

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

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1 Executive Summary

The writer of this submission is a person who has studied fly in fly out (FIFO), developed strategies for implementing and sustaining FIFO workforces and who has worked on FIFO arrangements for a number of years. I am making this submission to ensure a balanced view is taken to a very emotional topic where every involved party has some form of self-interest driving their commensurate level of enthusiasm.

It should be a requirement that the enquiry achieve a balanced view by seeking the input of affected stakeholders. This includes companies, communities, people on FIFO and people on other commute arrangements.

It is quite concerning to observe the commentary from senior politicians regarding FIFO – it should not be treated as a political football, but with the understanding that many people work these arrangements and are very happy to do so.

There have been many research projects conducted and these should be referred to, to ensure the output is data based.

2 Health Impacts

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.

Much has been written regarding the health impacts of working FIFO and to understand the issue, the definition and make up of FIFO arrangements is important. The time away from home and the time back home are often forgotten about in this debate. Rosters I am aware of that are currently operating in Queensland are as follows:

- Four shifts on / four shifts off
- Four shifts on / four shifts off, four shifts on / two shifts off
- Five shifts on / five shifts off
- Six shifts on / six shifts off
- Seven shift on / seven shifts off
- Eight shifts on / six shifts off
- Five shifts on / two shifts off
- Five shifts on / two shifts off, four shifts on / three shifts off
- Nine shifts on / five shifts off
- Ten Shifts on / four shifts off
- Fourteen shifts on / seven shifts off

The next element to understand is the commuting aspect. Many people choose to live in places as far away as Bali and work a commute roster. The longer patterns suit these people, as they get a decent break even when the long commute is taken into account.

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To make an assessment that all commute rosters have more or less of an impact than a residential workforce is difficult. The studies that are available seek to review FIFO as a stand-alone issue and also tend to focus on Western Australia where longer rotations are common (14/7 and 21/7).

To put the issues of mental health into perspective, it is helpful to review the findings of one of the reports mentioned above:

<http://www.lifelinewa.org.au/download/FIFO+DIDO+Mental+Health+Research+Report+2013.pdf>

From this report the number one stress of FIFO work was family/home separation. To put this into context, I will draw a very simple comparison of time at work verses time at home with a 5 +2 roster compared to a 7 +7 roster:

- 5 + 2
 - 52 weeks x 5 days x 8 hours = 2,080 hours
 - Five weeks annual leave = 40 hours (2,080 – 40 = 2,040 hours)
- Any even time roster
 - 26 weeks x 7 days x 12 hours = 2,184 hours
 - Six weeks annual leave = 360 hours (2,184 – 360 = 1,824 hours)

It can be clearly demonstrated that time at home is longer over the course of a year. It is recognised that there are periods away from home (seven days consecutively) which can be difficult to deal with, however, the additional time at home more than caters for the dislocation.

The provision of health services in mining communities is of an acceptable standard and if it isn't, surely the issue also impacts existing residential workforces (which have been around for about 40 years).

The longer commutes tend to be a personal choice, as the Bowen basin in particular is within roughly three hours of Rockhampton and Mackay. If an employee chooses to live in very distant locations, it is clearly a personal decision to do so.

It would be an interesting study to understand the genuine difference between Queensland based FIFO workforces and residential workforces for mental health and suicide. There seem to be an inordinate amount of suicides from residential workers.

3 Effects on Families

Effects on Families of rostering practices in mines using FIFO workforces.

The bigger concern seems to be where the workers go home to each night when on rosters. The effects on residential families is that the even time rosters will almost certainly disrupt the family routines (especially any rosters that don't follow a weekly timetable such as 7/7).

The effects on FIFO workforces has been covered in the previous section and many of the key concerns seem to be fixed on rosters that are not typical in the Queensland mining industry. I cannot speak on behalf of other industries that are more transient, where permanent accommodation makes no sense.

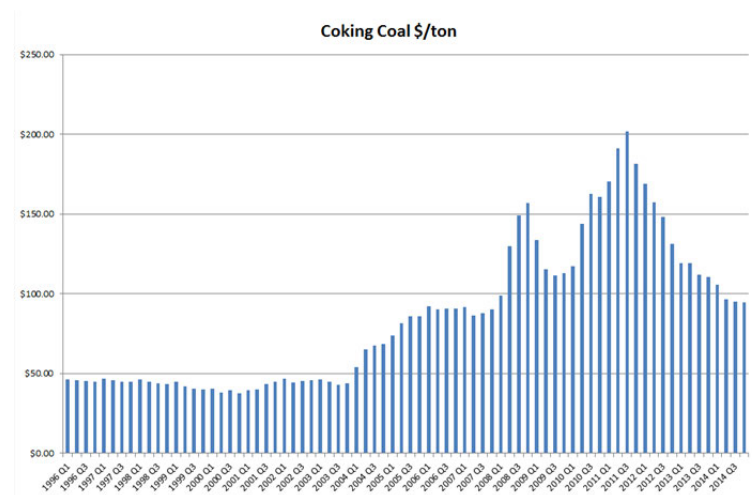
4 Projected growth in FIFO work practices

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

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There has been an increase in FIFO activities in line with market trends and the relative cost to set up complete new communities to service proposed operations. It should be understood that a 100% FIFO for all employees is not the right answer, but equally, 100% residential is also not the right answer.

To have a model that suits a cyclical industry (refer long term sales price graph below) will require a mix of different options which include residential, FIFO, drive in / drive out and bus in / bus out. This ensures that the investment made in accommodation and infrastructure is sensible and sustainable. As an example, when 20 families come to visit, you can accommodate them on mattresses and lounges as it is a short term hiatus where you would not build a house with 20 additional rooms for this short live event.



5 Structural incentives and disincentives for FIFO

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

This seems to be a moving feast at present and will not be commented on for the purpose of this submission.

6 The effect of FIFO workforce on communities

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.

It makes no commercial sense to build housing for 100% of the people who are expected to work in the region, as it takes no account of different stages of life, different choices people will make around schooling, etc.

New projects need to understand whether there is any sense in developing huge communities to accommodate people where doing so would mean the community was developed for that sole purpose. These dormitory towns are developed to service mines and when the mine is finished, so too is the town. To develop a town for the Galilee Basin mines would make no sense whatsoever.

In addition, it seems to be very parochial to believe that just because the resource (which is owned by the state of Queensland) should only benefit people who live in the local area as far as employment goes. The opportunity to share the wealth of our State's resources with lower income, higher unemployment areas make immense sense if we can get away from the emotional calls for more money to be spent on towns that are already over invested in. To now see the rental prices in these towns now the market is in decline

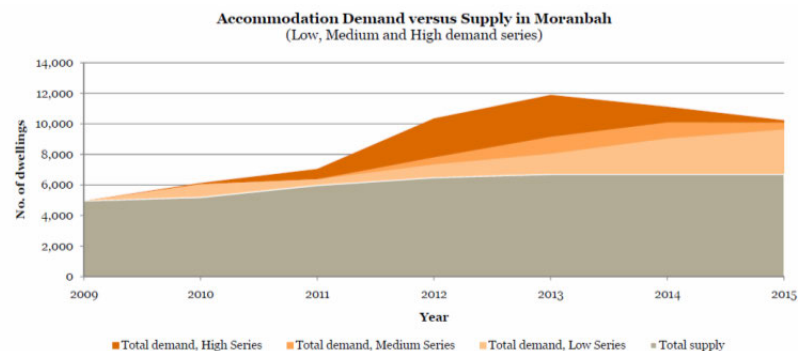
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is criminal. The rental prices during the peak were ridiculous and saw >\$3,000 per week rent for a four bedroom house. Again, to have a FIFO arrangement that shared that accommodation burden is cost effective as well as sensible. To not have this ability to flex end up with people losing their houses due to the value of them dropping so rapidly.

There is always a lot of noise made around the FIFO people who reside outside the town using the services which the town has for its residences. This is an emotional argument and the use of these services can be demonstrated to be minimal. There is also the issue whereby the local council wants to have a situation that excludes accommodation villages from the town and also declines the development approvals for those outside the town. The argument for not having them in town is also due to the emotional outcry that all FIFO workers can't be trusted as well as subjecting the town's children to huge bus traffic as residents are ferried between village and mess facilities. The argument for having them in town is so the town can benefit from the incidental spend as well as direct supply of materials to the camps.

The scenario whereby the town is at full capacity (in boom times), the town cannot sustain supporting the accommodation villages and finding labour to work in these establishments is nearly impossible. The scenario whereby the town has excess capacity (in downturn), the town then has huge accommodation complexes they don't know what to do with.

The graph below depicts the sensible mid-point for population in a town such as Moranbah accounting for the cyclical nature of the industries it supports.



7 The quality of accommodation villages

The quality of housing provided in accommodation villages for FIFO workforces.

The Buffel Village complex is the benchmark for accommodation standards and should be the subject of a visit from the enquiry panel. The same panel should inspect some of the older 'transition' homes being used in Moranbah.

8 Optimising the FIFO experience

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

If this was to be a government or community obligation, I understand the desire to include in the review. If the purpose is to make the employer hold this obligation, I don't believe this is acceptable. The employer provides a village and in most cases transport to and from a centre. The village has exercise facilities, mess, etc. – the FIFO experience outside this is an individual's accountability.

9 The commuting practices

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.

There are many commuting practices that exist including FIFO, DIDO, BIBO, mandatory bussing, voluntary bussing, etc. These are all variations on the same theme, the employees stay in a different location on their days off than they do on their work days. The singling out of FIFO is naïve and doesn't take into account the only difference is the form of transport.

Paying people to commute has no place in this debate in my view. To get yourself to and from work is the employees obligation and just because the transport is provided by the employer, there should be some view that the commuters should be paid is ridiculous. To think everyone on a public train working for the government should be paid for that travel time makes no sense at all.

10 The effectiveness of current responses to FIFO

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

The biggest concern is that those involved in reviewing the FIFO situation have a vested interest in coming to a final position that is emotion based, not fact based. There are those in the industry and community that believe 100% of people should reside in the towns near the mines. This is already not a true reflection as it has been proven on numerous occasions that up to 40% of employed people in these towns have their families living in a different location – their mode of transport is the only difference.

Local governments want higher populations to secure more resources, however, this would be to the detriment of the industry. The cyclical nature is a very important input to consider when designing a town and associated infrastructure. The rejection by the Isaac Regional Council of the Buffel Village development approval where the reasons provided could not be supported by town planning requirements is a good example of where emotion and ideology are more important than facts and sustainability.

I don't believe the state government understand the detail behind FIFO and seem to be appeasing those that influence them most.

FIFO isn't broken and those that make out that it is the primary cause of the issues being dealt with by the regional communities currently is sadly misinformed. FIFO was necessary to bring a series of projects to market quickly and cost effectively.

11 Any other related matter

FIFO Percentages

The determination of set percentages does not work in a practical sense. The FIFO mines should be able to employ up to 100%, as any specific percentage is unable to be maintained. Where this is specified as a percentage, the following issues arise:

- If a rapid increase in workforce is required, a set percentage of housing is required – in a heated market, this becomes impossible

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- If a rapid decrease in workforce is required, the redundancies need to be on the same ratio as the agreed percentages are, which is discriminatory
- If people on one arrangement want to swap to the other, where a percentage is required, this can't occur

There are many people who believe that setting a 70%/30%, 80%/20% or similar is a compromise, in actual fact it is impossible to achieve. Where the licence to operate is in question, this is not an acceptable business risk.

Discrimination

With respect to the issue of discrimination by stipulating where people will originate from, I cannot understand how this is different to saying an employee must live in a particular town to be employed. It is the same requirement – a business decision to ensure the mine is profitable and sustainable. If a company is forced to have charter flights from numerous locations, the bussing doesn't work, plane charters don't work and the ability to achieve savings through common origin points is impossible.

FIFO verses Residential

Some rosters are designed for FIFO specifically. They create a compressed shifts arrangement that enables more time off. This is due to the controlled environment of a village. To apply these rosters to a residential arrangement could negatively impact the fatigue levels of a worker. Residential workers have dual responsibilities – working a 12 hour day and then having the home life requirements. The rosters are designed to have people work their roster and then have the appropriate time off, not to try and juggle a demanding home life while on roster.

Labour (quality and quantity)

The main issue will be availability of labour during periods of intensive resource development and significant heavy construction activity in the region. Organisations will need to take steps to help attract and retain their labour workforce. In addition to direct competitive compensation and individual reward systems organisations will need to undertake a different approach to source the required labour. It has been shown in other regions that a FIFO regime with quality accommodation is a viable solution that enables an organisation to develop attractive choices for the recruitment and retention of labour.

Labour (new sources)

A FIFO operating philosophy affords opportunity to people that have not been used as a source for mining labour. People from major regional centres, other than those that are already serving the mining industry, could work on a FIFO basis. The direct benefits include companies being able to engage workers from communities outside traditional mining regions and to use those workers who would otherwise be unwilling to reside permanently in remote resource communities. Through an appropriately implemented FIFO regime people could work out of some regional areas or other major centres along the eastern sea board. This represents a significant lever to deliver cultural change because regions that have little or no history with the mining industry could be specifically targeted.

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Skilled labour

A FIFO operating philosophy enables the sourcing of the workforce from further a-field than a local region and this provides companies with exposure to a resource pool of greater skill, capability and experience and the subsequent benefits and opportunities this provides. Sourcing workers outside traditional areas provides a deeper pool of skills, experience and capability from which a potential workforce could be sourced. It also enables companies to support and strengthen wider-regional skills and incomes by distributing experience and prosperity across a larger area, it helps decrease demands on immediate local regional mining communities and enables the delivery of the strategy of a high performance workforce.

Trends and expectations of the labour force

FIFO operations are becoming more cost effective for organisations. An increasing preference for metropolitan living by many workers has resulted in significant opportunity for a broader pool of candidates.

Accommodation implications (quantity and cost)

The significant labour requirements of the growth program has had significant demand effects upon accommodation requirements and local real estate prices. Real estate price growth had been strong in preceding years across Australia especially in the areas where resource development has occurred. In these locations median accommodation prices had increased significantly and the levels have been sustained in the long term. In these areas the increased demand on existing housing supplies had raised prices significantly and decreased affordability. While this usually has not affected the workers securing work with resource organisations, where wages are commensurate with accommodation prices, there have been serious impacts upon other community members, including those providing critical infrastructure services (policing, fire services, nurses, teachers) and those on low or fixed incomes.

Where accommodation constraints prevent the supply of labour into towns, it can generate numerous unintended consequences, like significant upward pressure on localised real estate prices. However when FIFO is deployed it addresses the labour supply gap and can consequently remove any extraordinary (beyond normal economic escalation) demand driven effects on increasing local real estate prices. In addition FIFO also ensures that direct pressure on local building services and the requirement to supply land is significantly diminished thereby negating any further impact upon the local community.

Need for flexibility

A well-developed FIFO regime offers the necessary flexibility to not only accommodate changes in the growth portfolio, and those within new and existing operations but also provides options to accommodate changes within labour markets.

Sustaining urban centres

In submissions to the National Resources Sector Employment Taskforce Report, a stakeholder discussed the positive impacts of FIFO operations upon the locations that were the point of origin for FIFO workers. The experience from Western Australian and Queensland indicate that these locations were increasingly non mining urban centres. The Taskforce Report concluded that FIFO workers' helped maintain the local economy for these non-mining urban centres and were critical in a very tangible way in arresting the drift

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of population to larger metropolitan cities. The Report suggested that if these FIFO workers were to occupy a more traditional employment position, then there was every likelihood their families would go with them to a smaller mining location and would perpetuate the drift of population from these urban centres.

The report also concluded that the continuing use of FIFO workers was important to help alleviate the need to spend significant amounts of money on substantial residential and supporting infrastructure in small towns, in addition to regional urban centres. The report suggested that resource organisations throughout Australia were increasingly identifying and using such urban centres as a mining services and FIFO hub because of their existing service base and sizeable pool of job seekers.

Financially robust and flexible response

Many resource organisations employ FIFO as a financially robust and flexible response to the cyclic nature of the labour market and development of resources. The indicative estimates of the financial outcomes of applying FIFO to some of the initial growth program developments have reinforced the financial robustness of the approach.

- A comparison of the costs to accommodate a worker in Moranbah compared to a FIFO arrangement showed that on a costs per employee basis a FIFO arrangement is 3.8% lower when compared to the weighted average cost of accommodation in town, based on a 15-year discounted cash flow.