

Our Ref: Parliamentary Inquiry FIFO

Address: PO Box 21 Emerald Qld 4720

25 May 2015

The Research Director
Infrastructure, Planning and Natural Resources Committee
Parliament House
George Street
BRISBANE QLD 4000

Email: ipnrc@parliament.qld.gov.au

Dear Sir/Madam

Submission to Parliamentary Inquiry regarding fly in, fly out and other long distance commuting work practices in regional Queensland

Thank you for the opportunity to submit the views of Central Highlands Regional Council regarding this topic.

Fly In, Fly Out (FIFO) work practices are an accepted and appropriate business strategy for mining and other industry sectors in remote sites and for construction over relatively short time-frames. Council considers that regional development objectives of government at all levels would tend to encourage accommodation solutions centred on existing regional centres, consistent with regional and local planning strategies.

The attached submission takes the form of a brief response to each of the discussion points set out in the Committee's terms of reference. We look forward to the opportunity to discuss these with the Committee during its round of public consultations.

In the meantime, please contact our Mining Liaison Officer, Mr David Brown on [REDACTED] if you require any further information.

Yours faithfully



Scott Mason
Chief Executive Officer 25/5/15

Att

OVERVIEW OF RESPONSE

Central Highlands Regional Council has chosen to respond to each of the Discussion Points raised in the Committee's Terms of Reference. In some cases, this may only point out that Council has little or no knowledge of, or impact from, that particular issue. More importantly, it may be that Council does not have access to, or is unable to locate, suitable data on which to base a response. Council feels that this lack of data or knowledge is a critical concern in dealing with such a significant issue and encourages the Committee to address this in its deliberations. For each Discussion Point, Council has attempted to set out:

- The key response regarding each discussion point;
- The supporting evidence for Council's view (reports and other documents if available);
- The specific impact or experience that Council has had in relation to that point, and;
- A suggested policy response or action by government or others to address the issue.

Council also supports the policy response set out by the Local Government Association of Queensland and urges the Committee to incorporate these in its report and recommendations. The specific policy (8.6.1.5), carried at the 2014 Annual Conference states:

Local government is opposed to 100% FIFO/DIDO/BIBO developments in established resource communities for the following reasons:

1. *It discriminates against all Queensland workers outside of identified FIFO hubs for employment opportunities;*
2. *It negatively impacts the social cohesion of local communities; and*
3. *It diminishes the transfer of economic benefits to local and regional communities.*

DISCUSSION POINTS

HEALTH IMPACTS

Key point to be made	While not directly responsible for providing medical services, Council is a key partner in providing, or attracting investment for, supporting community infrastructure such as medical centres (e.g. the GP Super Clinic to be built at Emerald), child care centres and recreational areas such as parks and gardens essential to well-being
Supporting evidence	Blackwater Hospital, "Royalties for Regions" funding for Dysart Medical Centre for Isaac Regional Council
Impact on and/or Central Highlands experience	Potential for increased demand from non-residents Reduced attractiveness of region Increased costs for residents to access services Social costs of mental & other illnesses
Recommended policy/action	Prioritisation of funding for regional centres

EFFECTS ON FAMILIES

Key point to be made	Anecdotal evidence suggests that rostering practices are disruptive
Supporting evidence	Council has not had access to any studies that supports this contention but

	notes the results of the workforce survey by the Queensland Resources Council that suggests no clear differentiation between resident and non-resident workers in relation to workforce accommodation arrangements
Impact on and/or Central Highlands experience	As a host community there is little or no direct impact on worker's families in CHRC but this may not be the case in home communities. Recent reductions make resident accommodation more attractive due to lower rents and prices
Recommended policy/action	Encouragement of accommodation choice for employees to enable them to select the most appropriate arrangement for their circumstances.

EXTENT AND PROJECTED GROWTH

Key point to be made	Extent of FIFO in CHRC (& other regions) has declined as companies reduce contractor and employee numbers. Depending on industry fortunes, likely to be little or no growth for several years
Supporting evidence	<p>Bowen and Galilee Basins non-resident population projections, 2015-2021 Queensland Treasury, See Figure 1 below</p> <p>In Central Highlands the peak non-resident workforce (NRW) population of 5585 occurred in 2012, with a projected high of 7950 in 2016. Actual NRW population was 3380 in 2014 with low projection case (most likely?) falling to 2850 – a potential difference of 5000 workers from the projected peak. Any growth in NRW numbers over the next five years appears unlikely given current conditions and projections. (see Resources and Energy Quarterly, March 2015)</p>
Impact on and/or Central Highlands experience	The actual build-up (and more importantly, the expectation of continued build-up) between 2009 and 2012 stretched council and community resources attempting to respond to increased demand for services. Boom conditions resulted in crowding out of other sectors (e.g. availability of tourist accommodation) and rapid expansion of temporary accommodation centres. Demand has since declined markedly with the emergence of a "bust" mentality. This is reflected in the recent decline in passenger numbers through Emerald airport (see Figure 2 below) following rapid increases since 2009-10 (Figure 3 below)
Recommended policy/action	Communities assess projections and proposals using a risk management approach to be aware of up-side constraints and down-side risks (e.g. potential for stranded assets such as what to do with the empty accommodation villages)

STRUCTURAL INCENTIVES AND DISINCENTIVES

Key point to be made	Incentives and dis-incentives distort the allocation of resources -projects and proposals should make explicit their full cost through proper cost-benefit analysis
Supporting evidence	FIFO is an operational expense, and can be structured so that the capital costs are borne by third party providers and do not appear on the proponents balance sheets. Accommodation facilities can be constructed on-lease with no reference to local or state planning schemes

Impact on and/or Central Highlands experience	Increased temporary accommodation constructed on-lease may increase demand for local services, potentially unforeseen by Council. Limited recourse to recoup costs of any additional infrastructure that may be required e.g. water supply Individual impacts of projects may be slight (e.g. under DTMR traffic impact schedules) but cumulatively several projects may trigger effects.
Recommended policy/action	Encourage proponents to engage with local government and communities at early stage to ensure other costs of project are identified.

EFFECT OF 100% FIFO WORKFORCE ON ESTABLISHED COMMUNITIES

Key point to be made	Effect is mixed and dependent on how close accommodation is to centre and the extent to which the operation is integrated into the community
Supporting evidence	The town of Blackwater contains a mix of accommodation types for both resident and non-resident workers and has experienced the effects of both boom and downturn. At a different scale, the township of Rolleston provides an example of how both resident and non-resident accommodation types may support a project and community
Impact on and/or Central Highlands experience	NRWA centres can draw on community resources (such as health clinics by providing sufficient demand to support services) but may not contribute much back as central purchasing may preclude local suppliers (the experience of the BMA supported C RES initiative provides an example of the level of effort required to ensure significant local buying) The local community is seen or begins to see itself as transient
Recommended policy/action	Encouragement of accommodation choice FIFO is appropriate for remote sites, several hours from established centres

QUALITY OF HOUSING IN ACCOMMODATION VILLAGES

Key point to be made	The quality of accommodation is part of a company's employee retention strategy. Accommodation has to meet standards, however temporary accommodation, particularly for exploration activities may be problematic due to the fact that it has to be moved regularly
Supporting evidence	URS Workforce Accommodation Survey for Queensland Resources Council
Impact on and/or Central Highlands experience	Accommodation standards are governed by state building codes Poor accommodation will provide an incentive for employees to seek alternatives within established centres Provisions of Mineral Resources Act and Petroleum and Gas Act preclude council involvement where accommodation is on lease or an "incidental activity" Local planning requirements and state legislation (Plumbing and Drainage Act, Queensland Development Code) are sometimes not complied with
Recommended policy/action	Engage with industry to educate proponents and contractors of the requirements for non-resident and temporary accommodation

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STRATEGIES TO OPTIMISE FIFO EXPERIENCE FOR EMPLOYEES, FAMILIES, COMMUNITIES AND INDUSTRY

Key point to be made	It can be unclear how the "optimum" is defined, as each stakeholder has different and often conflicting objectives. Some may not be able to be quantified in financial terms, the solution relies on consultation and collaboration
Supporting evidence	Up to 2012, the lack of accommodation pushed up rents and prices as several projects sought to start or expand. This also led to rapid expansion of NRWA capacity. With the downturn and almost 20% reduction in workforce, vacancies have increased, house prices fallen. A large number of houses and units are for sale with little prospect of sale. Rapid ramp-up and contraction may have been optimum for companies but not for other stakeholders
Impact on and/or Central Highlands experience	Crowding out during boom period, particularly the availability of labour and accommodation (e.g. tourism) with resultant over-investment in some areas (motels and accommodation villages)
Recommended policy/action	Develop metric that more closely reflects relative values, costs and objective for all stakeholders

COMMUTING PRACTICES FOR FIFO WORKFORCES

Key point to be made	FIFO workers travel in and through local communities by car, bus or air
Supporting evidence	See Emerald Airport Traffic in Figure 2 below
Impact on and/or Central Highlands experience	Congestion on roads and at airports, crowding out effects on planes Fatigue management risk to rest of community Community infrastructure (council owned airports for example) may become stressed, and under pressure to be expanded in a timely manner. In light of downturn, was there over-investment?
Recommended policy/action	Closer monitoring of traffic and congestion impacts and additional research into determining cumulative impacts

EFFECTIVENESS OF CURRENT RESPONSES TO IMPACTS OF FIFO WORKFORCES OF COMMONWEALTH, STATE AND LOCAL GOVERNMENTS

Key point to be made	Local government and communities bear the impacts of FIFO workforces
Supporting evidence	FIFO appears to have no direct effect on state and commonwealth governments There is concern over the proportion of coal royalties that actually flows back to regions to make them more efficient as well as attractive to investment
Impact on and/or Central	Several projects within CHRC approved by state and commonwealth

Highlands experience	governments that involved significant FIFO component (100% in other council regions) yet little or no understanding or acceptance of impacts on local communities Royalties for Regions funding is now expended on a range of projects outside the regions originally targeted
Recommended policy/action	Develop an infrastructure charging regime (or royalties distribution scheme) which more closely reflects costs of meeting demands of resource projects

CONCLUSION AND RECOMMENDATIONS

FIFO, BIBO and DIDO are appropriate commuting practices for some projects in remote areas.

If the Government's objective is development of the regions through encouraging population and business growth in regional centres then ALL government policy should be consistent with that aim. Government should encourage proponents to invest time, effort and money in ensuring their project maximises the social and economic benefits to local communities.

Approval process must become more rigorous in evaluating proponent claims regarding local impacts.

REFERENCES

Australian Government 2015, *Resources and Energy Quarterly March Quarter 2015*, report by the Office of the Chief Economist, Department of Industry and Science, April 2015

Bureau of Infrastructure Transport and Regional Economics 2015, *Airport Traffic Data 1985-86 to 2013-14*

Queensland Treasury 2015, *Bowen and Galilee Basins non-resident population projections, 2015-2021*

URS 2012, *Workforce Accommodation Arrangements in the Queensland Resources Sector - Workforce Survey Report* prepared for Queensland Resources Council, May 2012

FIGURE 1 NON-RESIDENT POPULATION PROJECTIONS

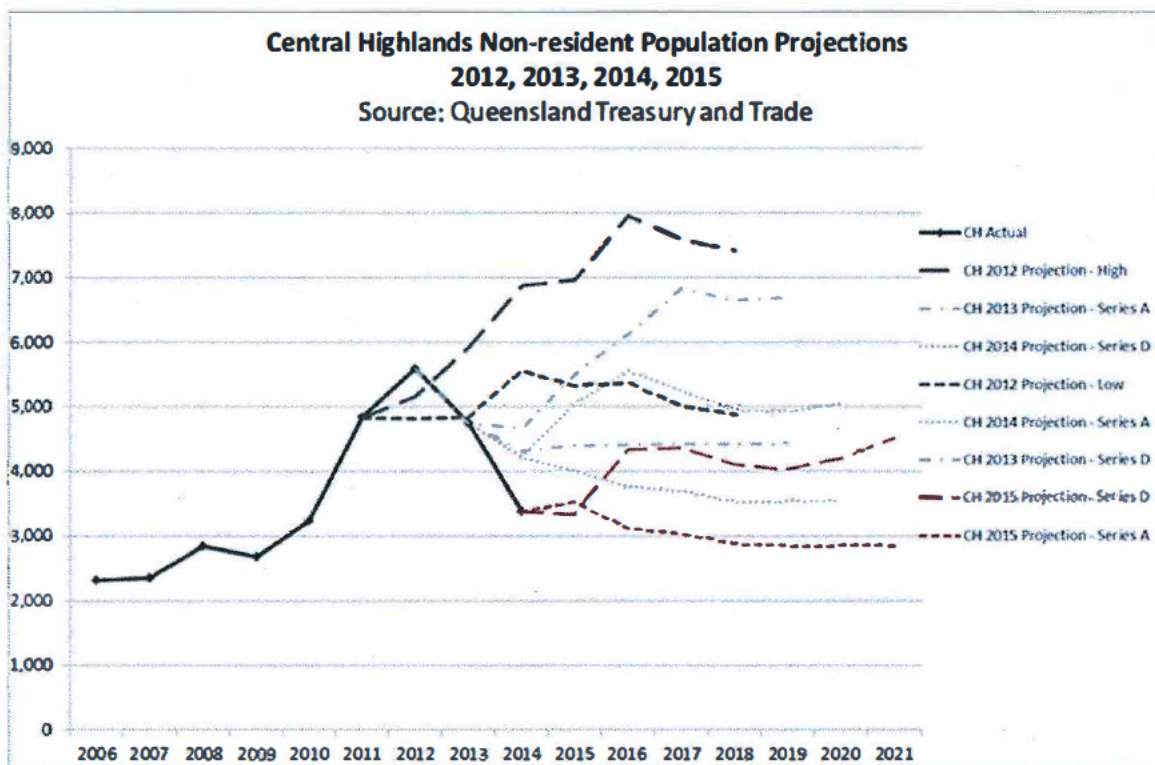


FIGURE 2 PASSENGER NUMBERS – EMERALD AIRPORT

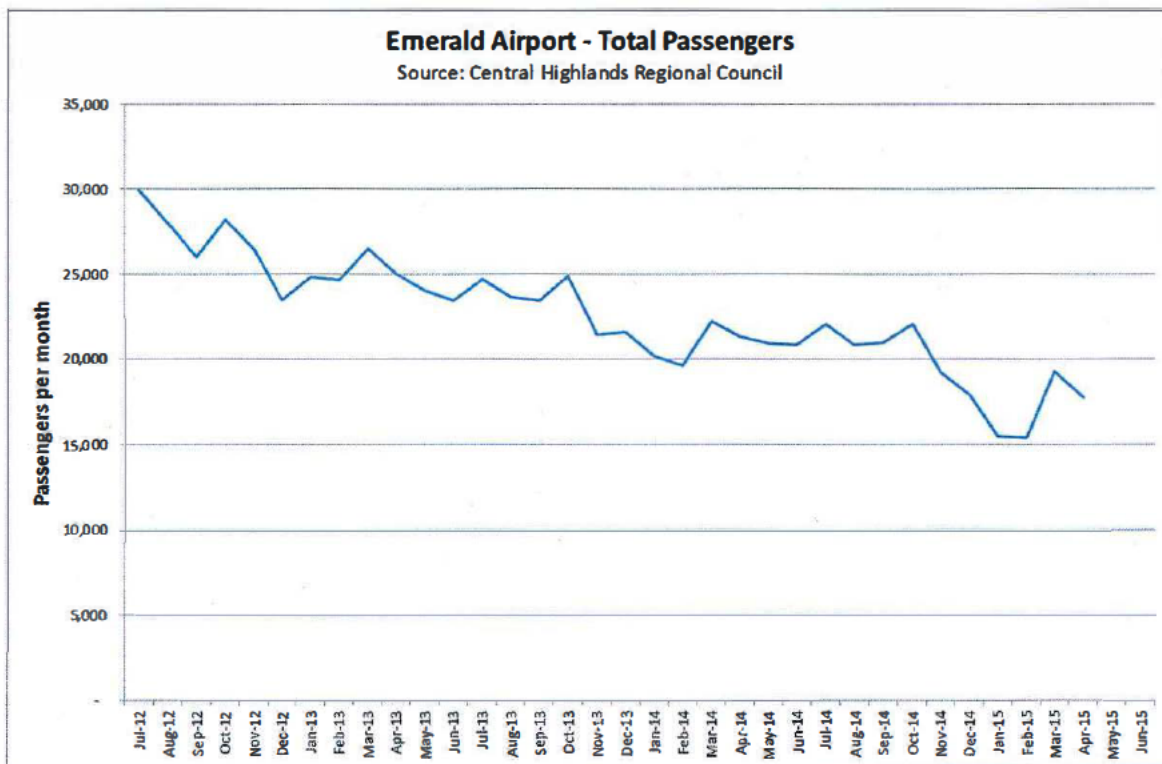
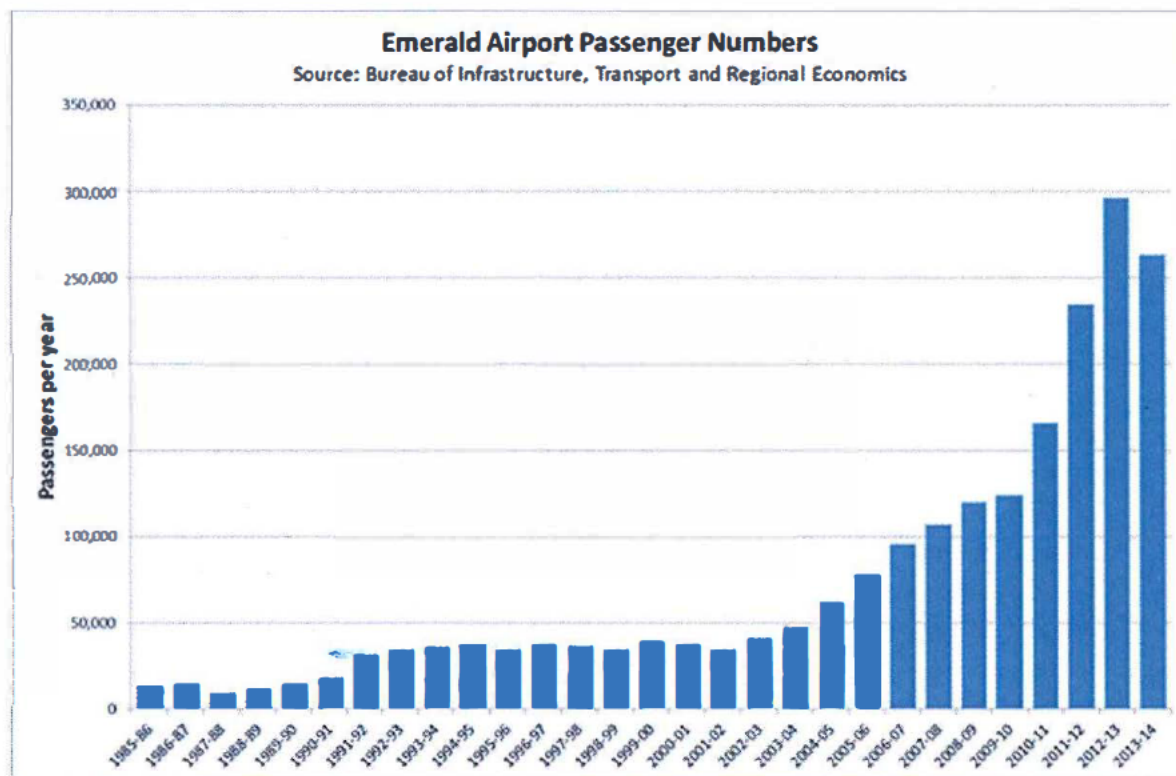


FIGURE 3 EMERALD AIRPORT – GROWTH IN PASSENGER NUMBERS



APPENDIX 1: TERMS OF REFERENCE

The inquiry was referred to the committee by the Legislative Assembly on 27 March 2015.

The Legislative Assembly has requested the committee:

1. Inquire into and report on fly-in, fly-out (FIFO) and other long distance commuting work practices in regional Queensland.
2. That, in undertaking this inquiry, the committee should consider the following issues:
 - 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;
 - The effects on families of rostering practices in mines using FIFO workforces;
 - The extent and projected growth in FIFO work practices by region and industry;
 - The costs and/or benefits and structural incentives and disincentives, including tax settings, for companies choosing a FIFO workforce;
 - 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 quality of housing provided in accommodation villages for FIFO workforces;
 - Strategies to optimise the FIFO experience for employees and their families, communities and industry;
 - 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;
 - The effectiveness of current responses to impacts of FIFO workforces of the Commonwealth, State and Local Governments; and
 - Any other related matter.
3. Further, that the committee seek public submissions and consult with key stakeholders including local communities, resource companies, unions and local government.
4. Further, that the committee report to the Legislative Assembly by 30 September 2015.