



Australian Government

Australian Government response to the House of Representatives Standing Committee on Regional Australia report:

Cancer of the bush or salvation for our cities? Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia.

JUNE 2015

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On 23 August 2011, the then Minister for Regional Australia, Regional Development and Local Government asked the House of Representatives Standing Committee on Regional Australia to inquire into and report on the use of 'fly-in, fly-out' (FIFO) and associated work practices, such as drive-in, drive-out (DIDO), in Regional Australia. Specifically, the Committee was asked to investigate the following terms of reference:

- the extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised;
- costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce;
- the effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure;
- the impact on communities sending large numbers of FIFO/DIDO workers to mine sites;
- long term strategies for economic diversification in towns with large FIFO/DIDO workforces;
- key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development;
- provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees;
- strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry;
- potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce;
- current initiatives and responses of the Commonwealth, State and Territory Governments; and
- any other related matter.

On 13 February 2013, the Committee tabled its report on the inquiry, Cancer of the bush or salvation for our cities? Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia. The report contained 21 recommendations for the Australian Government, as well as identifying areas for action for the resources sector and State, Territory and local governments.

Overview

Increased activity in the resources sector has been a significant contributor to Australia's economic performance over the past decade. Beyond the various economic indicators and historically high commodity prices, the resources sector is driving significant change in some regional communities.

Resources sector activity has different implications for regional communities around Australia, but one similarity is the demand for skilled personnel to construct and operate resources projects. This demand is not unique to the resources sector, though it does contribute to the continued use of fly-in, fly-out (FIFO) and drive-in, drive-out (DIDO) work practices. The Government acknowledges these work practices are a legitimate way for employers to meet their skills needs, particularly in remote locations. The Government also acknowledges that FIFO work is preferable for some employees in a range of industries. However, it is important to note that those arrangements have unique impacts on local communities.

In demonstrating corporate social responsibility, resource companies using FIFO work practices have an important role to support their employees and to value the communities in which they operate. The Government welcomes the positive activities some resources companies are undertaking in this area as acknowledged in the Inquiry, including support for community infrastructure and sponsorship of community events.

The Government recognises the broad issues raised in the Committee's report and will continue to work with state and territory and local governments, industry and regional stakeholders to address these issues and monitor the effectiveness of existing Commonwealth programmes. The Government has carefully considered the recommendations made by the Committee and has provided a response which addresses each recommendation individually.

Recommendation 1

The Committee recommends that the Commonwealth Government fund the Australian Bureau of Statistics to establish a cross-jurisdictional working group to develop and implement a method for the accurate measurement of:

- the extent of fly-in, fly-out/drive-in, drive-out workforce practices in the resource sector; and
- service populations of resource communities.

Response

Agreed in part.

The Australian Government recognises the need to maintain and continually enhance regional population data to support planning and the delivery of regional infrastructure and services. Through the Australian Bureau of Statistics (ABS), the Government has an existing capability in data analysis and research to inform decision making on regional infrastructure and services.

The ABS' official population statistics are managed through its demography programme, which provides leadership in the development of proposals to improve population measures to meet client needs. The ABS is aware of the growing demand for high quality service population measures, and is working towards a programme of continuous improvement in its data collection methodologies.

Recommendation 2

The Committee recommends that the Commonwealth Government, in consultation with state and territory governments, review allocation of funding for communities that receive fly-in, fly-out/drive-in, drive-out workforces so that funding is based on both resident and service populations.

Response

Not agreed.

The Australian Government considers existing regional funding arrangements and the mechanisms for adjusting this funding are working to address the needs created by FIFO/ DIDO workforce practices. The Government's main funding programme for local government infrastructure and services is through the Financial Assistance Grant programme (FAGs). Developed to improve local governments' capacity to provide communities with an equitable level of services, FAGs works to increase the efficiency and effectiveness of local government. In 2014-15, local governments are expected to receive an aggregated total of \$2.3 billion in FAGs payments.

Under the programme, the Government provides funding through two components - a general purpose component and a local roads component. Both FAGs components are paid to states and territories, who distribute funding to local governments within their jurisdiction. This funding is untied, with local governments able to use the programme to address local priorities. Grants Commissions in each state and territory have the ability to divide FAGs funding according to local government priorities within the state, which could include providing greater funding to local governments affected by significant external activities, such as growth in non-resident populations.

The Government also directly supports the provision of infrastructure in regional communities through a range of substantial infrastructure investment programmes, including the Roads to

Recovery Programme, the National Stronger Regions Programme, the Heavy Vehicle Safety and Productivity Programme, the Community Development Grants Programme and the Black Spot Programme. Many of these programmes are able to target their investment to projects or areas of special need.

Recommendation 3

The Committee recommends that the Commonwealth Government commission a comprehensive research study to determine the actual economic impact on the demand for and consumption of local government services and infrastructure from fly-in, fly-out/drive-in, drive-out workforces.

Response

Noted.

The Australian Government will continue to work with state and territory and local governments to ensure funding arrangements for the provision of local government infrastructure and services are appropriate.

Recommendation 4

The Committee recommends that the Commonwealth Government commission a study of the impact of non-resident workers in regional resource towns on the provision of medical services and as a result of this study develop a health policy response that supports the sustainability of regional medical services.

Response

Noted.

The Australian Government understands that non-resident populations can affect the demand for medical services around Australia and will continue to work with rural health stakeholders, industry and state and territory governments to ensure service delivery arrangements meet community needs and expectations.

The Australian Government notes that research is being undertaken on this issue, including a recent policy issue review by the Primary Health Care Research and Information Service based at Flinders University into Fly-in Fly-out/Drive-in Drive-out practices and health service delivery in rural areas of Australia.

The Government notes the importance of health issues in the workplace and agrees that proposals to fund new research into the delivery of health services should be considered in the context of other expenditure priorities.

Recommendation 5

The Committee recommends that the Commonwealth Government charge the Australian Small Business Commissioner to enhance the capacity of small businesses in resource communities to participate in servicing the demands of the resource sector.

Response

Not agreed.

The capacity of small businesses to service the demands of the resource sector is primarily a commercial matter.

Despite this, there are a number of existing services available across all levels of government to assist small businesses in Australia, including in regional areas where resource communities are often located. At the Commonwealth level, existing small business support programmes, such as the Australian Small Business Advisory Services programme, provided through the Department of Industry's single business service, help business owners to better manage their business. In addition, the single business service streamlines access to expert operators, information and referral services through an online presence, contact centre and face-to-face network.

The Government has committed to transforming and enhancing the role of the Australian Small Business Commissioner into a Small Business and Family Enterprise Ombudsman (the Ombudsman). After a period of consultation, the Government has settled on a model for the Ombudsman. It will be a: Commonwealth-wide advocate for smaller enterprises; a concierge for dispute resolution; a contributor to the development of small business friendly Commonwealth laws and regulations; and seamlessly link to the whole-of-government single business service initiative. Legislation is expected to be enacted to allow the Ombudsman to commence operations on 1 July 2015.

The Government notes there are also state-based small business commissioners in New South Wales, Victoria, South Australia and Western Australia to provide assistance to small businesses, including those in resource communities.

Recommendation 6

The Committee recommends that the Commonwealth Government identify areas where local governments affected by fly-in, fly-out/drive-in, drive-out work practices would benefit from enhanced skills sets and develop training programs to meet the needs of councillors and senior staff in local government.

Response

Not agreed.

The Australian Government considers local governments, in consultation with their state or territory government, are best placed to identify and plan for their future workforce requirements.

Recommendation 7

The Committee recommends that the Commonwealth Government task the National Housing Supply Council to urgently develop and implement a strategy to address the supply of affordable housing in resource communities and report to the House of Representatives by 27 June 2013 on the progress of this strategy.

Response

Not agreed.

The National Housing Supply Council ceased operations in November 2013. The Government is considering housing matters as part of its ongoing housing policy framework and is working with the States and Territories to further address impediments to housing supply.

Recommendation 8

The Committee recommends that the Commonwealth Government commission a comprehensive study into the health effects of fly-in, fly-out/drive-in, drive-out work and lifestyle factors and as a result of this research develop a comprehensive health policy response addressing the needs of fly-in, fly-out/drive-in, drive-out workers.

Response

Noted.

The Australian Government understands that there are a range of personal considerations individuals need to carefully consider before deciding to undertake FIFO work arrangements. The Government notes that employers in all sectors of the workforce, in displaying corporate social responsibility and good business acumen, have a role in supporting their employees' mental health and to promote a healthy lifestyle.

Recognising the effects of mental health on the Australian community, the Government has in place a range of mental health initiatives and support services. In addition to subsidising a range of mental health services through Medicare, the Government also funds the mindhealthconnect website, which provides online mental health resources and advice.

The Government notes that the health effects of FIFO work and lifestyle practices have also been a focus of recent research by various Australian academics and non-government organisations, as noted in the responses to Recommendations 4 and 10.

Recommendation 9

The Committee recommends that the Commonwealth Government develop a best practice guide for employers with significant non-resident workforces aimed at assisting them to develop their own family support programs.

Response

Noted.

The Australian Government understands that employers in all sectors of the workforce, in displaying corporate social responsibility and good business acumen, have a role in supporting their employees and their families, particularly those employers with significant non-resident workforces.

The Government encourages employers to continue to investigate opportunities to better support non-resident employees in regional Australia. This would be consistent with the Committee's view that "as employers, resource companies need to take ownership and provide greater support for the families of their FIFO workers as a strategy to support employee wellbeing and prevent turnover" (Area for corporate action 10).

Recommendation 10

The Committee recommends that the Commonwealth Government commission research on the effect on children and family relationships of having a long-term fly-in, fly-out/drive-in, drive-out parent.

Response

Agreed in principle.

The Australian Government notes there has been significant academic interest in researching the socio-economic effects of FIFO work practices.

In February 2014, the Australian Institute of Family Studies published a research report into the effects of FIFO work practices on children and family relationships. In addition, the Cooperative Research Centre for Remote Economic Participation and the Curtin Graduate School of Business published research into the socio-economic impacts of long-distance commuting on source communities in October 2013. The Australian Government supported this research by providing a Regional and Rural Research and Development Grant.

Recommendation 11

The Committee recommends that the Commonwealth Government commission research into the economic and social impacts of establishing regional centres as fly-in fly-out (FIFO) source communities.

Response

Noted.

The Commonwealth Government recognises there are opportunities for local governments around Australia to partner with resource companies and project proponents to act as FIFO source communities or FIFO 'hubs'. The Government welcomes the establishment of these arrangements in a number of communities and notes their expected benefits for regional communities, employers and employees and their families.

Recommendation 12

The Committee recommends that the Commonwealth Government review the Fringe Benefits Tax Assessment Act 1986 to examine the:

- removal of impediments to the provision of residential housing in regional communities;
- removal of the exempt status of fly-in, fly-out/drive-in, drive-out work camps that are co-located with regional towns; and
- removal of the exempt status of travel to and from the workplace for operational phases of regional mining projects.

Response

Agreed.

Existing taxation arrangements will be considered in the upcoming White Paper on the Reform of Australia's Tax System, expected to be completed by the end of 2015. The White Paper will be coordinated with the White Paper on Reform of the Federation.

Recommendation 13

The Committee recommends that the Commonwealth Government review the Fringe Benefits Tax Assessment Act 1986 to:

- remove the general exemption for fly-in, fly-out/drive-in, drive-out workers from the 12-month limit of payment of the living away from home allowance;
- enable specific exemptions for construction projects that have a demonstrated limited lifespan; and
- enable specific exemptions for projects in remote areas where the fly-in, fly-out/drive-in, drive-out work practice is unavoidable.

Response

Noted.

Existing taxation arrangements will be considered in the upcoming White Paper on the Reform of Australia's Tax System, expected to be completed by the end of 2015. The White Paper will be coordinated with the White Paper on Reform of the Federation.

Recommendation 14

The Committee recommends that the Commonwealth Government review the Zone Tax Offset arrangements to ensure that they are only claimable by permanent residents of a zone or special area.

Response

Agreed.

The Government notes that existing Zone Tax Offset arrangements have been raised in submissions to both this Parliamentary inquiry and subsequent Government processes, including the Northern Australia and Agricultural Competitiveness White Papers. Further, the Government notes that the

Joint Select Committee on Northern Australia also recommended further investigation into the equity of current Zone Tax arrangements in September 2014.

In the 2015-16 Budget, the Australian Government announced it will exclude FIFO and similar workers whose normal residence is not within a 'zone' from claiming the Zone Tax Offset. This measure will take effect from 1 July 2015.

The Government is undertaking a White Paper on the Reform of Australia's Tax System that is being coordinated with the White Paper on the Reform of the Federation. The Zone Tax arrangements will be further considered within the context of this review.

Recommendation 15

The Committee recommends that the Commonwealth Government review the Zone Tax Offset to ensure:

- that it provides reasonable acknowledgement of the cost of living in remote Australia;
- that the zones are based on a contemporary measure of remoteness;
- that the zones are based on up-to-date census figures; and
- that it includes a mechanism for regular review to ensure that the offset reflects accurate population figures.

Response

Noted.

As noted in the response to Recommendation 14, the 2015-16 Budget announced the exclusion of FIFO and similar workers whose normal residence is not within a 'zone' from claiming the Zone Tax Offset. This measure will take effect from 1 July 2015.

The Government has committed to produce a White Paper on the Reform of Australia's Tax System that is being coordinated with the White Paper on the Reform of the Federation. It would be appropriate to consider the existing Zone Tax arrangements further within the context of this review.

Recommendation 16

The Committee recommends that the Commonwealth Government charge the Australian Electoral Commission (AEC) to develop an electronic voting system for voters living or working in remote areas to facilitate easier access and ensure more accurate population figures are recorded.

Response

Noted.

At the 2013 Federal Election people working in remote areas had the following voting options:

- Fixed Polling (throughout both the early voting period and election day);
- Polling at airports (throughout both the early voting period and election day);
- Mobile Polling; and
- Postal Voting.

The Australian Electoral Commission (AEC) is committed to the principle of modernising the electoral system to provide better services to the electorate. Electronic voting is currently only available to voters that are blind or have low vision and any proposal to provide electronic voting to the wider electorate would require legislative change. Should any electronic system be developed in the future, an assessment of the value and impact of adding remote residents or workers could be undertaken at that time.

Recommendation 17

The Committee recommends that the Commonwealth Government charge the Productivity Commission with investigating a more appropriate form of governance for remote Australia that is flexible and responsive.

Response

Not agreed.

The Australian Government considers existing governance arrangements for remote Australia are appropriate. The Government will continue to work with State, Territory and local governments to help ensure governance arrangements in remote Australia meet requirements.

To this end, the Australian Government has committed to produce, working with the States and Territories, a White Paper on the Reform of the Federation. The White Paper will seek to clarify roles and responsibilities to ensure that, as far as possible, the States and Territories are sovereign in their own sphere and these matters may also be considered as part of this process.

Recommendation 18

The Committee recommends that the Commonwealth Government establish a dedicated secretariat, within an existing government department and based on the Province of Alberta Oil Sands Sustainable Development Secretariat, with responsibility for consulting with state governments and the resources industry in order to:

- compile nationally consistent data regarding the impact of fly-in, fly-out workforces on housing, infrastructure, healthcare, education, social services and future planned resource development;
- develop a regional social and infrastructure impact methodology that will assist resource companies and local governments in assessing the impact of current and planned resource projects including cumulative impacts;
- develop regional infrastructure plans; and
- develop, promote and coordinate community benefits agreements.

Response

Noted.

The Australian Government continues to work collaboratively with state and territory governments, regional stakeholders and employer groups to ensure the coordinated delivery of housing, infrastructure, health services, social services and education in regional communities.

The Government notes there are already existing consultation arrangements with the stakeholders listed above to coordinate regional planning processes and to identify emerging infrastructure and service requirements in regional Australia.

Recommendation 19

The Committee recommends that the Commonwealth Government develop strategies and targets for achieving fair access to health services for people living in regional and remote areas recognising the use of fly-in, fly-out/drive-in, drive-out health services, providing for appropriate funding and infrastructure support.

Response

Noted.

The Australian Government places a high priority on ensuring geography is not a barrier to the equitable availability of health services for all Australians. The Government notes that a range of health providers use FIFO arrangements to provide services to regional communities, particularly when traditional-style service delivery arrangements are unviable.

Recommendation 20

The Committee recommends that the Commonwealth Government require each Regional Development Australia committee, in consultation with regional health groups such as Medicare Locals, to have a health focus in its strategic plan, specifically focussing on long-term workforce and infrastructure planning and the role that fly-in, fly-out/drive-in, drive-out medical practitioners will play in future service delivery, with a primary aim to increase residential service delivery.

Response

Noted.

As part of their routine evaluation of strategic and demographic factors, the Australian Government encourages other tiers of government and regional planning bodies to consider the current and future demand for health services in their long-term planning.

Recommendation 21

The Committee recommends that the Commonwealth Government develop initiatives to encourage the provision of tertiary education providers to resource communities.

Response

Noted.

States and territories are responsible for the delivery of vocational education and training and the Australian Government encourages these jurisdictions to ensure vocational education opportunities meet the needs of resource communities.

The introduction of a demand driven funding system for higher education bachelor level undergraduate courses in 2012 has led to increasing enrolments in engineering and more regional universities offering engineering courses. The Government also provides universities with additional funding, known as regional loading, to help offset the higher costs of regional campuses. Many

universities also offer online courses and pathways from vocational education and training that make it easier for students to study in regional areas.

The Australian Government's higher education and research reform package will expand access to higher education by extending Government support to students studying at any registered higher education provider such as a public or private university, TAFE or college and to students studying any accredited undergraduate course, including higher education diplomas, advanced diplomas as well as associate degrees and bachelor degrees.

By 2018, these reforms will see the Australian Government supporting an additional 80,000 students per year as they pursue the best course for them. Resource communities can be expected to take advantage of these reforms.

In addition, the Government is implementing reforms to the skills and training system to make it more industry driven. One new programme is the Industry Skills Fund which involves government and industry co-contributing to address workforce capability issues so that enterprises can respond quickly to new and changing opportunities and improve their productivity and competitiveness. This fund will prioritise support to a number of priority industries which include mining equipment technology and services and oil and gas.