



UNCLASSIFIED

**COAL
CORPORATE OFFICE**

DEPARTMENT

201 Charlotte Street
Brisbane 4000 Australia
GPO Box 1410
Brisbane 4001
Australia

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

25th May 2015

Dear Sir/Madam

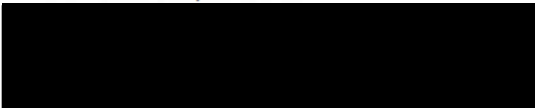
Subject: Submission to the Parliamentary Committee of Inquiry into FIFO

Anglo American Coal is pleased to submit our submission to the Parliamentary Committee Inquiry into FIFO.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Jon Richards for'.

Jon Richards
Head of Corporate Affairs


www.angloamerican.com

Anglo American Coal – Australia and Canada

Member of the Anglo American plc group

Anglo American Metallurgical Coal Pty Ltd.
201 Charlotte Street, Brisbane 4000, Australia. GPO Box 1410, Brisbane 4001, Australia.
T +61 (0)7 3834 1333 F +61 (0)7 3834 1390

ABN 93 076 059 679

Submission to the Parliamentary Committee of Inquiry into FIFO

Background

Anglo American's Coal business is one of Australia's leading metallurgical coal producers with extensive coal mining interests in Queensland and New South Wales. Our mines in Queensland include Moranbah North and Grosvenor mines in the Northern Bowen Basin; Capcoal, Grasstree, and Foxleigh mines outside of Middlesbrough and Dawson and Callide mines in the Southern Bowen Basin. As one of seven commodity focused business units comprising leading global resource company Anglo American, Coal Australia and Canada is a global company, headquartered in Brisbane, with a local focus.

Coal Australia exports approximately 25-30 million tonnes of coal annually to steelmaking customers and power producers throughout the world through the Dalrymple Bay Coal Terminal and the Gladstone Port Corporation. As well as being the second largest exporter of metallurgical coal in Australia, Anglo American's Coal portfolio of mines includes two thermal coal mines which produce high-quality thermal coal to both off-shore and domestic customers.

Anglo American Coal – Australia and Canada wishes to draw to the attention of the Infrastructure Planning and Natural Resources Committee of the Queensland Parliament, the critical importance of the resources sector to the Queensland and Australian economies. Although presently experiencing a downturn, the resources sector continues to generate significant jobs and royalties for this state. Crucial to maintaining this considerable contribution is a stable regulatory environment and a productive workforce based on an adequate supply of skilled labour.

Purpose of the Submission

This submission represents Anglo American's input to the Inquiry being undertaken by the Infrastructure Planning and Natural Resources Committee of the Queensland Parliament into fly-in, fly-out and other long distance commuting work practices in regional Queensland. 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:*
 - a. *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;*
 - b. *The effects on families of rostering practices in mines using FIFO workforces;*
 - c. *The extent and projected growth in FIFO work practices by region and industry;*
 - d. *The costs and/or benefits and structural incentives and disincentives, including tax settings, for companies choosing a FIFO workforce;*
 - e. *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;*
 - f. *The quality of housing provided in accommodation villages for FIFO workforces;*

- g. *Strategies to optimise the FIFO experience for employees and their families, communities and industry;*
- h. *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;*
- i. *The effectiveness of current responses to impacts of FIFO workforces of the Commonwealth, State and Local Governments; and*
- j. *Any other related matter.*

Terminology Used

For the purpose of this submission all forms of workforce commuting, including fly-in, fly-out (FIFO), drive-in, drive-out (DIDO) and bus-in, bus-out (BIBO), will be referred to as long-distance commuting (LDC) unless the context is relevant only to a single type of commute arrangement.

RESPONSES TO THE INQUIRY'S TERMS OF REFERENCE

- a) ***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***

Anglo American's Coal business in Queensland and New South Wales operates within the current OHS regulatory frameworks. In addition we provide a range of support activities to our employees regardless of whether they are LDC workers or residential in the communities in which we operate.

At all site we provide:

- **Peer Support Training** involves providing training and assistance to employees to recognise signs of depression and anxiety in their co-workers.
- **Frontline Leadership Training** on how to assess employees at risk and provide coaching and support to encourage them to access Support Agencies.
- **Health and Wellness Programs** covering topics such as
 - Healthy Relationships;
 - How to manage night shift;
 - Managing your mood through diet and exercise; and
 - Build your resilience.

Specifically for our LDC workforce located in accommodation villages we provide:

- **Accommodation Village- Based Strategies** including areas such as
 - Dietician planned menus in the camps with a system to indicate healthy choices and portion size.
 - Internet Access
 - Common Areas for socialising
 - On-site Gyms
 - Roster based room allocations
 - Fatigue Rooms to access pre and post roster
- **Fatigue Management Training** including
 - Training on driver safety, relevant road legislation for transient employees
 - Fatigue management including how to better manage fatigue on "pyjama days" and night shift.



- **EAP Programs** which includes interfacing with employee's families by sending an annual letter home to the families to explain the uses EAP can serve, who can access it and how.
- **Survival Guides for Mining Families** which covers
 - Helping children to cope with FIFO;
 - House rules for happy homes;
 - Sex and FIFO relationships;
 - Mining dads and parenting;
 - Relocating;
 - The art of making new friends; and
 - Women in mining.
- **FIFO Family Calendars** to assist children in understanding the movements of their FIFO parent
- **FIFO Family Support Network Membership** which provides internet access to informative blogs, online chat forums, referral services and via social media such as Facebook and access to over 55 social support groups across the country who meet once a month in local parks and other venues and are run by local chapters of the network.

b) The effects on families of rostering practices in mines using FIFO workforces

Rosters differ between construction and operational project phases. Anglo American Coal currently has one project in the Bowen Basin. At our operations there are a variety of rosters with no site offering a roster specifically for LDC workers. The range of rosters includes:

- Monday to Friday (5 on 2 off)
- 5 on 4 off / 4 on 4 off
- 7 on 7 off
- 7 on 4 – 10 off
- 5 on 5 off
- 4 on 4 off
- 8 on 6 off

Anglo American Coal has made considerable effort to establish safe, yet productive work schedules. This range offers our workforce choice and provides a more reasonable balance between work and family time than does the more extreme rosters offered in Western Australian LDC operations for example.

Across all of our operations 43.8% of the workforce is a LDC worker. Our operational workforce is offered the choice to reside locally or commute. Each operation determines what assistance to provide based on the local housing and employment environment. Examples of the support programs available at our sites are:

- Company owned housing rented at nominal rent
- Home Purchase Assistance Scheme
- Rental Assistance and Home Purchase through Salary Sacrifice
- Rental Assistance Scheme.

The quality of our company-owned housing is considered to be amongst the best in the Bowen Basin. Our most recently built housing in Moranbah includes four bedroom houses and townhouses and three bedroom townhouses. The builder won the Queensland Builders Association Design Award in 2014.

We strongly support the position that choice between residential and non-residential options is essential if the resources sector is to respond to changing demographics and enable workers to choose the accommodation arrangement that best suits themselves and their families and as a result, ensure an adequate supply of staff for current and future projects.

Building company-owned housing is not always the best option and can sometimes exacerbate an already stressed housing market. As seen in Moranbah, providing a rental subsidy can encourage families to reside locally and can spread the benefit of the rental dollar across the housing market. Housing our construction workforce in accommodation villages helps minimise the “peaks and troughs” in the housing market as the project winds up and then inevitably winds down.

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

The characteristic of Anglo American’s workforce in Queensland is predominantly residential. We do not operate 100% FIFO/DIDO mines but offer choice around roster and living arrangements where possible. A breakdown of our LDC workforce (Table 1) illustrates that the majority of LDC workers reside in Central Queensland and therefore close to their employment. At our southern Bowen Basin operations about 25% choose to live in the SE Qld and Wide Bay areas which are also close to those operations.

Table 1

Location	Status	Commute Method	Place of Residence	
Biloela	87% residential 13% non-residential	Majority DIDO – only 1 employee on support FIFO	Central Qld SW Qld North Qld SE Qld Wide Bay	57% 0% 0% 16% 24%
Moura	56% residential 44% non-residential	Majority DIDO – only 7 employees on supported FIFO	Central Qld SW Qld North Qld SE Qld Wide Bay	49% 4% 1% 20% 27%
Middlemount	47% residential 53% non-residential		Central Qld SW Qld North Qld SE Qld Wide Bay	64% 0% 8% 17% 10%
Moranbah	52% residential 48% non-residential	80% DIDO 20% FIFO	Central Qld SW Qld North Qld SE Qld Wide Bay	74% 0% 7% 15% 2%

While 43.8% of our current workforce choose to commute to work there has been a gradual change over the past five years. The numbers of employees that choose DIDO have increased by 3% since 2010 and the numbers who choose to FIFO has risen by 4%. These are not the dramatic changes reported across the whole of Central Queensland but are possibly the result of broader community changes including competition in the cost of flights due to new carriers entering the market.

Anglo American Coal supports the position that resource companies must be flexible in order to remain both productive and competitive. A crucial aspect of this flexibility is the ability to offer choice in workforce arrangements. Any attempt by government to mandate what companies do in terms of their workforce

including any move to eliminate LDC altogether, could potentially limit necessary flexibility and responsiveness and as a result stifle productivity and competitiveness of the resources sector in this state.

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

Anglo American Coal looks to achieve safe productivity targets by allowing our employees choice. Examination of our accommodation costs in Middlemount and in the Moranbah area revealed only marginal differences between accommodation costs for a LDC employee and a residential employee confirming that this is not a significant commercial driving factor for Anglo American Coal.

In addition Anglo American Coal pays minimal Fringe Benefit Tax (FBT) in respect of remote area LDC arrangements. In 2014, <\$50,000 was paid in FBT for LDC costs. The vast majority of LDC costs are treated as FBT exempt on the basis that we satisfy the FBT exemption for LDC provided to employees. Company provided accommodation does not attract FBT liability (in accommodation villages or Single Person Quarters) however provision of food attracts a \$2 FBT liability per meal. FBT liability therefore does not play a significant role in determining our workforce strategy.

The factors that do influence our decisions and need to be taken into account in relation to pursuing a predominantly LDC workforce are:

- the location of the resources operation
- the phase of the operation i.e. construction vs operation
- the availability of skilled labour – (ability to recruit locally, competition for labour, types of skills being sought)
- attractiveness of the local town to prospective workers
- level and type of local infrastructure and services e.g. education and health services
- global demand for skills, cost and commodity prices
- life cycle of the mine
- safety considerations, especially fatigue management.

Anglo American Coal supports the position that any changes to the existing tax settings, such as FBT exemptions, will not make a difference to our business choosing LDC over residential workforces – it will simply make it harder and more costly for companies like Anglo American Coal to operate, and discourage labour mobility.

e) *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*

Anglo American Coal will contribute to the separate panel review into 100% FIFO workforces near resource communities in Queensland. As already stated we do not operate any 100% FIFO operations in Australia.

f) *The quality of housing provided in accommodation villages for FIFO workforces*

There are various state and local government policies and procedures that guide the construction and operation of quality accommodation facilities, including those that relate to health and safety issues.



The provision of high quality accommodation village facilities provides employees with access to comfortable, quality and safe living arrangements while they are away from home. In an August 2013 report from the University of Queensland¹ based on a survey of 286 FIFO workers in the Australian resources industry, the majority of respondents (63%) rated their accommodation as good or very good, and about a quarter (23%) did not want to change anything. Surveys conducted by Anglo American Coal's service provider at our five accommodation villages regularly return more than 92% satisfaction rating.

The Queensland Guidance Note for Fatigue Risk Management recognises that "a well-designed camp is a control measure for a number of fatigue risk factors"² The following factors can contribute to fatigue and can be controlled within accommodation villages:

- lifestyle e.g. children and child-care responsibilities, voluntary work or diet
- home environment e.g. noisy neighbours or a bedroom that is too hot or not dark enough for day-time sleep³

Anglo American Coal's accommodation villages provide the opportunity for residents to improve their wellbeing with access to nutrition information, exercise equipment and personal trainers. The benefit of these programs goes beyond the individual and can be shared with their family and friends in their resident communities.

Social interaction is encouraged within our villages through the inclusion of communal areas such as BBQ gazebos and communal events like "State of Origin" screenings. Socialisation is managed to prevent unnecessary disturbance to residents who are sleeping, an advantage over living as a shift-worker within the general community where the individual does not always have immediate means to control noise issues. Provision of internet services also allows our village residents the opportunity to maintain face-to-face contact with family and friends whilst away from home.

Anglo American Coal supports the position that accommodation villages within mining communities help to control the "boom and bust" effect of mining on the housing market. Moranbah is a recent example of how businesses that did not provide village style accommodation for their workforce can trigger the establishment of quasi camps with multi-sharing arrangements in residential streets. Moranbah also witnessed an unprecedented inflation in rental and house purchase prices as transient workers entered the market pushing up costs for non-mining related residents.

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

Anglo American Coal uses a range of strategies to support our workforce, both residential and LDC employees. Specifically for the LDC workforce we provide:

- **Accommodation Village-Based Strategies** including -
 - Dietician planned menus in the camps with a system to indicate healthy choices and portion size.
 - Internet Access
 - Common Areas for socialising
 - On-site Gyms
 - Roster based room allocations
 - Fatigue Rooms to access pre and post roster
- **Fatigue Management Training** including -

¹ MA Barclay, 2013

² See Section 5.4 Risk Control QGN16

³ See Section 5.2 Hazard identification: identifying factors that may contribute to fatigue QG16

- Training on driver safety, relevant road legislation for transient employees
- Fatigue management including how to better manage fatigue on "pyjama days" and night shift.
- **EAP Programs** which includes interfacing with employee's families by sending an annual letter home to the families to explain the uses EAP can serve, who can access it and how.
- **Survival Guides for Mining Families** which covers
 - Helping children to cope with FIFO;
 - House rules for happy homes;
 - Sex and FIFO relationships;
 - Mining dads and parenting;
 - Relocating;
 - The art of making new friends; and
 - Women in mining.
- **FIFO Family Calendars** to assist children in understanding the movements of their FIFO parent.
- **FIFO Family Support Network Membership** which provides internet access to informative blogs, online chat forums, referral services and via social media such as Facebook and access to over 55 social support groups across the country who meet once a month in local parks and other venues and are run by local chapters of the network.

Anglo American Coal has a Social Investment and Donations Program at each operation which provides the community with opportunity each year to apply for project funding or event sponsorship. In 2012 – 2014 our Moranbah North Mine contributed \$380,000 towards local initiatives. In addition, the Moranbah 2020 Fund was established in 2011 and has contributed over \$1.85m towards social and economic development outcomes in the community. In 2014 Anglo American Coal spent \$17.1m on purchasing local goods and services from local businesses in Moranbah.

h) 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

Anglo American Coal has 43.8% of the workforce commuting to work using BI/BO, DI/DO or FI/FO arrangements. Travel arrangements of our LDC employees vary between operations and Table 1 demonstrates that the majority of LDC employees drive or bus from locations near to the operations at which they work i.e. from Mackay, Rockhampton, Yeppoon, Bundaberg/Wide Bay.

Anglo American Coal supports the position that jobs in the resources sector are highly sought after and well paid with good employment conditions including attractive rosters. ABS data reveals wages in the resources sector are consistently higher than wages paid across all industries. In general we have responded to changing expectations of a highly mobile society whose qualifications and experience are highly valued nationally and internationally including through the provision of attractive salary packages. These packages reflect the conditions of employment in the industry including rosters and travel time.

Prospective workers apply for and ultimately accept positions at Anglo American Coal in the full knowledge of the employment conditions including where the position is located and the likely commuting travel times and arrangements.

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

The Queensland Government's Social Impact Assessment Guideline and the broader Environmental Impact Statement process contain methodologies to assess the impacts and benefits of major projects workforce sourcing. In addition Anglo American Plc has an industry best practice social and economic assessment package called the *SEAT Toolbox*. Each of our Coal operations must be compliant in the

application of this tool to assess the operation's social and economic impacts every three years. This assessment and the management actions to address the issues and impacts identified are made available in a public report. Every year the operations review the management actions undertaken and the progress made.

Anglo American Coal supports the position current processes are rigorous and there is nothing to be gained by introducing further regulations. Changes to the government landscape in which resource sector projects operate whether it be taxation, royalties, environmental or social policies have the potential to create uncertainty and ultimately sovereign risk.

Furthermore, changes must not be made to EIS approvals retrospectively as these are binding arrangements upon which Financial Investment Decisions have been made and upon which operational arrangements are based.

j) ***Any other related matter.***

Importance of Infrastructure and Services

Anglo American Coal supports the position that it is important for mining companies to work with governments and other stakeholders to support the liveability of the regional communities in which we operate. The appeal of resource communities as places to live and raise families is greatly influenced by the level and standard of planning for and delivery of social services and infrastructure that are offered including in areas such as

- health
- education
- emergency services
- civic facilities
- roads and related transport infrastructure.

Government's obligations are to provide base levels of service in these areas that are no lower than in other communities of comparable size. These factors are undoubtedly part of the decision making process around whether to commute or live locally.

In 2013 Anglo American Coal paid \$1.7b in royalties to the Queensland State Government and it is our position that spending on social infrastructure in resource communities in which we operate should be looked on as a form of reinvestment of these public 'profits' in maintaining the productive potential of the state's resources.

The previous Royalty for Regions (R\$R) program did not always allocate the royalties to the areas of greatest need or to the communities in which the royalties were generated. Although the current government has indicated in its Building our Regions program that it will provide funds to create jobs, support economic development and ensure critical infrastructure is delivered to regional communities it is essential that it addresses the standard and level of social services and pieces of social infrastructure that make regional communities 'liveable' and viable options for LDC families to move to. Unless the communities in which we currently operate are viewed as attractive places to live our workforce will continue to use their choice and remain LDC workers.

Anglo American also supports the position that governments must encourage the diversification of regional economies away from dependence on a single industry. Moranbah is one community in which Anglo American Coal has invested funds to support the business community to become more resilient to the mining cycle by expanding their supply chain options. The Moranbah Traders Association is undertaking significant work with the benefit of Anglo American's investment to build the capacity and business acumen of local small businesses to compete better for mining business but also to expose their businesses to other supply chain opportunities.

Technology

Technology has the capacity to change the nature of jobs and work in the resources sector including the skills required to undertake that work and where that work is performed. Anglo American Coal has an interest in developing remotely operated long wall technology that will increase the safety of our workforce by reducing the number of people underground. These changes, multiplied across the industry have the potential to significantly impact workforce number.

References

Barclay M.A, et al. (2013) *Factors linked to the well-being of Fly-In Fly-Out (FIFO) workers*. Research Report, CSRM and MISHC, Sustainable Minerals Institute, University of Queensland: Brisbane, Australia.

QGN 16 Guidance Note for Fatigue Risk Management – CMSHA 1999, MQSHA 1999. Available: <http://mines.industry.qld.gov.au/assets/mines-safety-health/guidance-note-fatigue-risk-management.pdf>

Queensland Coal Mining Safety and Health Act. (1999). Available: <https://www.legislation.qld.gov.au/legisltn/current/c/coalminsha99.pdf>

Queensland Mining and Quarrying Safety and Health Act. (1999). Available: <https://www.legislation.qld.gov.au/LEGISLTN/CURRENT/M/MiningQuaSHA99.pdf>