 8:6(days) or 5:2(weeks). Employees are continually consulted on roster arrangements.
- Wi-Fi, internet usage, to encourage communication beyond their work surroundings
- Access to local Medical Practice (promoted and financially sponsored by the mining company)

In doing so, the research should delineate between the mining and oil and gas sectors in recognition of the significant difference in work practices, project size, worker rosters and locations (onshore or offshore).

4.2 The effects on families of rostering practices in mines using FIFO workforces;

This issue will by definition be very subjective as all families are able to handle circumstances differently and it would be difficult to categorise rostering practices on mine sites as an underlying cause of distress on families.

There is limited evidence that children were adversely affected in families experience FIFO work. Some noted that the trade-offs of income, more time when at home and flexibility did compensate the family. Similarly the suggestion is made that some FIFO workers are in better physical health than 'daily commute' workers. ⁴

4.3 The extent and projected growth in FIFO work practices by region and industry

To predict the projected growth of FIFO within Queensland is virtually impossible to do with any degree of confidence. Any developer, regardless of industry will be aiming to achieve their goals at the lowest possible cost. Local workforces would be a less expensive option if *they are available* which cannot be guaranteed beyond the major population centres.

³ Ibid – page 3

⁴ Ibid - page 3

It must also be considered that there would be significant costs imposed upon a local community should FIFO not be employed as a workplace strategy. More housing, education, employment (for family members not employed in the mining project), childcare and infrastructure upgrades would be necessary. Due to the cyclical nature of mining and the relatively short time-frame for construction projects, it is impactful to suggest a company could commit to an “all-local” workforce or a local town could justify outlaying capital to support short term infrastructure.

AMEC suggests that FIFO will be necessary as part of a suite of employment practices throughout Queensland dependent upon the remoteness of the project, the availability of appropriately skilled locals, and costs to the local community to support the project.

4.4 The costs and/or benefits and structural incentives and disincentives, including tax settings, for companies choosing a FIFO workforce;

Costs will always be a driving factor on the economic viability for any project, whether it is the construction of infrastructure in a remote community, the establishment of a multi-user port or the operation of a mine.

FIFO workforces are often a more expensive option, but are necessary due to the lack of a local, appropriately-experienced and skilled workforce. In this situation, to incentivise other workforce practices is futile and to penalise companies that must rely on FIFO is structurally unfair.

As noted previously, in some situations FIFO is the only option available in attracting employees in a “greenfield” setting that is not serviced by a local community. Despite local workforces being less expensive, if they do not exist, no incentives will assist companies to take this option.

4.5 The effect of a 100% non-resident FIFO workforce on established communities; including community wellbeing, the price of housing and availability, and access to services and infrastructure;

The issues often associated with communities where there are FIFO workforces fall into two categories;

- 1) Lack of social or economic benefit to the local community and
- 2) Increased cost of living due to greater interest in the area.

In the first instance, FIFO villages / Transient Workforce Accommodation facilities were built in order to protect the quality of life for local communities and ensure they were not unnecessarily burdened. Most workers are encouraged to stay on site even during times when not working. Strict drug and alcohol protocols are enforced in line with industry best practice. FIFO villages are commercial concerns that may procure their services centrally in order to guarantee supply and not burden local supply.

These systems have given rise to the subsequent issue of local communities perceiving they are bypassed for economic benefits despite having large numbers of consumers in their area potentially increasing traffic, air travel and using other services.

The cost of living issue is raised regularly however; it is simply markets working in accordance with supply and demand. This is not new to Queensland and has happened many times prior to the introduction of FIFO workforces. Ravenswood and Charters Towers in the 1860's & 1870's experienced booming interest as gold was discovered. Gympie has grown on several since the 1960's.

It is not just mineral exploration and mining that has drawn population growth across the State with sugar and beef industries enabling Queenslanders to thrive progressively north and west of Brisbane. All have been characterised by a seemingly rapid and large increase in population that reduce when the opportunities appear to abate.

AMEC considers that it would be misguided to attribute blame to FIFO practices as the cause of speculative behaviour in real estate or business markets. Government in Queensland should also assume some responsibility for approving projects where it is obvious no local workforces are available.

A specific example is in the case of Gladstone where since 2000, billions of dollars of construction work was approved in the same location, on an island off the coast. A regional centre the size of Gladstone could never have supported the requirement to house the thousands of extra workers required.

Poor foresight by Governments adequately providing infrastructure for regional communities contributes to the ability of these communities to respond to their opportunities when they arise.

4.6 The quality of housing provided in accommodation villages for FIFO workforces;

Accommodation villages have improved dramatically as the competition for labour became more intense in Queensland. In order to ensure workers did not experience undue stress from being away from home and to manage fatigue, the facilities have improved regularly.

At present, companies provide ensuite accommodation, mess halls, recreation activities, on-site fitness instructors, pools and various other facilities for their workers.

4.7 Strategies to optimise the FIFO experience for employees and their families, communities and industry;

As mentioned above the provision of support frameworks is extensive and continuous for employees and accessible to the families, particularly in the area of mental health.

In addition, many companies offer family friendly rosters, flexibility for significant family occasions, wifi access to aid communication and even family-day visits to site in order to ensure their workers remain connected to their families.

4.8 The commuting practices for FIFO workforces, including the amount of time spent travelling, the methods of transportation, and adequacy of compensation paid for commuting travel times;

Commuting practices for FIFO workforces is heavily monitored by mining companies for the safety of all their personnel. As such, fatigue management protocols have been implemented widely. These protocols typically include:

- Travel friendly shifts to allow for recovery/sleep
- Bus transfers
- "Day-rooms" on site for any employee who is not ready to travel

The rise in compensation packages reflected the competition for labour throughout Queensland, this may have led to some companies offering paid travel times. AMEC highlights to the Committee that increased labour costs directly serve to decrease the viability of a project in

Queensland and investment will flow to other opportunities if policies dictate further increases in costs.

4.9 The effectiveness of current responses to impacts of FIFO workforces of the Commonwealth, State and Local Governments; and

AMEC has participated in several inquiries into FIFO workforces across State and Commonwealth Governments. From these inquiries and from the over 300 AMEC member companies that operate in the mineral exploration and mining industry, AMEC forms the view that the best response from Government is to allow flexibility.

In some circumstance, companies that offer FIFO are the best alternative for some workers across the lifecycle of a project. Any attempt to apply parameters that are “one-size-fits-all” will only serve to limit the job opportunities for Queenslanders and drive investment away from the State.