



A MATTER OF CHOICE

CAPTURING THE FIFO OPPORTUNITY
IN PILBARA COMMUNITIES



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FOREWORD

As the peak representative body for the Western Australian resources sector, the Chamber of Minerals and Energy of Western Australia (CME) facilitates and supports the Pilbara Industry's Community Council (PICC). PICC is a collaborative forum that provides opportunities for BHP Billiton Iron Ore, Chevron Australia, Fortescue Metals Group, Rio Tinto Iron Ore and Woodside Energy Limited to work with the Federal, State and Local governments, as well as Pilbara communities, to address specific priorities. One of these is the development of a shared vision and strategy in relation to the sustainability of Pilbara towns.

A significant challenge faced together by Pilbara towns and the resources sector is a rapid increase in employees and their families choosing Fly In Fly Out (FIFO) employment in preference to residentially based employment. Fortunately, opportunities are inherent in such challenges and – in keeping with its commitment to leading policy development in the sector – the CME is working hard to identify and optimise opportunities associated with FIFO and, in so doing, deliver benefits to Western Australian workers, families and communities.

'Long distance commuting' for work can be traced back to the first half of the 20th century when shearing teams, recruited in Perth, travelled from sheep stations in the Kimberley through to pastoral areas. In the resources sector, long distance commuting has manifested into FIFO and had its beginnings during construction of the iron ore mining and shipping facilities in the Pilbara in the 1960s and 70s. Groups of specialist labour recruited from outside the region were housed in temporary camps while they completed their work. When they were done, some of these workers took permanent jobs in the region, but most returned home.

With the abundance of natural resources located in regional and remote areas of the state, it's becoming more common for workers in the sector to live in Perth and other regional locations where they have existing homes and social networks, their children have school and sporting teams and their partners have jobs in the city, while they travel between the two.

At the most basic level, FIFO is about providing choice for workers. In a competitive labour market, employee choice is paramount. Choice of what job they do, who they work for and, importantly, where they choose to live.

In the next few years, the majority of FIFO workers in WA will be involved in construction of new resources projects and maintaining existing ones. Industry is very supportive of viable, liveable communities and focuses on improving the regions in which they operate; however, construction work is short-term, and expecting all workers to take up permanent residence in regional towns is unrealistic. Similarly, expecting resource companies to develop new towns in remote areas is also unrealistic.

This document not only charts the aspirations for in-town FIFO developments, but it also addresses a range of topical issues including the facts behind the growth of FIFO; the different needs of construction and operational FIFO employees, and the description of actions PICC member companies are taking to provide a balance between residential and FIFO workforces in Pilbara towns.

We commend PICC member companies for their thorough examination of FIFO issues as they relate to the Pilbara region. This document marks a significant step forward. It articulates current practice and new directions for both industry and the broader community as the sector continues to expand over the next decade.



Reg Howard-Smith

CHIEF EXECUTIVE, THE CHAMBER OF MINERALS
AND ENERGY OF WESTERN AUSTRALIA



INTRODUCTION - SO WHY FIFO?

Providing choice to workers is critical to the resources industry and the economy, and reflects the need to attract and retain a mobile, skilled national labour pool.



FIFO employment is much talked about, but is not well understood. In remote areas of Australia today, and Western Australia particularly, it provides a significant and growing proportion of the workforce needed by the resources sector, and is anticipated to double within the next 3-5 years.¹

Workforce mobility and employment choice has become, and will continue to be, a significant factor in the nation's prosperity through contributing to the significant role of the resources industry in the national economy.

PICC member companies have been amongst the pioneers of residential workforces in Western Australia through the establishment of towns such as Newman, Dampier, Wickham, Paraburdoo, Pannawonica and Tom Price. All PICC member companies continue their commitment to providing residential-based employment in Pilbara towns through the provision of permanent residential accommodation and by investing in the communities in which they operate.

Providing choice to workers is critical to the resources industry and the economy, and reflects the need to attract and retain a mobile, skilled national labour pool. Workers and their families shape the nature of the FIFO opportunity through their decisions on where they wish to live and who they choose to work for. Each company responds to the preferences of

many workers and their families who want to commute from their existing home location rather than take up residential employment opportunities in the Pilbara. PICC member companies also recognise that labour-intensive, short-term activities such as construction and maintenance work are best managed through FIFO arrangements. This practical approach recognises that it would be inappropriate to expect workers to uproot themselves and/or their families in order to take on a residential position that only offers a short-term employment contract, as is often required in construction and maintenance positions. The reasons for workers choosing FIFO employment can be many and varied, particularly when considering the opportunities of a larger urbanised environment, where many reside, which often has more varied community services, and amenities, lower cost of living, and a broader range of spousal employment opportunities.² Other considerations include different weather conditions and physical separation from family and friendship networks. Today's employers cannot afford to overlook the high value placed on choice by those they need and want to employ, and nor are they, or should they be, in a position to force people to live in particular locations.

The preference for FIFO work choice is particularly evident with employees involved in the construction phase of a resource project, where a worker may only be required to perform their specialist trade for weeks or months at a time. It is not viable or appropriate for a company to only offer residential employment that would require the employee to move themselves or their families to a new town and change their preferred lifestyle for such a short period.

FIFO and residential employment are complementary, not supplementary approaches in a total workforce management package, with the mixture of employment type governed by the project circumstances.

Resource companies continue to show a commitment to providing residential based employment in Pilbara towns through the provision of permanent residential accommodation and by investing in the towns in which they operate.

The Western Australian Government's Pilbara Planning and Infrastructure Framework (2012)³ acknowledges that FIFO workforces are an important method of adapting to constantly changing labour requirements, particularly for specialist skills and during the construction stage of projects. The Framework also recognises that there has been a cause and effect relationship between an insufficient supply of land and accommodation, and the demand for FIFO workforce accommodation.

It is important to note that the use of FIFO employment options can provide a buffer for governments and communities to develop local community infrastructure and services once there is an assurance of sustainable populations. Contributing to the development of a shared vision and approach to the sustainability of Pilbara towns is a priority for PICC. In relation to this priority, PICC recognises the need for a higher level of discussion about FIFO challenges, opportunities and benefits. PICC is committed to promoting innovation in this area and member companies are committed to meeting the needs of its workforce and optimising opportunities for host communities. The potential is for mutually beneficial outcomes – social and economic benefits for communities; benefits for employees in the areas of lifestyle choice and employment experience; and benefits for employers in the areas of attraction and retention of skilled staff. **A Matter of Choice: Capturing the FIFO Opportunity in Pilbara Communities** articulates PICC's aspiration and response to stakeholder expectations in the Pilbara by moving towards integration between 'in town' FIFO accommodation facilities and host Pilbara communities. It also promotes a

more balanced understanding of the critical importance of FIFO to regional communities and the broader economy.

FIFO camps that are remote from towns present a different set of issues, and PICC believes a 'one-size fits all' approach to FIFO is not appropriate. Locating FIFO accommodation facilities, particularly for operational employees, within or proximate to towns is preferred by PICC member companies wherever possible, and is now encouraged by a number of Pilbara local governments. This is likely to increase over time, with anecdotal evidence suggesting that town access assists with the attraction and retention of employees⁴ and can create greater economic and social benefits for the host communities. PICC member companies are committed to collaborations that optimise integration for the mutual benefit of communities and FIFO employees.

This publication examines FIFO trends in the Western Australian context, literature on the subject, new directions in FIFO integration and provides examples of current practices of PICC member companies. It purposely does not address Drive-in Drive-out (DIDO) practices, as this is generally not applicable to PICC member companies, but focuses clearly on the goals, principles and strategies that will guide PICC members in optimising the benefits that flow to communities from in-town FIFO practices.

FIFO FACTS

PICC member companies recognise the need to support and provide for both residential and FIFO workforces and, as such, will continue to significantly invest in Pilbara communities.

FIFO workforces enable companies to respond to constantly changing labour requirements, particularly for specialist skills and during the construction stage of projects.

Australia is a highly urbanised country with most people living in major cities and FIFO provides the opportunity to attract workers to remote and regional locations.

In a competitive labour market, workers want choice - and many choose FIFO in preference to residential positions.

It is not often practical to expect workers and their families to relocate and take up residential positions in the Pilbara, when offered short-term construction and maintenance employment.



FIFO workers come from a broad spectrum of ages, cultures, genders and family situations. Like everyone, they want to make a choice that suits their lifestyle and family.

PICC's focus is on how to better optimise benefits for their employees as well as host and source communities. Industry and Government working together and actively planning for FIFO workforce accommodation will ensure better land use planning and community outcomes.

PICC supports regional development and investment that improves the sustainability and liveability of Pilbara communities.

Without FIFO, many resource projects would be unviable, which would negatively impact the local, state and national economies and could lead to significant increases in unemployment.

FIFO enables communities and families from across the state and nation to benefit from the resources industry in the Pilbara.



BEST PRACTICE IN FIFO INTEGRATION

GOALS

In planning and establishing in-town FIFO workforces and facilities, PICC member companies seek to:

Achieve positive economic, social and environmental returns for communities.

Collaborate with all levels of government, service agencies, local businesses and community organisations.

When PICC member companies developed the Pilbara over 40 years ago, they offered both residential and single person quarters for those who did not want to relocate their families, or for single people. The companies are continuing to respond to changes in the national labour market by providing choice of both residential and FIFO employment, where possible.

Many employees choose to work in FIFO based employment for a wide range of reasons, with accommodation being provided for many of them within Pilbara towns.

PICC member companies recognise their responsibilities to their employees and the communities in which they operate, and seek to promote and implement best practice in the development, management and integration of in-town FIFO accommodation facilities and FIFO workforces.

These aspirations are defined by the goals and eight Guiding Principles.

Making it Happen – Applying Best Practice in FIFO Integration (page 33) provides details of potential strategies and actions flowing from the Guiding Principles, many drawn from existing practice by PICC member companies as they work to integrate FIFO accommodation and employees with Pilbara communities.

GUIDING PRINCIPLES

In developing and managing in-town FIFO workforces and accommodation, in partnership with communities and government, PICC member companies support:



01

Carrying out research and consultation to identify the potential economic, social and environmental effects and opportunities for host communities.

02

Undertaking planning, implementing and monitoring strategies to manage effects and optimise economic, social and environmental returns.

03

Responding to stakeholder expectations by locating and integrating transient worker accommodation with local neighbourhoods, where appropriate, and investigating the potential for shared use of facilities.

04

Fostering mutual respect and a sense of connection between the FIFO employees and the host community.

05

Developing understanding, respect and tolerance of differences in cultures, heritage and faiths, within FIFO and residential workforces, as well as the host community.

06

Identifying potential collaborations that will mutually benefit the community, FIFO employees and the PICC company.

07

Providing a safe environment, with access to high-quality amenities and services that will enhance the health and wellbeing of FIFO employees.

08

Assisting FIFO employees and their families to understand and embrace the lifestyle that may result from long-distance commuting.

FIFO - FLEXIBILITY AND CHOICE

Increased flexibility and choice has underpinned employment trends for more than 20 years, and has been an important competitive advantage for the Western Australian resources sector, enabling significant economic returns to communities, the state and the nation.

For companies faced with significant challenges of attracting and retaining skilled staff to operations in regional Australia, in a competitive market, the conditions of employment and employee choice are matters of critical importance. FIFO employment is the preference of many Australians working in the resources sector and other industries, while there are also employees who choose residential employment. Whatever the choice, companies require a labour force with specialised skills, and often recruit from far and wide to meet their needs.

PICC member companies understand that no two employees are the same and not every employee and their family want to live in remote locations. Each brings a unique set of circumstances and preferences. Some have marriages or de facto partnerships, some are single, the age range varies considerably and many have other types of relationships and friendships. Some have young children, some have older children, and some have grandchildren.



Stakeholder consultation indicates that FIFO employees are largely family orientated individuals, with 75% of them being in long-term relationships and half having children.⁵ All of these significant others have their own specific needs and preferences which influence the choices that people make about employment.



Employees have a wide variety of sporting and cultural interests, hobbies and pastimes that contribute to their personal health and wellbeing, their families and their community. They also have individual preferences about climate and lifestyle choices.

Providing flexibility and choice in their working arrangements can greatly contribute to meeting employee needs and expectations arising from these different social and family backgrounds.

FIFO - FLEXIBILITY AND CHOICE



Attraction and retention of employees would be severely impacted if companies attempted to force residential employment on their employees, particularly given the severe climate conditions experienced in the Pilbara. Further, if FIFO was a highly restricted part of the workforce model, or residential terms were mandated for all workers, local communities and government would experience severe pressures on their infrastructure and services.



There are a range of positive initiatives being undertaken by the Western Australian Government through programs such as Pilbara Cities. These programs are working to provide increased residential land and housing, supported with increased community amenities for families that will likely enhance the attractiveness of residential employment in the Pilbara. While these programs are making significant gains, many workers will still choose FIFO employment rather than residentially based employment in the Pilbara.

Attraction and retention of employees would be severely impacted if companies attempted to force residential employment on their employees, particularly given the severe climate conditions experienced in the Pilbara. Further, if FIFO was a highly restricted part of the workforce model, or residential terms were mandated for all workers, local communities and government would experience severe pressures on their infrastructure and services. Discussion about FIFO in the public arena sometimes

overlooks the fact that communities are in a state of constant change. Over the years, new factors influencing employee choice have arisen. Some of these are technological. Just as mobile phone technology and high speed communication have changed work practices across all industry sectors, they have considerably reduced the isolation of employees in regional Australia. While nothing can replace family life, maintaining daily contact with spouses, partners, children and friends through the internet is a real option for many FIFO employees today, and the establishment of the national broadband network will improve communications further.

It is equally true that some in the wider community hold misconceptions about the quality and range of amenities enjoyed by FIFO workers while on roster. Resources companies invest heavily in ensuring that commuting employees have safe and healthy accommodation and services, and provide them with the opportunity to engage with fellow workers and the host community. The lifestyle is more comfortable than luxurious.

DELIVERING REGIONAL BENEFITS

There are a number of benefits that need to be considered when considering the entirety of the effects of FIFO. In addition to the immense benefits to the state and national economies, the provision of FIFO in the Pilbara has also resulted in a number of positive spin-offs for host regional communities through increased investment from resources companies in towns and communities, and the expansion of airline routes that can be accessed by community members.

FIFO provides a competitive advantage to attract and retain skilled employees, with communities far away from the Pilbara region also benefiting from FIFO employment in the resources sector. Without the FIFO choice, resources projects that are significant economic drivers could not go ahead, and unemployment rates in Australian cities and in many rural areas would be much higher.⁶ Not surprisingly, many established regional and metropolitan centres in Western Australia, including Mandurah, Busselton, Broome,

Carnarvon, Derby and Geraldton are now fostering growth opportunities associated with becoming 'source' communities for FIFO employers. Companies have responded by facilitating transport arrangements and investing in source communities, with local governments reaping both direct and indirect benefits. The Chamber of Minerals and Energy of Western Australia expects companies to also tap into under-utilised workforces in eastern states communities as the skilled labour market continues to tighten.⁷

There are a number of benefits to communities from which FIFO employees are sourced. These include:

Increased training and employment opportunities for local community members.

Broadening of the skill base in local communities.

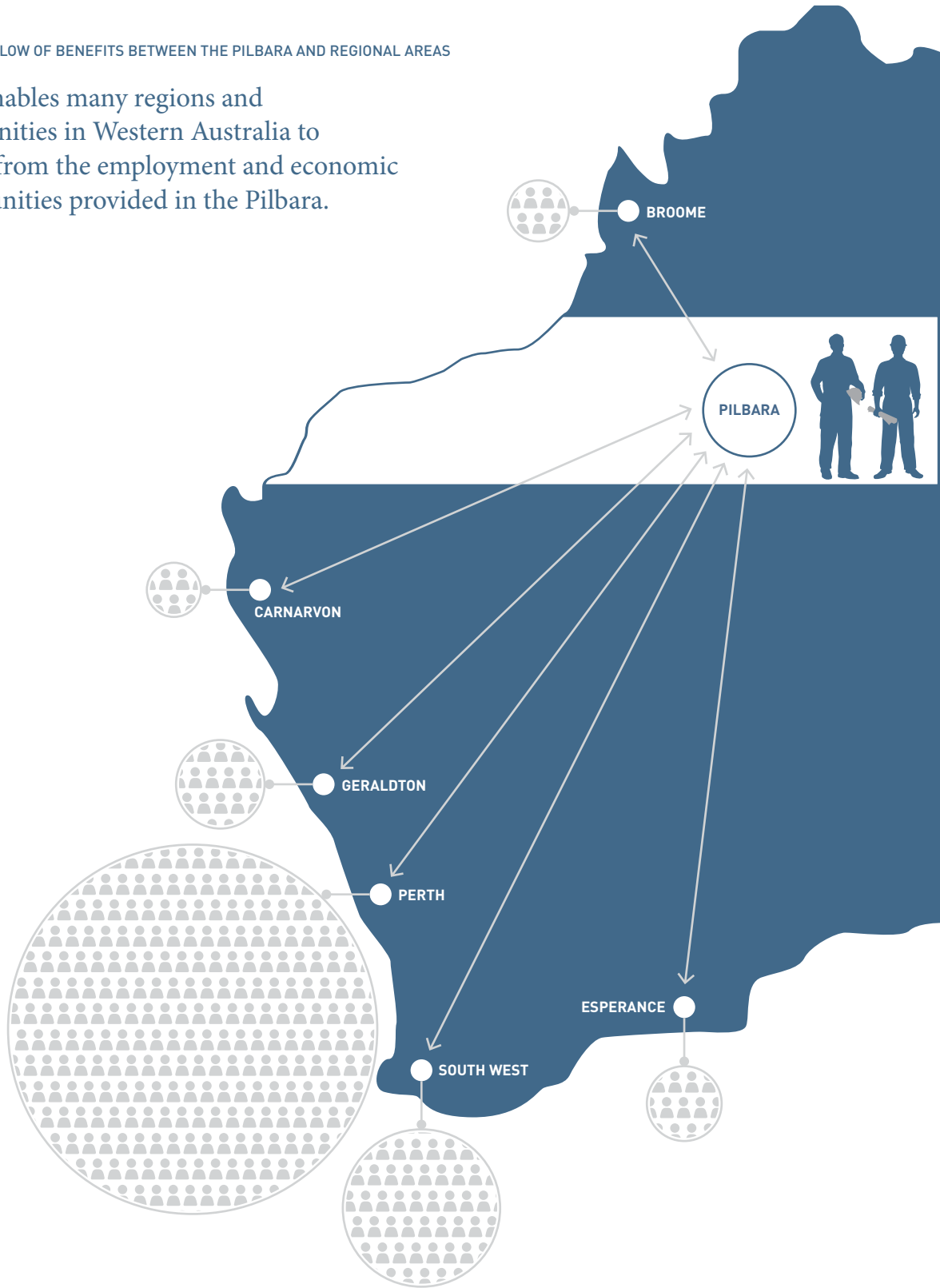
Economic investment in communities by resources companies, and the increased spending of their employees.

Families continuing to live in, and contribute to, their home towns.

Continued viability and usage of community resources and facilities.

FIGURE 1 – FLOW OF BENEFITS BETWEEN THE PILBARA AND REGIONAL AREAS

FIFO enables many regions and communities in Western Australia to benefit from the employment and economic opportunities provided in the Pilbara.



SO WHAT'S THE DIFFERENCE BETWEEN CONSTRUCTION FIFO AND OPERATIONAL FIFO?

PICC member companies employ people to perform a myriad of roles. In considering the broad diversity in the resources sector workforce, it is important to distinguish and understand the difference between the workforce required during the construction phases of a project and that required during operational phases, and the different accommodation they require.

Construction workforces are typically much larger and transient than operational workforces, as many individual employees or contractors may only be required for a short time. For example, ground surveyors may only be utilised at the start of a construction project, whereas fit-out specialists such as painters will generally be engaged near the completion of the project. Once their specialist task is complete, they then demobilise from the site.

Large maintenance workforces are also often employed over short periods to undertake routine maintenance tasks once a project is operational. These workers typically move from one worksite to another across the state and the nation, utilising their specialist skills for a defined period of time. Operational workforces tend to be smaller, and their employment is generally for the longer-term and more stable.

It is unreasonable to expect a construction or maintenance worker on a short-term contract to shift themselves and/or their family to a new location for a defined period of time, each time they change work places and projects. Even if

this offer was provided by companies to their employees, it is unlikely it would be accepted.

In accommodating construction and maintenance staff, facilities typically are less permanent and not of the same standard than those provided to operational employees, who have ongoing employment, though they may be used for multiple projects. Some facilities are not permanent, as companies, as well as local governments, naturally avoid the provision of accommodation for construction workers that is not suitable for long-term operational employees. This is not only important from an economic point of view, but can also be important for communities, as it avoids the provision of un-needed accommodation that could adversely affect the local market, particularly in times of economic change.

It may also be the preference of communities to have construction camps located at site, or outside town, due to the potential disruption that could be created by having a large workforce in the community for a short period of time.

CONSTRUCTION WORKFORCES

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THE QUEST FOR BALANCE



The flipside of providing maximal flexibility and choice to employees in the resources sector is recognition of the importance of properly addressing the needs of employees who have a preference for relocation and residence to the regions. PICC member companies are supportive of residential development within easy driving distance of operational sites, and housing residential employees close to existing Pilbara towns is preferred when affordable housing options are available.

PICC member companies have always invested significantly in the provision of permanent residential accommodation, and will continue to do so, particularly in catering for operational employees, further demonstrating their commitment to providing choice for their employees and to investing in regional communities where they operate.

PICC member companies work with local governments and communities to achieve a balance of managing the effects of both residential and FIFO employees. In working to achieve this balance, the workforce requirements of specific sectors within the industry need to be reflected. For example, Rio Tinto Iron Ore strives to maintain 85% of their permanent employees in residential positions for its Pilbara coastal operations in nearby towns, while 54% of all Rio Tinto Iron Ore's 10,700 employees have residential arrangements in Pilbara communities. At the Woodside-operated Karratha Gas Plant, approximately two-thirds of the workforce are permanent residents. Fortescue has a policy of implementing residential workforces where their operational activities are within an existing town, and further believes that when there is affordable residential land and housing, supported with community amenities for families, operations workers will choose to be resident in Pilbara towns and FIFO to accommodation villages within the Pilbara.

Achieving the right balance between residential and FIFO workforces, however, is no simple matter. For companies, providing employees with the option of FIFO employment does have an economic driver. Some estimates from



Fortescue indicate the cost of supporting a residential employee in a major regional town can be in the vicinity of three times the expense for a similar FIFO employee.⁸ Clearly, improving the attractiveness of residence in the Pilbara region is an aspiration that cannot be achieved without substantial investment from each tier of Australian government, working to provide affordable housing options whilst providing families with the facilities, amenities and services that they want, need and deserve.

Other typical challenges that are faced by companies and their employees in relation to residential employment in the Pilbara region include:

- Limited availability of serviced land
- Lack of housing affordability (rental and ownership)⁹
- High living costs
- Difficulty in obtaining finance¹⁰
- Deficiencies in housing quality
- Relative lack of government and other services¹¹
- Changing expectations of communities and local governments in the development of FIFO practices

Various strategies have been suggested to alleviate some of these problems. For example, Fortescue suggests the removal of Fringe Benefits Tax on remote housing subsidies, which is an additional tax the employer is required to pay relative to the sum of the housing subsidy figure.¹² The Australian Institute of Mining and Metallurgy

(AusIMM) also proposes taxation incentives to offset the additional costs of living in regional areas; the release of affordable land in regional areas with tax incentives to offset additional construction costs. To better meet the needs of families in regional Australia, AusIMM has also suggested the development of affordable 24/7 childcare facilities and recreational facilities to support shift workers; the removal of fringe benefit tax on employer-provided childcare; and 100% deductibility of the costs of childcare if both parents are in full-time regional employment.¹³

Employment patterns evolve over time, and PICC recognises that changes could follow the eventual realisation of the Western Australian Government's Pilbara Cities vision, announced in November 2009, which is having a significant impact on Pilbara communities through investments in community services and infrastructure. Backed by the State's Royalties for Regions program, this important initiative envisages the growth, development and revitalisation of identified regional and sub-regional centres to increase liveability in Western Australia's north.

PICC supports regional development and investment that improves the sustainability and liveability of Pilbara communities. When towns such as Port Hedland and Karratha achieve the State Government target populations of more than 50,000, with government investment in infrastructure to support this growth, it is likely that these towns will become more attractive to the resources industry workers and their families.

CONQUERING DISTANCE - THE KEY TO AUSTRALIAN PROSPERITY



FIFO provides a practical solution to acquiring skilled workforces from across this vast continent, where the great majority of its people live in major cities. The geographical distribution of people across this nation has changed greatly over the last century, with urbanisation increasing dramatically.

Between the national censuses of 1921 and 2006, the number of people living in metropolitan areas increased from 43% to approximately 70% of the total, with many more residing only a short drive away.¹⁴

FIFO in Western Australia allows the wealth of the Pilbara to be accessed by residents of communities across the state, in particular in the South West, where most Western Australians choose to live. More broadly, it also allows the wealth and employment opportunities to be distributed to other areas of the country.

FIFO is a workforce model that is not unique to the resources sector. Governments and other sectors also need to be able to fly employees in to and out of communities regularly, in order to provide services across distances, while avoiding the establishment of infrastructure at prohibitive cost. Like employers in the resources sector, government agencies and others encounter extreme difficulty in meeting demand for skilled labour in regional Western Australia and today

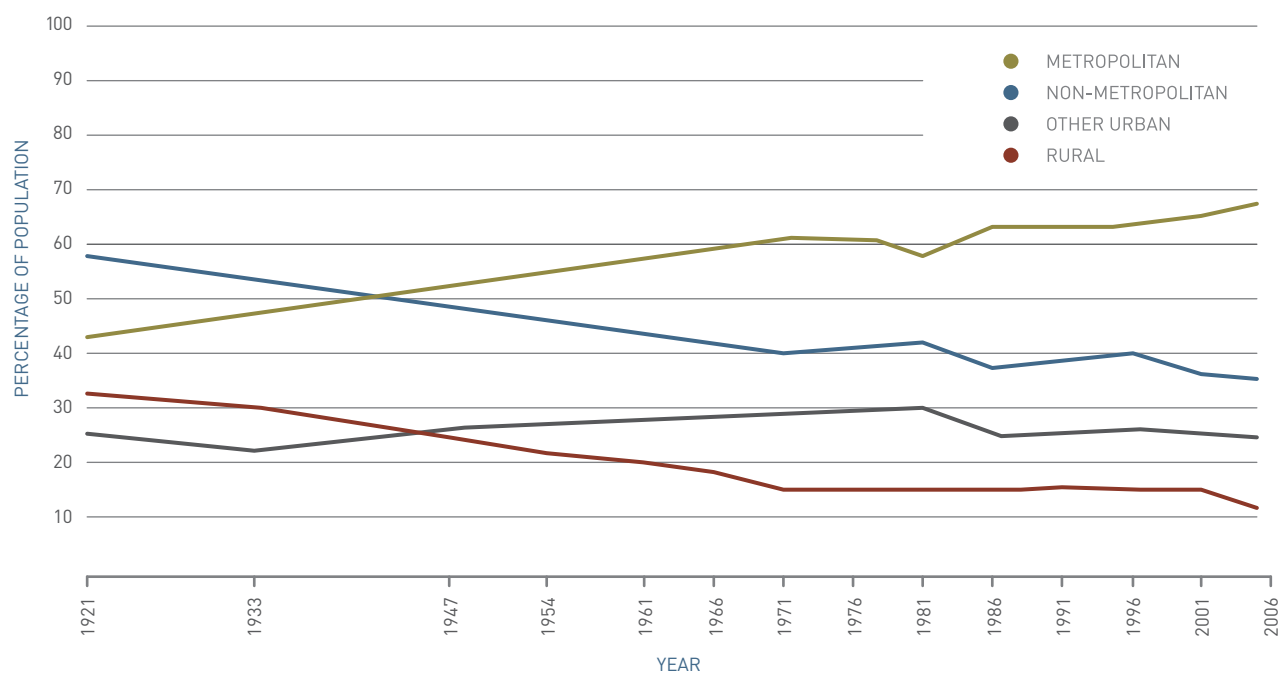
deliver services using non-residents on FIFO rosters. This, for example, occurs in the health sector, where distances between communities means a FIFO workforce model is, at times, essential to the delivery of health care services, and also occurs in large-scale Government infrastructure projects, for example roads, where a large workforce is required for a relatively short period of time.

The successful management of employment flexibility and mobility in the resources industry is a matter of national importance. The sector is a major driver of the state and national economies, producing an export income of more than \$101 billion and accounting for 95% of Western Australia's total merchandise exports. In 2010-11 alone, resource companies paid \$4.9 billion directly to the Western Australian Government as royalties.¹⁵ Many factors contribute to such results and FIFO choice is significant among them. In short, FIFO is breaking down that tyranny of distance which shaped so much of Australia's economic history.



FIGURE 2 – COMPARISON OF POPULATION DISPERSION IN WA FROM 1921 TO 2006

SOURCE: Australian Bureau of Statistics, Census Data, 1921 - 2006



THE LONG COMMUTE - FIFO BACKGROUND AND TRENDS



NINETEENTH CENTURY

In the 19th Century, mining communities sprang up wherever there was money to be made from prospecting or mining. Whether temporary shelters became towns – and to what extent – depended on how long mining was thought to last. Even when communities became substantial, they were often characterised by a high level of people moving in and out them. Sometimes, thriving communities became ‘ghost towns’ as the resources declined and companies moved on.¹⁶



TWENTIETH CENTURY

By the middle of the 20th Century, changes started to occur. To facilitate the large-scale development of Western Australia’s iron ore export industry, the State Government entered into public and formal agreements with international mining companies, exchanging long-term security of tenure for firm commitments to develop known mineral resources.¹⁷ The terms of these agreements specified responsibilities on companies to build certain infrastructure, and led to the rise of ‘company towns’ such as Newman, Tom Price and Paraburdoo.

‘Long distance commuting’ – with FIFO as its most recent manifestation – has a long history in WA. However, large-scale FIFO employment is a relatively recent phenomenon – being intrinsically linked to the availability and affordability of safe passenger air travel. Until the 1980s, FIFO in Western Australia was rare and associated predominantly with construction work in the offshore oil and gas industry. Subsequently, the combination of major export opportunities in remote and regional parts of the state, high urbanisation in population centres such as Perth, and reliable and regular airline routes made FIFO a significant factor in bolstering workforces in land-based mining enterprises.¹⁸

In a global economy, Australia’s comparatively high costs of labour and infrastructure, as well as the trend towards urbanisation, have meant that it was no longer appropriate to construct purpose-built company towns which may not be viable in the longer-term. Environmental considerations also came to the fore, with lower infrastructure and service requirements being evident for FIFO workforces and facilities when compared to residential operations, and commitment to rehabilitation following the termination of an enterprise operation. FIFO has allowed Australia as a nation to overcome the problem of major resource-based

wealth promotion being long distances from major population areas.

Subsequently by 1996, just over a quarter of those employed in the Western Australian resources industry worked on a FIFO basis. There was a significant increase over the next 10 years, and by 2006, more than four in 10 workers in the sector were FIFO commuters.¹⁹ Between 2001 and 2006, the Australian Bureau of Statistics (ABS) recorded a four-fold increase in Perth residents working in the Pilbara mining industry. In October 2008, it was estimated that 34,000 Perth residents worked outside the metropolitan area, and that just over half, (54%) of these were employed in the resources sector.²⁰

History and geography indicate that FIFO employment in the Pilbara region of Australia will remain an employment choice for the long term. The ABS estimates that the sector’s workforce in December 2011 was around 101,000, with the Chamber of Minerals and Energy of Western Australia estimating approximately 52% were employed on FIFO rosters. Workforce requirements are rising sharply, and projections indicate that 120,000 will be employed by the end of 2012.²¹ Research-based forecasting indicates that such workforce demand will not be met without FIFO.



RESEARCH DIRECTIONS

Perhaps because it has been less than common to locate modern day FIFO facilities close to towns, there is little literature directly relevant to the integration of FIFO employees into host communities. The benefits of residential-based employment are well-known, particularly from the perspective of the positive social returns. However, where FIFO facilities have been located within towns, the focus has generally been one of direct investment into community facilities rather than community development initiatives with the goal of integration.

There is similarly limited research on the effects of FIFO employment on local or town economies in regional Western Australia. Research based on the Queensland experience has limited application to the Pilbara, owing to significant differences in the geographical context.²²

Studies of FIFO have most often been concerned with the work/life experiences of employees and their families. This reflects the challenges and pressures peculiar to the FIFO lifestyle, different to – though perhaps not greater than – challenges and pressures associated with contemporary family life and work patterns. Some studies have used psychometric and physical tests to assess various aspects of the physical, psychological and family well-being of FIFO employees, generally concluding that FIFO employees are indistinguishable in these areas from the general population.²³

Keown (2005) noted that male FIFO employees working in the Western Australian goldfields reported healthier lifestyle habits in such critical areas as physical exercise, alcohol, tobacco and caffeine consumption when compared with daily commuters.²⁴

Clifford (2009) found no evidence of higher divorce rates among FIFO employees and no difference in the quality of relationships or levels of wellbeing in a comparative study of daily commute employees in the mining sector and FIFO employees.²⁵

There have been a number of studies that relate to the experiences of subgroups of FIFO employees. Pirotta (2009) has reported that female FIFO employees, typically comprising

a minority group, raise some specific challenges. These include lack of privacy, lack of contact with other females, establishing and maintaining appropriate boundaries with male colleagues, harassment, and the difficulty of starting a family.²⁶

A substantial amount of research has related to the effects of FIFO on the partners and families of employees.²⁷ Notwithstanding a large number of variables for families – as indeed there are in the wider community – findings indicate that many implement strategies to manage roles and transitions, and successfully maintain relationships and emotional connections.

Research points to some benefits of FIFO for families, such as opportunities for very high levels of parental involvement during those weeks when the FIFO worker is at home.²⁸ Overall, there is little evidence that the general wellbeing of partners, children and families of FIFO employees is less than that of their non-FIFO counterparts.²⁹ Significantly, Sibbel noted that negative community attitudes toward FIFO can impair the capacity of families to form strong and supportive connections in source communities.³⁰

Clearly, the preference of resources companies and local governments for in-town or proximate FIFO accommodation provides the opportunity for ongoing research on matters pertaining to the integration of FIFO employees into host communities. Research could be undertaken to enhance the understanding of social and economic benefits of integration for the residents of those communities, and about the effect of best-practice integration on the attraction and retention of FIFO staff.



CURRENT IN-TOWN PILBARA FIFO PRACTICES



There are a range of in-town FIFO accommodation arrangements implemented by PICC member companies in Pilbara towns. Larger-scale village or 'camp' style accommodation facilities are the more well-known and obvious type of lodging; however, many FIFO workers are also housed in units, flats, houses, motels, caravan parks and villas. The type of accommodation utilised is often dependent on the availability, level of service and preference of employees.



The style, age, distance to town and level of amenity offered in each facility differ from one location to another. Many of the newly-developed FIFO accommodation facilities are designed to minimise environmental effects and provide a built form more in keeping with the local area, especially if the facility has been developed for longer-term use for operational employees. Extensive consultation occurs with the local government and community to inform the development of FIFO facilities, and to try to meet local expectations for facility design and site location selection.

Currently in the Pilbara, four of the PICC member companies (BHP Billiton Iron Ore, Fortescue, Rio Tinto Iron Ore and Woodside) operate or lease rooms at approximately 40 FIFO in-town facilities (not including houses, villas, flats and units), accommodating over 12,500

people. There are also a large number of out of town or remote FIFO villages that accommodate a large number of employees. There is significant investment from these companies in the provision of high-quality facilities.

The fifth PICC company - Chevron - is currently planning and developing facilities in, or close to, Onslow for its Wheatstone project, and also operate an out of town village on Barrow Island, a Class A nature reserve with no existing towns.

Many of the FIFO accommodation facilities are managed and operated by third-party providers. In these situations, there are detailed contractual arrangements between the resources companies and the facility operator. These contracts include, for example, requirements for the management of resident behaviour and expected level of service provision to employees.

CURRENT IN-TOWN PILBARA FIFO PRACTICES



The size, standard and design of rooms can differ from one village to another, and can also vary within the village. Room design and features now focus on providing a high level of comfort for employees that includes standard items such as an ensuite, desk, television, storage and internet access.

More significantly, PICC member companies are conscious of the need to provide opportunities to their employees to engage

in social activities and live an active and healthy lifestyle while residing at the villages. Communal facilities provided across most villages are designed to enhance the liveability of the FIFO facilities and make a positive contribution to the FIFO employees' experience.

They represent a significant investment in the villages, and commonly include:



GYMNASIUM AND
FITNESS AREAS



SWIMMING
POOL



OUTDOOR
SPORTING FACILITIES*



SOCIAL AREAS
(E.G. BARBEQUES, GAZEBOs)



ADMINISTRATION AREA
AND MEETING ROOMS



MEDICAL CENTRE



MESS (EATERY)



WET MESS (TAVERN)



TOILETS



PRAYER/REFLECTION ROOM



ONSITE SHOP



LAUNDRY



LUGGAGE STORE



RECREATION ROOMS*

*OUTDOOR SPORTING FACILITIES (e.g. basketball courts, tennis courts, bowling green, cricket/soccer nets, volleyball court). *RECREATION ROOMS (e.g. for TV, movies, pool table etc)

Additional facilities provided at some villages may include outdoor cafés, lounge areas, ice rooms, transit lounges, sporting ovals, fitness/walking tracks and pavilions.

A range of services are also provided by many villages that are complementary to the facilities, and designed to enhance the health and wellbeing of FIFO employees. Regular services that are commonly available across the villages include:

- Active lifestyle coordinators/fitness trainers - focussed primarily on health and fitness development
- Sporting competitions
- Paramedics
- Access to an Employee Assistance Scheme for counselling and advice

- Scheduled social activities (e.g. quiz nights, games nights)
- Fundraising activities and volunteer activities
- Transport to and from town
- Shop - for essential items such as toiletries or small food items such as chocolates

Some villages also provide entertainment and organised social events (e.g. comedians, quiz nights), while others encourage residents to access town entertainment and recreation services. Others also provide access to educational learning programs for residents, for example, language lessons and musical tuition. Generally these services are provided by local residents and businesses, further enhancing the integration and interaction between FIFO facilities and local communities.

AN ASPIRATIONAL APPROACH TO COMMUNITY-FIFO INTEGRATION IN THE PILBARA



With FIFO set to remain an important part of Australian employment practice for the long term, the challenge is to identify opportunities associated with it, and optimise community benefits while minimising any negative effects.

PICC member companies concur with the Western Australian Government's goal of aligning the development of FIFO workforce accommodation with long-term planning and community outcomes.³¹ Australia, Western Australia and the Pilbara region will all benefit from an aspirational approach to the integration of FIFO practices with community-building, the development of world's best practice, and the removal of past stigmas.

Best practice FIFO integration is based on sound, collaborative social planning by all stakeholders and effective communication through all phases of a project. In order to realise the benefits of optimum FIFO integration into Pilbara towns, considerable work is being undertaken through collaborations between companies, communities, local governments and governments. PICC member companies have varying policies and practices relating to FIFO employment and accommodation, but all are committed to ensuring that the employment experience is a positive one and that communities benefit.

There are already examples of a range of integration initiatives, including community access of FIFO facilities, local business and employment opportunities and FIFO employees' involvement in community activities.

The potential for the integration of in-town FIFO residential facilities with existing Pilbara towns may yield many benefits.

For FIFO workers, these benefits may include:

The provision of community development initiatives to optimise interface between FIFO workers and residents, including opportunities for involvement in sporting and cultural activities, community organisations and events

Increased social interaction, for example through access to shops, eating out, and participation in cultural events and community activities

Opportunities to see partners and family members during work periods through town visits or holidays

A higher level of access to facilities and services including banking, shopping and further education

The use of in-town communications assets including fixed-line telephones, mobile phone reception, internet telephone and video conferencing facilities

Increased ability to deal with change and greater resilience

Access to a more community-focused lifestyle

In urban situations in the Pilbara, this type of accommodation can be integrated into the urban fabric rather than in segregated developments. Preference needs to be given to forms of transient workforce accommodation development, that can perform longer-term urban functions, rather than be demolished after a short life.

AN ASPIRATIONAL APPROACH TO COMMUNITY-FIFO INTEGRATION IN THE PILBARA



For Pilbara host communities, benefits may include:

Improved community infrastructure with opportunities for the sharing of sporting, social and cultural facilities

Economic benefit for local businesses through expenditure by FIFO workers

More local training and employment opportunities - through local business expansion and start-ups

Stimulus for tourism ventures through increased regional access and interest

Potential for increased membership of community organisations, including sporting teams, voluntary groups and emergency services

Increased pool of people for the development of personal relationships

The integration of aesthetically designed built form with the local environment

Improved buildings, landscaping, street and town appeal

Enhanced transport connections through regional air routes established due to FIFO demand

Potential for legacy community assets

Resources companies also recognise and address a variety of challenges that may arise in FIFO developments through the provision of a range of project plans. These key documents are developed through stakeholder consultation, and are utilised to guide and shape the design, construction and operation of FIFO facilities and workforce models.

These plans may develop strategies that address the following potential challenges:

FIFO workforce use of existing community facilities

Provision of facilities for FIFO workers and the host community

FIFO workforce use of water, utilities and waste management

Economic implications of the FIFO workforce on the host community

Use of existing businesses and community services

Managing effects of construction of FIFO facilities

Community safety and emergency management to cater for larger populations, particularly in emergency situations such as major cyclones

Changes in demographics within the host community

Community misconceptions or concerns about FIFO employment

Managing workforce behaviour

Structuring of shifts and rosters to facilitate community involvement by FIFO workers

Effects on the local environment

MAKING IT HAPPEN – APPLYING BEST PRACTICE IN FIFO INTEGRATION



The following section demonstrates how the Guiding Principles can be delivered by PICC member companies. The potential strategies identify methods for fulfilling the Guiding Principles. Example actions have also been provided to describe what PICC member companies are already doing to fulfil the Guiding Principles and potential strategies. It is important to note that these example actions, while attributed to one company, are often evident across a number of the PICC member companies.

The following potential strategies and example actions demonstrate how PICC member companies are endeavouring to implement the Guiding Principles that will support the integration of FIFO accommodation and employees with Pilbara communities.

01

GUIDING PRINCIPLE

Carrying out research and consultation to identify the potential economic, social and environmental effects and opportunities for host communities.

POTENTIAL STRATEGIES

EXAMPLE ACTIONS

Research and consult with host communities to inform Social Impact Assessments (SIAs) that evaluate effects and identify potential opportunities and returns for the community.

Chevron undertook extensive consultation and engagement with stakeholders and the local community of Onslow in developing a detailed Environmental, Social and Health Impact Assessment of their Wheatstone Project.

Develop a profile of the company's FIFO workforce (including contractors).

BHP Billiton Iron Ore conducts research with its workforce that includes consultation regarding their lifestyle, and identification of any integration opportunities.

02

GUIDING PRINCIPLE

Undertaking planning, implementing and monitoring strategies to manage effects and optimise economic, social and environmental returns.

POTENTIAL STRATEGIES

EXAMPLE ACTIONS

Complete a Social Impact Management Plan (SIMP) to plan and manage FIFO accommodation developments and cyclical fluctuations of the FIFO workforce, due to large-scale change. The SIMP could include, for example:

Rio Tinto Iron Ore undertook an extensive consultation process in the Wickham community, including conducting community workshops and meetings with stakeholders to develop a detailed Social Impact Management Plan for their new in-town FIFO facilities.

- **Social development strategies** - such as social integration initiatives, opportunities for shared facility use and employee induction processes.
- **Economic development strategies** - such as the promotion of local services and businesses to FIFO employees and the enhancement of local investment and employment opportunities.

Woodside actively encourages the use of local suppliers by its FIFO facility providers. This is monitored on an ongoing basis and opportunities are regularly investigated and delivered. The recent opening of a new bakery in Karratha has seen the Bay Village FIFO accommodation village now purchase its bread and other bakery supplies from this local business. The Gap Ridge Village FIFO accommodation village sources cleaners, housekeeping and luggage handlers locally; and Indigenous artworks, and pottery books from the Roebourne Art Group are also available for sale to residents and camp guests.

- **Environmental management strategies** - such as environmentally sensitive planning of the FIFO accommodation facilities, and a regime of ongoing monitoring and management of environmental effects.

Woodside develop and implement a range of environmental plans including Environmental Management Plans, Environmental Work Plans, Waste Management Minimisation Studies, and Environmental Summary Reports.

MAKING IT HAPPEN – APPLYING BEST PRACTICE IN FIFO INTEGRATION

03

GUIDING PRINCIPLE

Responding to stakeholder expectations by locating and integrating transient worker accommodation with local neighbourhoods, where appropriate, and investigating the potential for shared use of facilities.

POTENTIAL STRATEGIES

Collaborate with government agencies and the community to identify the most suitable sites for locating FIFO accommodation facilities, with consideration of timeliness and affordability in accessing the land, as well as identifying opportunities to optimise access to neighbourhood facilities and services.

Provide high-quality, aesthetically pleasing and locally appropriate facility designs that reflect a neighbourhood-like residential environment.

Develop FIFO facilities and site so that they may be transitioned, where appropriate, to a more permanent long-term community use.

Undertake planning to ensure an appropriate balance between host community facilities and FIFO facilities.

EXAMPLE ACTIONS

Chevron have worked collaboratively with the Shire of Ashburton, government agencies and the community to identify the most suitable sites for locating FIFO accommodation facilities in Onslow.

Rio Tinto Iron Ore have developed high-quality, motel style accommodation for its new FIFO facilities that will integrate with and enhance the local streetscape of the Wickham town centre.

BHP Billiton Iron Ore have developed a variety of in-town FIFO apartments that can be utilised by FIFO or residential workers.

BHP Billiton Iron Ore have invested significantly in the planning of a range of community based facilities in Port Hedland that will benefit the community, residential employees and FIFO workers, including a multi-purpose recreation centre and aquatic centre facilities.

Fortescue is facilitating and sponsoring the establishment and operation of Scotty's Training Café at Port Hedland, which will act as a community meeting point and provide a vocational training environment for workers in hospitality.



04

GUIDING PRINCIPLE

Fostering mutual respect and a sense of connection between the FIFO employees and the host community.

POTENTIAL STRATEGIES

EXAMPLE ACTIONS

Develop induction procedures and a code of conduct to include orientation into the values and expectations of the host community.

All PICC member companies have induction processes and a strict code of conduct that are a pre-requisite for employment in the FIFO workforce.

Fortescue provide a detailed 'On Boarding' pack that provides all the policies, procedures, rules and guidelines that all staff must follow.

Design, implement and evaluate a FIFO engagement and integration strategy to create a better understanding of FIFO operations in the host community.

Rio Tinto Iron Ore FIFO employees in towns have access to lifestyle coordinators who promote healthy habits and access town based facilities and services. The Wickham FIFO facilities include a new café-style building that is open to both the FIFO employees and all other town residents.

Woodside has developed a strategy to facilitate engagement between their FIFO residents, service providers and the community. Key actions include: promoting community sporting and social events, providing transport to community events, organising team sports e.g. cricket, AFL, rugby, soccer, basketball, promoting and organising volunteers for community events e.g. Clean up Australia, and Australia Day, organising charitable fund raising events e.g. Movember, Royal Flying Doctor Service and provision of in-kind assistance (e.g. labour and use of equipment) for local sporting or community groups.

Promote the opportunity for FIFO employees to engage with their host community including participation and/or volunteering with local clubs, organisations and community activities.

Fortescue promotes local activities, events, clubs and organisations to their residents at their Hamilton facility in Port Hedland, through notices in the camp lobby area, in house TV messages, a monthly newsletter and a magazine that is sent to all families. The company also supports their workers involvement in a range of community activities.

Rio Tinto Iron Ore FIFO employees living in Tom Price and Paraburdoo town based facilities actively participate in local sporting clubs and competitions, including local bowls clubs, squash clubs, football clubs and touch football groups. Employees who are SES and emergency response members in their source communities support their host community emergency services groups by being associate members and responding to situations if required.

Establish camp management initiatives that foster resident engagement and connection with the host community.

BHP Billiton Iron Ore provide their FIFO workers in Newman with bicycles that enable them to access services and engage in community activities in the town. The bicycles are constructed and maintained through a contract with a Non-Government Indigenous organisation.

MAKING IT HAPPEN – APPLYING BEST PRACTICE IN FIFO INTEGRATION



05

GUIDING PRINCIPLE

Developing understanding, respect and tolerance of difference in cultures, heritage and faiths, within FIFO and residential workforces, as well as the host community.

POTENTIAL STRATEGIES	EXAMPLE ACTIONS
Analyse workforce demographics to inform accommodation planning and workforce management.	Rio Tinto Iron Ore have surveyed their FIFO workforce to inform accommodation planning and workforce management at their Birrabirra and Wickham FIFO developments.
Provide cultural awareness training to staff.	All PICC member companies provide cultural awareness training to all employees and contractors, which include Indigenous cultural training to develop awareness, respect and understanding of local community heritage.
Consider differing cultures, faiths and lifestyles in the design and management of FIFO accommodation facilities.	Woodside has commissioned artists from the Roebourne Art Group to paint murals and drawings around Gap Ridge Village that depict stories of local Indigenous culture to enable the stories to be shared with residents. In recognition of payment for the artists contribution to Gap Ridge Village the Company has provided a new mini bus to enable them to travel to locations throughout the Shire and promote their artwork and culture.
Recognise and celebrate local heritage traditions and celebrations.	Fortescue conducts ANZAC Day services at its FIFO residences and enables its staff to attend Australia Day celebrations in Port Hedland.



06

GUIDING PRINCIPLE

Identifying potential collaborations that will mutually benefit the community, FIFO employees and the PICC company.

POTENTIAL STRATEGIES

EXAMPLE ACTIONS

Investigate the potential use of community facilities and services, by FIFO employees that could provide appropriate access for FIFO employees, while minimising impacts on the community.

Rio Tinto Iron Ore FIFO employees use the local pool, ovals and other recreational facilities in Paraburdoo, which are easily accessed by the community, residential employees and FIFO workers.

Investigate the potential use of FIFO facilities by community members that could provide appropriate access for community members, while minimising impacts on FIFO employees.

In Port Hedland, BHP Billiton Iron Ore provides access to the Port Haven Food Hall for families and community members at a cost effective price. Special meeting rooms can also be used by the community for conferences, meetings and seminars. Set allocations of rooms are also provided for use by the community for short-term accommodation needs to support the high demand for this type of accommodation. Woodside has provided accommodation for contractors delivering government infrastructure projects e.g. roads.

Collaborate with key agencies, in particular local governments, to invest in and support the provision of appropriate and sustainable services and amenities that will benefit the community and FIFO employees.

In collaboration with the WA State Government, PICC's Health Initiative (consisting of BHP Billiton Iron Ore, Chevron, North West Shelf project, Rio Tinto Iron Ore and Woodside) will see \$38 million invested over five years to improve health care services in the region. These services can be accessed by both community members, residential and FIFO workforces.

Explore opportunities for community access to existing vocational training and employment opportunities.

Chevron is in partnership with the State Government for health initiatives in Onslow, including local training and employment opportunities in the health sector.

MAKING IT HAPPEN – APPLYING BEST PRACTICE IN FIFO INTEGRATION

07

GUIDING PRINCIPLE

Providing a safe environment with access to high quality amenities and services that will enhance the health and wellbeing of FIFO employees.

POTENTIAL STRATEGIES

Develop a high standard of facilities that meets the needs of FIFO employees, while having regard for existing community facilities.

Develop a range of recreational and social facilities and services that support both mental and physical wellbeing.

Ensure high quality occupational health and safety policies and procedures are implemented across all FIFO facilities, workplaces, services and activities.

EXAMPLE ACTIONS

At Rio Tinto Iron Ore's Windwarri FIFO facility in Tom Price, the function centre and mess (restaurant) facilities are shared with the community. It provides a valuable service for tourists and a venue for a variety of community functions. The casual restaurant style atmosphere is welcomed by FIFO employees and community members.

Chevron's Barrow Island FIFO facility offers a range of facilities and services that support the recreational and social needs of employees including indoor cricket and soccer competitions, a running group, a social committee, Biggest Loser – weight management competition, Barrow Island City to Surf (fundraiser for Princess Margaret Hospital) and arts/sculpture competitions.

All PICC member companies have a focus on ensuring a zero harm environment. All staff are involved in extensive health and safety training. Woodside produce detailed Health, Safety and Environmental Management plans and reports.

08

GUIDING PRINCIPLE

Assisting FIFO employees and their families to understand and embrace the lifestyle that may result from long distance commuting.

POTENTIAL STRATEGIES

Consult FIFO employees and their families to identify their aspirations and needs in relation to services and initiatives that will support their wellness and quality of life.

Recognise employee needs within the company's corporate health services to foster positive behaviours and healthy, active lifestyles for FIFO employees and their families.

Support the families of FIFO employees to gain a better understanding of FIFO lifestyle, FIFO facilities and services, and the host community in which their family member will be located.

EXAMPLE ACTIONS

BHP Billiton Iron Ore consult their FIFO workforce to identify the services and programs that their employees and their families seek to enable them to optimise their FIFO lifestyle.

PICC member companies provide access for employees and their families to Employee Assistance Programs for counselling. PICC member companies also provide healthy food choices and access to the services of Active Lifestyle Coordinators who facilitate recreational programs, fitness assessments, provide dietary advice and initiate social activities for residents.

Some employees and their families from PICC companies engage in activities that explore the working away experience from the perspective of all family members, with practical strategies for adapting to a transient worker lifestyle.



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The Pilbara accounts for approximately 20 per cent of Western Australian land mass (507,896km²)*

Rich in iron ore, gold, salt and offshore petroleum*

Population of approx. 51,000 (2 per cent of the state's population)*

80 per cent of total WA resources sector value*

Supporting the Prosperity of our State and Nation

The resources industry in Western Australia is a primary driver of the state's rapidly growing economy and is largely located in regional and remote areas of the state. In 2010-2011, for the first time, the value of resources produced in the state topped \$100 billion. This represents 28 per cent of the State's Gross State Product.

With most of this production exported, the WA resources industry contributed over 90 per cent of WA's export income and 43 per cent of Australia's total exports in 2010-2011. The industry will contribute \$4.8 billion to the Western Australian budget in 2011-2012, representing 19 per cent of total state revenue.

The North West is Western Australia's primary resource producing minerals, oil and gas at an international scale. It is a vast region encompassing the Pilbara with a land area of over half a million square kilometres as well as extensive oil and gas fields off the coast. Commodities produced in the region include iron ore, copper, gold and silver, manganese and salt, and a range of hydrocarbons including crude oil and condensate, liquefied natural gas, natural gas, LPG, butane and propane.

The development of the resources sector in the North West has been the catalyst for the growth of the Western Australian economy in the latter half of the twentieth century. Resources companies are the primary driving force of the Pilbara economy which is often referred to as the 'economic heart' of Western Australia.

This significant contribution to regional development in the state contrasts with a trend towards increasing urbanisation around Australia. Further, many of the new operations being developed are located remote from sizable established regional communities, while expansion in the existing resources powerhouses in the Pilbara cannot be supported by those regional communities and their existing infrastructure alone.

Providing and supporting workforces for these operations represents a challenge in being able to attract and retain quality people in the industry. FIFO employment offers companies and individuals the spatial and temporal flexibility required to exploit these resources profitably.

FIFO and residential employment are complementary, not supplementary approaches in a total workforce management package, with the mixture of employment type governed by the project circumstances. Resource companies continue to show a commitment to providing residential based employment in Pilbara towns through the provision of permanent residential accommodation and by investing in the towns in which they operate.

* SOURCE: The Chamber of Minerals and Energy of Western Australia Inc. 2012



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