

'Fly-in' communities

- 3.1 The primary concern about the use of FIFO operations is their impact on established communities and the perceived rejection of towns and their way of life in favour of high wages and temporary camp living environments.
- 3.2 Established resource communities were keen to emphasise that they did not oppose resource companies and development. On the contrary, these towns expressed great pride in the resource operations that they sustained and that had sustained them, in some cases for generations. However, these communities expressed concern at an apparent shift in the balance where companies are prioritising quick profits over long-term sustainability.
- 3.3 Long-term resource communities such as Kalgoorlie, Broken Hill and Mount Isa have no agenda but to see the continued growth and sustainability of the resources sector, however they also want to remain communities, not just work camps.
- 3.4 The Mayor of Kalgoorlie-Boulder expressed the pride that many local communities feel:

I sit here today representing a true goldfielder. ... I am very proud of that ... I grew up in a community where families were created and grew together, living close and sharing their lives. Parents became grandparents and so on and multiple families lived in the same area. That was in the day of the eight-hour shifts, of course. Together we lived, worked and played in the one community. That was Kalgoorlie-Boulder. You knew the name of your neighbours. As you walked down Hannan Street or Burt Street, you could say hello to the majority of people, even though the twin towns had anywhere between 20,000 and 30,000 people at times. ...

It is the small regional communities that have laid the foundations for this booming industry, and spurning those communities will be to the ongoing detriment of our great nation. The government need to make a decision: do they bow to what I think is appropriately called ‘the cancer of the bush’ – fly-in fly-out – or do they go proactive and do something to foster the continuing existence of small towns?¹

3.5 The General Manager of Broken Hill welcomed the resurgence in mining activity in the region but made the point:

The objective is to ensure that we have a residential workforce, first and foremost. That is a factor of having a city that is liveable, that people want to move into and live in with their families, as opposed to the fly-in fly-out option. I know that is easier said than done – the easier option potentially is the fly-in fly-out – but I think these regional cities offer a real alternative for accommodating supporting housing communities, which is why the whole infrastructure argument is critical. If you do not have regional cities such as Broken Hill, Kalgoorlie and Mount Isa supported, funded and liveable then fly-in fly-out will always be the cheaper alternative. But it is not cheaper in the longer term.²

3.6 The Mayor of Mount Isa reiterated that the community was not opposed to the industry, but wanted industry to work with, rather than against the community:

We accept the fact that, where you are going to construct a new mine, construction workers will fly-in fly-out. There is no debate; there is no discussion. ... about 97 per cent of Xstrata’s employees are residents of the city. At times, they have to fly crews in to do specific work. We do not see ourselves as them and us. There will always be a need for fly-in fly-out. ... What we are saying is let us be realistic.

We are not demanding; we are simply saying: let us work together with the industry.³

3.7 The negative impacts of FIFO are heightened for non-traditional resource communities, such as Roma and Narrabri and new workforce source

1 Councillor Ron Yuryevich, Mayor, City of Kalgoorlie-Boulder, *Transcript of Evidence*, Kalgoorlie, 19 April 2012, pp. 11-12.

2 Frank Zaknich, General Manager, Broken Hill City Council, *Transcript of Evidence*, Narrabri, 16 May 2012, p. 23.

3 Councillor Tony McGrady, Mayor, Mount Isa City Council, *Transcript of Evidence*, Canberra, 12 September 2012, p. 3.

communities such as Mackay that are experiencing a rapid change in town identity and diminishing local amenity.

- 3.8 The majority of submissions from local governments and individuals suggested that FIFO was overwhelmingly negative, whereas industry submissions focused on its positive aspects.
- 3.9 This chapter focuses on the concerns, frustrations and challenges faced by regional host communities. From the Pilbara and Goldfields in the West to central Queensland the same story was reported about the impact of FIFO. Communities are finding that:
- community image, identity and social cohesion are declining and there is a marked divide between residents and FIFO workers;
 - community safety is declining;
 - engagement in community life is declining, in part due to the pressure of 12-hour shifts; and
 - in drive-in, drive-out (DIDO) regions, road safety is of serious concern with a mounting accident and death toll.
- 3.10 Many local councils also argued that the economic cost for supporting FIFO workers was having a significant impact on council budgets. In Western Australia, the 'Royalties for Regions' program was widely lauded, and councils in Queensland called for a similar program. However, the lack of targeted analysis about the real cost of the FIFO workforce for host communities means that royalty money from state governments and company support initiatives, can be inappropriately targeted.
- 3.11 This chapter continues to identify areas where empirical evidence is needed to support communities in planning infrastructure, community facilities and population growth. There is also a need for resource companies to engage local government with forward planning and focus their community support on addressing the priority needs of those living in the area.
- 3.12 Presenting these concerns in a comprehensive way and identifying the root of some of the concerns may provide a catalyst for a conversation between resource companies and communities.
- 3.13 Resource companies and many accommodation providers do make a real effort to engage with communities through funding community infrastructure and sponsoring community events. The following observations are not intended to detract from their efforts in this regard. However, aligning a FIFO workforce with a residential community presents a complex array of challenges that could benefit from a different corporate approach.

- 3.14 The Commonwealth Government should pay particular attention to the community concerns reported in this chapter. It is concerning to note that a government publication to guide resource company engagement with communities states that the social impact for FIFO operations is 'likely to be less than for residentially-based operations'.⁴ Indeed, it was comprehensively argued by the resources sector that FIFO operations have less of an impact on local communities than a local workforce.⁵
- 3.15 This is clearly not the experience of communities throughout Australia and this argument fails to distinguish between positive and negative impacts. Regional communities welcome the addition of new residents that can help their towns grow, rather than hosting the burden of a 'shadow population'.
- 3.16 While the Committee was in Canada, a senior officer within a major international resources company suggested that for companies, tough decisions were tougher to make while living in the community; FIFO gives executives the capacity to have some separation from the decision making. She admitted that union-driven workplace agreements had forced the company away from a preferred FIFO model but having moved away from FIFO, a residential workforce is now the preferred model as the company has found a greater capacity to react to operational requirements and is clearly accountable for corporate behaviour.⁶

Community image and social cohesion

- 3.17 Whether built around agriculture, tourism or mining, regional towns in Australia have a strong sense of identity and community. A large influx of non-resident workers is a permanent disruption to the social fabric and feeling of a town and this 'shadow population' has a serious and negative impact on the safety, image and amenity of communities.
- 3.18 The equating of FIFO with social instability is generating significant discord in communities as well as making them less desirable as a residential option. Communities with significant FIFO populations are finding themselves torn between wanting to support the major employer and wanting to maintain the culture of their towns.

4 Department of Resources, Energy and Tourism (RET), *Leading practice sustainable development program for the mining industry: Community engagement and development*, Canberra 2009, p. 41.

5 Queensland Resources Council (QRC), *Submission 125*; Chamber of Minerals and Energy of Western Australia (CMEWA), *Submission 99*.

6 Meeting held 28 August 2012, St John's, Newfoundland, Canada.

- 3.19 Many who submitted to the inquiry expressed pride in their towns, the lifestyle they had and the fact that they had raised children in a safe and open environment. They expressed dismay that non-resident workers were unwilling to relocate and felt that with a better introduction to the lifestyle afforded in regional communities that they may make a different decision.⁷
- 3.20 However in some towns, such as Moranbah, where the FIFO worker presence is starting to dominate, the resulting transient feel to the town is making it less desirable for both existing and new residents.
- 3.21 The Isaac Regional Council estimated the number of non-resident workers (20 000) to equal the resident population (22 650).⁸ The impact on future residency plans is significant: a study undertaken in 2009 found that planned length of residency in Moranbah fell by an average of sixteen per cent if major work camps were to be developed, due to the presence of FIFO workers.⁹
- 3.22 Many individuals noted the impact on the amenity of their homes and lifestyle and the feeling that the economic drivers could override community concerns. Even simple things like unmaintained properties are seen to 'bring down' a town:
- Declining visual amenity due to growth in the number of houses occupied by multiple temporary residents who did not care for gardens or premises. The more houses in the street taken up by miners sharing the rent, the bigger the decline in neighbourhood status with many large vehicles parked in the area and increases in noise levels.¹⁰
- 3.23 Industry needs to be concerned about the decline in supporting communities, particularly in areas with long project lives and untapped resources. Isaac Regional Council noted:
- Communities who feel they are not invested in or connected to major industry employers become strong advocates for change. A social licence to operate, and positive legacy is important for companies to ensure further operations are assessed and approved swiftly. A non-resident workforce brings many corporate reputational risks.¹¹

7 See for example: Kylie Peterson, *Submission 26*; Moranbah Traders' Association, *Submission 108*; Melinda Bastow, *Submission 90*; Alison Southern, *Submission 176*.

8 Isaac Regional Council, *Submission 81*, pp. 1, 3.

9 John Rolfe, *Submission 63*, p. 12.

10 Queensland Nurses Union, *Submission 97*, p. 5.

11 Isaac Regional Council, *Submission 81*, p. 4.

- 3.24 The Minerals Council of Australia (MCA) also noted the impact declining communities has on recruitment:

Research suggests that communities that do not have sufficient infrastructure, social amenity and economic diversity will not attract new residents and this will in turn constrain the industry's recruitment capacity.¹²

- 3.25 Communities find themselves in a catch-22 situation where without a strong residential base they cannot attract new residents to build the population and infrastructure of a town. The inquiry heard many stories of individuals choosing to leave towns like Karratha and Moranbah to pursue training or for their children to complete secondary schooling simply due to the overwhelming feeling that the towns were becoming 'FIFO' towns.¹³

- 3.26 Communities also expressed concern that FIFO is rapidly becoming the only response to the growth in the resources industry and that resource companies are making no effort to build communities. Unfortunately, this is causing significant community discord which is further impacting on social cohesion in host communities.

'Us' versus 'them'

- 3.27 An 'us versus them' mentality was reported throughout the inquiry, with submitters from across the country revealing a concerning trend in anti-FIFO worker sentiment, which, in some circumstances, is leading directly to social disorder.

- 3.28 Isaac Regional Council noted:

Aside from visual amenity, the proportion of residents to non-residents also contributes to the sense of being 'taken over' by work camps ... Small rural towns have a strong identity and sense of community - an important part of the social capital of these towns - that is being threatened by the dominance of mining. Lack of integration between resident and non-resident workers creates a strong 'us vs them' mentality and non-resident mine workers are blamed for a disproportionate share of crime and anti-social behaviour. There are also increasing level of fear being reported.¹⁴

12 Minerals Council of Australia (MCA), *Submission 118*, p. 11.

13 For example see: Moranbah Traders' Association, *Submission 103*; Melinda Bastow, *Submission 90*; Dysart community Association, *Submission 161*.

14 Isaac Regional Council, *Submission 81*, p. 7.

- 3.29 Several residents of Karratha in Western Australia suggested that the demographic of young male workers was particularly problematic:
- A community relies on families. A FIFO workforce is often a large influx of men 25-40 years old. This can have law and order issues, as well as social issues regarding the development of an “us versus them” attitude.¹⁵
- 3.30 Karratha school students also reported hostility towards FIFO workers:
- Yes, I think there is hostility in the community towards them. It is like, 'We are the locals and they should not be here because it is our turf.'¹⁶
- 3.31 The inquiry received evidence of the 'us versus them' attitude leading directly to violent behaviour. Unfortunately, the FIFO demographic of predominately young men can prove to be a volatile mix when faced with some unhappy residents:
- 'If there was trouble brewing, the glares across the bar as soon as the police aren't around, bang: it would be on... It's very much us and them; they sit there, you don't look at them or talk to them and the only words really exchanged are: F... you, let's fight... F... FIFOs, it's them.'¹⁷
- 3.32 Conversely, for the majority who are peacefully working FIFO rosters, the perception that they are responsible for violence and disruption in regional towns is equally disturbing. A support group for FIFO families raised concerns about the attitude in the national media:
- Because FIFO/DIDO work practices have grown relatively quickly in Australia, it almost seems like there's a divisive 'FIFO families versus regional communities' mentality starting to appear in the national conversation. This is not helped by media reports headlined along the lines of “FIFO workers destroy regional communities: expert” (WA News, 21 June 2011).¹⁸

15 Camille Oddy, *Submission 182*; David Smith, *Submission 183*; Melinda Watson, *Submission 184*.

16 Erin Newman, Student, St Luke's College, *Transcript of Evidence*, 28 March 2012, Karratha, p. 30.

17 ARC Research Team, *Submission 95*, p. 23.

18 Mining Family Matters, *Submission 28*, p. 28.

- 3.33 Overwhelmingly, it was felt that the divisiveness between resident and non-resident workers could be mitigated with efforts to provide more positive opportunities for interaction:

There is also some work to do in improving social cohesion within mining communities, particularly in the smaller mining communities – some activities which provide opportunities for non-resident workers and residents to come together and break down some of the us versus them mentalities prevailing in those communities. That is about looking at ways to celebrate diversity but also encouraging workers and families to see that it is not so bad living in Moranbah – you can actually have a great life in those towns.¹⁹

- 3.34 As discussed below, many residents feel that FIFO workers are simply disregarding the fact that they are within communities that deserve to be treated with respect.

- 3.35 A number of submissions called on resource companies to develop corporate volunteering programs to help improve relationships between locals and FIFO workers but also to help showcase the local community to potential new residents. It was noted that many of the men living in camps are highly skilled and would have a lot to offer in positions like men's sheds or youth mentoring.²⁰

Area for corporate action – community volunteer days

- 3.36 Many residents called on the opportunity to showcase their towns to FIFO workers and families. Companies reported holding FIFO family days on site and corporate volunteering programs for office-based staff. Extending these programs into host resource communities would be beneficial in breaking down the divisiveness developing between FIFO workers and host communities as well as showcasing regional communities to potential residents.**

19 Deborah Rae, Social Development Director, Regional Social Development Centre (RSDC), *Transcript of Evidence*, Mackay, 23 February 2012, p. 8.

20 Judith Wright, Member, Soroptimist International of Karratha and Districts, *Transcript of Evidence*, Karratha, 28 March 2012, p. 5.

Safety

- 3.37 One of the key features of regional communities is the liveability of the community – the fact that safety is unquestioned and young people are able to play and travel without adult supervision.
- 3.38 FIFO practices change community demographics, typically injecting a large number of young men living in temporary accommodation and with no community connection and little to do when off shift. These changes can heighten community concerns about declining safety.
- 3.39 Communities across the country expressed fear, mistrust and uncertainty about the presence of FIFO workers. The following statements from the senior students of Moranbah State School highlights the concerns repeatedly reported from many communities:

Samuel Vella: You mentioned safety. With fly-in fly-out workers, while most people are pretty respectable you always have the ones who are not. When girls are bored and have nothing to do, they go out with their friends, go to parties and walk along the streets at night. With more and more of these fly-in fly-out guys, how can you know that they are not going to try anything? If they have less respect for the community, they might think: This isn't my town. I'll do what I want, go back to Brisbane and everything will be okay.' That is another concern. I have seen it get a little [less] safe. It is a safe town; it is a good town.

Chantelle Winter: I am 17. I would never walk the streets, even at eight o'clock, because there are so many guys driving around and things and it is a bit scary sometimes. I do not really go out at all because I do not feel safe.

Kevin Hackney: The fly-in fly-out people do not treat Moranbah as a community. I work at the workers club behind the bar. I have my RSA so I can earn money for my family. I used to know a lot of the regulars. But lately, over the past two or three months, there have been a lot of fly-in fly-out people. Regarding safety, when we close up it gets violent sometimes – out of control. We always ask people whether they are fly-in fly-out people just to check. If we ban them, we have to know if they live here or not, because we have to alert the police either way. When that happens, it is hard to ban someone who is a fly-in fly-out worker because you might not see them for a while.

With the violence, you see them walking down the streets and running amok. They go nuts along the streets, shouting and kicking and stuff. The cops are always getting called over to the workers club and the Black Nugget pub, because a lot of the fly-in

fly-out people do not care. When I am walking home at night, it is scary sometimes. I like walking along by the MAC camps. You see drunken guys who do not live in the MAC camps and it is scary. They run amok and do silly stuff, destroying stuff because they know that it is not their community. 'We got the money; we don't care.' That is their attitude towards us. And that is while we struggle and try to make the community the best it can be.²¹

3.40 There were many more reports over the course of the inquiry about violence, predatory behaviour and high alcohol and drug use. This indicates serious problems with the implementation of FIFO work practices.

3.41 This is an issue that the resource companies need to address directly. As discussed in the next chapter, accommodation providers make serious efforts to provide facilities to ensure that workers have entertainment options at-camp rather than impacting on local towns. Nonetheless, where FIFO workers are disruptive the deleterious effect on the social fabric of communities contributes to the 'anti-FIFO' sentiment.

3.42 For police, keeping control in towns with a high FIFO population is a challenge. The Police Federation stated:

Police, generally, in smaller, regional communities ... know the people in their own patch and who they might need to keep a closer eye on. It is called community policing. In these communities it is the unknown factor. With an ever-changing group of residents it is hard to keep track of who is who in the community and who might need closer attention.

I am also advised it appears that a number of companies and contractors have a mindset of, 'We don't care what happens after-hours as long as they show up for work and don't misbehave in the camps.' A number of my colleagues also suggest that the old concept of 'one fight; next flight' does not seem to exist in many locations nowadays and perhaps this is because so many companies and contractors are desperate for staff and they are prepared to turn a blind eye to such behaviour.²²

3.43 Even with concerns about community safety and amenity, the majority of evidence supported connection between camps and towns so that local businesses could benefit, and a number of submissions criticised those

21 Samuel Vella, Chantelle Winter, Kevin Hackney, students, Moranbah State High School, *Transcript of Evidence*, Moranbah, 21 February 2012, p. 31.

22 Mark Burgess, Chief Executive Officer, Police Federation of Australia, *Transcript of Evidence*, Canberra, 2 November 2011, p. 2

camps that replicated facilities (bars and gyms) available in town. However, the underlying theme also sought for employers and accommodation providers to insist on a standard of behaviour from FIFO workers that respects local towns.

- 3.44 Whilst most accommodation providers require commitment from residents to some form of behavioural code of conduct, these are linked to accommodation, not employment, so the consequences for breaching an agreement of this type are limited.
- 3.45 From the experience of Canadian companies managing the same issues, addressing these issues will build far greater social capital for resource companies than many other community support initiatives.
- 3.46 For example, as part of contracts with resource and contracting companies, the Town of Labrador City has insisted that all workers in camp accommodation sign a social contract as a condition of residency. These contracts are linked to employment, so a breach can result in dismissal. The contracts have been developed in conjunction with a community advisory group so while the company sets the consequences, the standard of behaviour expected is set by the community. The Labrador City Mayor, Karen Oldfield, confirmed that the contracts were making a practical difference by emphasising to workers that they were living in a community that deserved to be treated with respect and were contributing to more positive relationships between FIFO workers and residents.²³

Area for corporate action – social contracts

- 3.47 **A key concern throughout the inquiry for communities is the lack of respect shown by FIFO workers towards the town. This has been proven to be effectively managed by employers requiring social contracts to be signed by all FIFO workers, linked to employment, about the standard of behaviour required by the community and companies operating Australia should consider the implementation of these contracts.**

Community engagement

- 3.48 In every town visited through the course of the inquiry, residents reported being unable to field sporting teams, provide coaches for kids sport or run the Rotary club because they are unable to fill volunteer rosters. In small communities, volunteers run many of the services taken for granted in larger towns, indeed small communities are absolutely reliant on volunteers for the delivery of some basic services, such as the ambulance.

23 Meetings held 27 August 2012, St John's, Newfoundland, Canada.

- 3.49 As well as providing essential services, volunteering has been shown to build:
- ... social capital, the networks of social relationships, of trust and reciprocity, which form the basis for social and emotional well-being. Leading social researchers have demonstrated its importance as the 'glue' which holds communities together. Social ties can be both informal (e.g. friends and family) or more formal (as in volunteering) but these create the basis for systematic improvements in crime rates, education, economic growth and health.²⁴
- 3.50 The decline in volunteering was seen as an example of the decline in social and emotional investment that people are willing to put into regional communities.
- 3.51 A number of factors were blamed for the decline in community engagement, including 12-hour shifts, ageing population and less willingness in young people to actively volunteer. However, the primary concern raised was a declining permanent population through the move to a FIFO workforce.
- 3.52 There were also many concerns expressed about FIFO workers not understanding that community assets are often in place due to the efforts of volunteers:
- FIFO workers are coming from all parts of the country and 'take for granted' the infrastructure that community volunteers have fund raised for, or built, over many years. We hear complaints about what we don't have - eg hospital in-patient whingeing because the TV was not a flat-screen! He was quickly informed there was no TV at all until the community pulled together to raise tens of thousands of dollars for the supply and installation.²⁵
- 3.53 In some cases, the resource companies themselves were causing a drain on volunteer services, instead of providing employee services:
- One of the disadvantages and anomalies of having a mine as closest neighbour is that, when there is a mine injury, they often call on the local St John Ambulance volunteers to come out and collect the injured patient. Even for a squashed finger, it seems ... that in order to claim workers compensation (or such), the ambulance service must be called and must be used to transport the patient. This puts a lot of unnecessary extra strain and demand
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24 RSDC, *Submission 78*, p. 7.

25 Soroptimist International of Karratha and Districts, *Submission 67*, p. 3.

on Hyden's small volunteer brigade. Whilst we understand that some donations are made to St Johns in lieu of this, having a small team of volunteers overworked for non-emergencies – is not reasonable or sustainable.²⁶

- 3.54 It is not just the host communities that are finding a drain on their volunteers, source communities also complained that having workers away for long periods on FIFO shifts meant that they are unwilling to participate in volunteer activities due to fatigue and because they could not commit to regular time:

The absence of a high proportion of adults from a community for extended periods may affect family and community relationships and reduce the number of volunteers available to deliver community services.²⁷

- 3.55 While this is not an exclusively-FIFO issue, for those resource-rich but resident-poor communities, the issue is compounded by the impact of the explosion in FIFO work practices and the feeling that communities are being degraded, rather than built by the resources industry.

12-hour shifts

- 3.56 Most mines operate twenty-four hours, seven days a week; their workforce rosters based on two 12-hour shifts. The use of 12-hour shifts has drawn considerable criticism, with concerns ranging from employee fatigue and mental health to the inability to participate in local community activities.

- 3.57 A recent report by Griffith University found that despite the resource industry being the first to achieve a 35 hour week, it now has the second longest hours of any industry (second only to road transport.) The report also found that the long working hours were leading to an erosion in family life and the choice to move away from residential to FIFO work.²⁸

- 3.58 The Australasian Institute of Mining and Metallurgy (AusIMM) stated that:

Members have observed that since the minerals industry went from five days per week, 8 hour shifts to continuous 12 hour rosters, the fabric of regional town societies has fundamentally changed with significant impacts on sporting clubs, volunteer groups and social events. The economic need to work assets

26 Hyden Progress Association, *Submission 7*, p. 3.

27 Northern Territory Government, *Submission 131*, p. 4.

28 D Peetz and G Murray, "You get really old, really quick": Involuntary long hours in the mining industry,' *Journal of Industrial Relations*, vol. 53, no. 1, 2011, pp. 13-30.

continuously has been the driving force behind this in many towns, but the quality of life for town based families has been reducing across the country and often acts as an impediment to choosing to live residentially. Many single professionals and minerals families believe that with these rosters and having so much time off in blocks that there is little point remaining in a town especially when they want coastal standards of living.²⁹

- 3.59 Moranbah residents noted the challenge that 12-hour shifts pose to maintaining active community organisations:

Moranbah has many active sporting, and social clubs, which helps to keep a thriving healthy community together, but with the introduction of 12 hour shifts and people deciding they might like to reside elsewhere and commute, which is their choice, to FIFO, DIDO, & BIBO, many of these clubs have had to devise alternative and flexible hours to retain team memberships.³⁰

- 3.60 The Australian Manufacturers Workers Union argued that shift work patterns could be contributing to the skills shortage:

In current circumstances, there appears to be an unwillingness of sufficient workers to apply their skills to the resources sector under the terms and conditions of employment offered to them. Terms which may affect the decision of these workers range from wages paid, the location of work, to conditions such as FIFO employment, non-permanent contract-to-contract employment and 12 hour shifts, worked for 13 day fortnights, often five weeks on one week off.³¹

- 3.61 Accommodation provider Sodexo stated that they offer variable shifts depending on whether workers were local or FIFO, simply in order to attract workers:

Our experience is that people who are doing FIFO want to do 12-hour shifts because it means that they can maximise their time at work but they can also maximise their time at home, and people who are coming from the local community want to do shorter shifts because they still have all of the obligations at home, particularly to do with child care and keeping a family running at the same time as they are providing a service at the mining operation. We have found over time that we need to be incredibly flexible in how we offer work. ...

29 Australasian Institute of Mining and Metallurgy (AusIMM), *Submission 58*, p. 12.

30 Moranbah Traders Association, *Submission 103*, p. 4.

31 Australian Manufacturing Workers' Union (AMWU), *Submission 32*, p. 18

For example, we do some operations in Dysart, where the FIFO workers would work 11-hour days. The local workers could choose to work an eight-, nine- or 10-hour day. They could also choose to work just Monday to Friday or a five-day week out of any seven days. That is one example. We do that in many places. Roxby Downs is another place and there is Karratha, Port Hedland and Cloncurry. There are lots of communities where we do that. What is interesting is that, when you give people the opportunity to do that and give them the opportunity to have assistance with rental, many of them still choose to do FIFO.³²

- 3.62 The Communications Electrical Plumbing Union (CPEU) argued that, even with a corresponding reduction in wages, most workers would choose to work a more lifestyle friendly eight to ten hour shift than a 12-hour shift:

If we were to go out and do a survey of workers in the industry and they were given an opportunity and an actual choice with respect to whether they wanted to work 12-hour shifts or eight-hour shifts and what that meant to them and their families, I reckon there would be a resounding response that they would go back to eight-hour shifts. I am happy to be put on record on that and am happy to be challenged about that. Quite simply, there were enormous numbers of disputes when 12-hour shifts were introduced. There were enormous numbers of disputes when seven-day rosters and equal-time rosters were introduced, simply because people understood at the time the need to have that family life balance. Those 12-hour shifts, seven-day rosters and equal-time rosters take away the opportunity to have equal time with family and life balance. I am happy to have that challenge put out there.

I think that it is now ingrained in such a way that people just come to accept that those are the terms they have to work with and they do their best around them.³³

- 3.63 In contrast, the MCA stated that 'there would be World War III if we tried to change some of those workers back out of 12-hour shifts back onto eight-hour shifts.'³⁴

32 Linda Nunn, Industrial Relations Manager, Sodexo Pty Ltd, *Transcript of Evidence*, Melbourne, 14 June 2012, p. 3.

33 Allen Hicks, Assistant National Secretary, Electrical Division, Communications Electrical Plumbing Union (CEPU), *Transcript of Evidence*, Sydney, 25 May 2012, p. 19.

34 Christopher Frase, Director, Education and Training, MCA, *Transcript of Evidence*, Canberra, 23 May 2012, p. 2

- 3.64 For FIFO workers, the preference for long shifts is understandable as the long shifts mean they do not need to find activities to fill their down hours:

My son's FIFO roster for construction is again different. He works 10 hours per day and is away for four weeks and back with his family for one week. During this time away, other than depression, his other concern is that he is working away to make money for his family and there is no room to negotiate overtime. He says that he is working to get more money and he would rather work more hours than sit depressed in his room for longer hours.³⁵

- 3.65 This was reiterated by BHP Billiton:

Hiltaba will have its own facilities to accommodate people, but typically – you see it at the Olympic village and at the Roxby village inside the town – people who work 12-hour shifts are not too boisterous post the 12-hour shifts. They go in there, they have their meals and they tend to want to sleep and be ready for the next day's shift, especially when they are working those long rosters, under those conditions. So putting them out there really is a solution that we think best reflects the attitude of the majority of people in the town.³⁶

- 3.66 Nonetheless, it is clear that 12-hour shifts have a negative impact on residential communities. The Committee heard repeated stories of families choosing to move to larger centres and FIFO for work, simply because the burden of a 12-hour shift meant that FIFO work offered greater family time.

Drive-in, drive-out after 12 hour shifts

- 3.67 Of most concern is evidence of DIDO workers completing a 12-hour shift and driving three or more hours home, leading to a high accident and death rate on regional roads.³⁷ The accident rate in the Bowen Basin is particularly high,³⁸ and as DIDO workforce arrangements increase throughout southern Queensland and New South Wales, there can be little doubt that a similar trend will develop in new mining areas.

35 Vivien Kamen, Member, Soroptimist International of Karratha and Districts, pp. 2-3.

36 Kym Winter-Dewhurst, Vice President, External Affairs, BHP Billiton, *Transcript of Evidence*, 8 December 2011, Adelaide, p. 6.

37 See for example: Construction Forestry Mining and Energy Union (CFMEU), *Submission 133*, p. 50; Moranbah Medical Centre, *Submission 2*.

38 Isaac Regional Council, *Submission 81*.

- 3.68 Understandably, after a long period of 12-hour shifts, workers are keen to get home as quickly as possible and some DIDO employees are putting themselves at an unacceptably high risk of accidents:
- Concerns have been raised by Annette Hennessey, Qld State Coroner, about fatigue related accidents and mortalities due to non-resident workforce arrangements in the Qld mining industry (Queensland Courts, Officer of State Coroner, 2011). Under current conditions, fatigued non-resident workers are more likely to be killed or injured in motor vehicle accidents as they commute either end of work cycles than in the workplace.³⁹
- 3.69 Isaac Regional Council reported a significant number of fatigue and congestion-related incidents on the highway and an increasing number of traffic fatalities. While many employers provide bus services to Mackay, the Australian Services Union noted that the practice of employing workers on individual contracts (that is, without direct employer supervision) was leading to people taking higher risks to get to and from worksites by driving before and after the end of long shifts.⁴⁰
- 3.70 Employers and accommodation providers were quick to condemn fatigued driving because of the related risk between fatigue and traffic accidents. A number of employers noted that they insist on a 'bus-in, bus-out' only policy, however, they had little control over those who did not live 'in camp'. Accommodation providers reported being very aware of the need to provide resting rooms for workers who had finished shifts to utilise before driving home but had little control over the uptake.⁴¹
- 3.71 The Committee travelled a common DIDO route – the Peak Downs Highway between Moranbah and Mackay – and observed the traffic congestion on a road that was only built to be a rural link but now hosts heavy industrial and workforce traffic.
- 3.72 It is worth noting that the oil sands operators in Fort McMurray, Alberta, Canada, have collectively agreed to have no car parking on site. This means that that all workers, including locals, have no option but to take a company-provided bus to site. This has significantly reduced fatigue- and congestion-related traffic accidents and is worthy of consideration in areas such as the Bowen Basin.

39 ARC Research Team, *Submission 95*, p. 14

40 Isaac Regional Council, *Submission 81*; Australian Services Union (ASU), *Submission 211*.

41 Roger Bradford, General Manager, Strategic Development, Ausco Modular, *Transcript of Evidence*, Brisbane, 24 February 2012, p. 21.

Area for corporate action – mandatory ‘bus-in, bus-out’

3.73 **Fatigue- and congestion-related traffic accidents (including a high rate of fatalities) are a serious concern in areas, such as the Bowen Basin in Queensland, with a high concentration of mines and DIDO employees. Resource companies acting collectively can have a significant impact on the accident rate by instituting mandatory regional ‘bus-in, bus-out’ policies.**

Economic impact

3.74 One of the most significant concerns for local governments is a lack of investment by resource companies in host communities. Despite the provisions made for FIFO workers (accommodation, meals and entertainment), local governments stated that they still have a significant economic impact on the region, which is not compensated for under existing models for local government funding nor resource company investment. Indeed, as has been alluded to at various points throughout this chapter, the provision of amenities to FIFO workers can limit benefits to businesses in host communities.

3.75 Many councils affirmed that they were carrying the economic burden of FIFO workers on provision of local government services and infrastructure without adequate compensation for these costs. Councils reported infrastructure shortages of:

- community infrastructure and services;
- rail and road infrastructure;
- town services, including water, road and sewerage;
- airport, including airstrip, infrastructure; and
- telecommunications infrastructure.⁴²

3.76 Local governments have little capacity to plan for their future infrastructure needs. This is because there is a lack of planning, control and forward projection of FIFO numbers and a complete absence of any robust, independent research about the real cost impact of FIFO workforces on host communities. Indeed, a recent KPMG discussion paper on the ‘infrastructure ripple effect’ suggested that the required

42 See for example: WA Regional Cities Alliance, *Submission 89*; Isaac Regional Council, *Submission 81*; Point Samson Community Association, *Submission 55*, Shire of Ashburton, *Submission 60*.

infrastructure investment to support the resources industry 'must run into several hundreds of billions of dollars'.⁴³

3.77 The Pilbara Regional Council stated that the planning framework for FIFO in the Pilbara is not soundly based because there is no real overall understanding of the number of people being impacted:

- there has been a systemic failure to establish 'existing conditions' with an under-estimation of residential population by the ABS of at least 12 000 people;
- the State planning commission has underestimated FIFO figures by 20 per cent for 2010, 60 per cent by 2015 and up to 90 per cent underestimated by 2020.⁴⁴

3.78 Little evidence of the actual dollar cost of the FIFO workforce for local governments was reported. In a report released in May 2012 on this issue by the Local Government Association of Queensland (LGAQ) found the same dearth of robust research. However, the LGAQ did report that a 2010 survey of resource community councils found the following budget impacts as a direct result of resource industry growth:

- the five-year capital outlay for eight councils totalled \$421 million or between three and 21 per cent of council budgets;
- combined capital and recurrent costs was estimated to be \$770 million;
- projected total rate revenue from increased resource activity was \$87 million, or 3.5 per cent of total expected project royalties and falling well short of estimated expenditure.⁴⁵

3.79 In addition to the infrastructure costs to a local government area, there is an impact on the indirect economy of a local region. There are very few studies of which this Committee is aware that has analysed the direct and indirect impact of the FIFO workforce on local communities.⁴⁶

3.80 The Pilbara Regional Council recently commissioned the AECgroup to undertake an economic impact assessment of the Pilbara FIFO workforce and to analyse the expenditure patterns of a FIFO versus residential worker in the Pilbara region. Based on an estimate of 33 100 FIFO workers in the region in 2011/12, the economic contribution (through expenditure at local business) was estimated to be:

- \$339 million in output;

43 KMPG, *Australia's resources boom: the infrastructure ripple effect*, 2011, p. 5.

44 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 5.

45 Local Government Association of Queensland (LGAQ), *Scoping Study: impact of fly-in fly-out/drive-in drive-out work practices on local government*, May 2012, p. 10.

46 Pilbara Regional Council, *Supplementary Submission 43.1*; John Rolfe, *Submission 63*, p. 15.

- \$180 million in gross value add;
 - \$123 million in wages and salaries.
- 3.81 In contrast, had these 33 100 workers been local residents, the local economy would have benefitted from:
- \$2 126 million in output;
 - \$1 087 in gross value add;
 - \$709 million in wages and salaries.⁴⁷
- 3.82 This constraint on economic growth through loss in expenditure reinforces constraints being imposed by a lack of affordable housing discussed above. Many councils reported being unable to fill essential positions and reported lost opportunities for economic development due to a lack of housing, 'for example, McDonalds has decided not to open a store in Newman because of the lack of affordable housing for workers.'⁴⁸
- 3.83 Despite the substantial body of work that has been undertaken for the Pilbara Regional Council it is concerning that the bulk of evidence regarding the economic impact of the FIFO workforce practice is at best anecdotal.
- 3.84 The lack of research and data available to local governments is hindering their ability to plan for future impacts on infrastructure and hindering the capacity for state governments and the Commonwealth to adequately fund local governments.

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.

47 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 6.

48 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 7.

Medical services

- 3.85 Considerable evidence was presented that FIFO workers are having an impact on the provision of medical services. Anecdotal evidence indicated long waiting times and significant additional workload burdens placed on doctors.
- 3.86 The Shire of Yilgarn, in southern Western Australia noted that FIFO workers were placing a considerable burden on the local general practitioners, particularly when managing workplace accidents and emergencies:
- we have 1 200 more people in our shire at the moment just in Koolyanobbing alone – in that area to the north. They all need a doctor. They make appointments and come in for medicals. If they have an accident on the mine, they come back in and are transported by volunteer ambulance officers. They use our medical facilities. That is another population that we have. Some of those camps have 400 people in an area no bigger than a footy field. They have their own little problems, as you are aware and as the inquiry has heard, in terms of health problems and health issues. They do demand – and command – the services of our doctor. Sometimes, with the accident and emergency in particular, the doctor is called away from the clinic to attend to someone in an emergency situation.⁴⁹
- 3.87 The increasing workload burden on doctors is impacting on doctor-patient relationships and there were some implications made that medical staff did not have the capacity to proactively manage the health of residents:
- In order that Aboriginal people to participate in the Mining Industry opportunities they must be fit and healthy and/or able to control their health status. This will not happen if services by the Health Services are not proactive and effective.⁵⁰
- 3.88 Table 3.1 illustrates the burden that FIFO workers are placing on Moranbah Medical's services, with 35 per cent of all patient presentations over the course of a month identifying their place of usual residence as a place other than Moranbah. Even excluding the seven per cent of patients that live in nearby Coppabella, Nebo and Dysart, 28 per cent of patients identify their residence as well beyond the catchment area for Moranbah Medical's services.

49 Jeff Sowiak, Chief Executive, Shire of Yilgarn, *Transcript of Evidence*, Kalgoorlie, 19 April 2012, p. 5.

50 Mary Attwood, *Submission 205*, p. 3.

3.89 Moranbah Medical also provided figures that show that non-resident patient presentations (excluding Clermont and Dysart) have risen from 18 per cent in June 2007 to 23 per cent in June 2011, with a further increase to 28 per cent in September 2011.⁵¹

Table 3.1 Moranbah Medical: Patient location, September 2011

Patient identified location of residence	Percentage of total patients seen	Number of patients
Moranbah	65	1 541
Mackay/Sarina surrounds	5	121
Clermont/Capella surrounds	5	122
South East Corner – Brisbane/Gold Coast	5	135
NSW, ACT, Victoria, WA, Tasmania, NT, New Zealand	4	83
Sunshine Coast and hinterland	3	65
Coppabella/Nebo surrounds	2	36
Bowen/Ayr/Townsville	2	49
Gin Gin/Bundaberg/Gladstone/Childers surrounds	2	47
Dysart/Middlemount surrounds	2	35
QLD – other	2	28
Proserpine/Airlie/Cannonvale surrounds	1	28
Rockhampton/Gracemere/Blackwater/Emerald	1	33
Toowoomba/Darling Downs surrounds	1	32

Source Moranbah Medical, *Supplementary Submission 2.1*

3.90 Moranbah Medical noted that non-resident worker presentations to Moranbah Hospital were also high, but was unable to provide data to support this claim. In Moranbah, as well as most other small regional centres, the same doctors service the hospital as well as provide private practice services, therefore the increased workload at one detracts from services on offer at the other.⁵²

3.91 There can be little doubt that ‘continuing to mistakenly assert that non-resident workers do not place pressure on health care and other essential services is dangerous and short-sighted in the extreme.’⁵³

3.92 Not only does a FIFO workforce place a burden on medical service providers, it restricts access to these services for local residents. However, there is a lack of consistent data about the extent of this issue and the cost to regional medical services.

51 Moranbah Medical, *Submission 2*, p. 3.

52 Moranbah Medical, *Submission 2*, p. 3.

53 Moranbah Medical, *Submission 2*, p. 4.

- 3.93 Without robust empirical evidence about the extent of the impact of non-resident workers on regional medical services, it is difficult to develop policy of funding models to address the issue.
- 3.94 Chapter 6 of this report makes recommendations about the need for better planning at the local and national level to support regional health delivery. However, this will be difficult to achieve without a baseline analysis of the impact of non-resident workers on medical services in regional resource areas.

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.

Economic diversification

- 3.95 Growth in the resources industry and an influx of FIFO workers has the capacity to bring great wealth to regional areas and, in some cases, the development of a new mine is diversifying local economies:
- ... if given the choice we would rather have fly in fly out mining as close as we do, and in some ways reaps some benefits, rather than be just an agricultural-centric town with a single facet economy and no mining interests at all.⁵⁴
- 3.96 The lack of economic diversification in many resource communities is obvious:
- It is indicative of the lack of economic diversity, that 'logo emblazoned' fluoro safety shirts are the main attire seen at the shopping centres, airports, hotels. This attire is not restricted to FIFO, neither is it restricted to males, but it does re-enforce the image of Karratha being a 'work camp' vs being the cosmopolitan community that sits below this veneer.⁵⁵

54 Hyden Progress Association, *Submission 7*, p. 3.

55 Soroptimist International of Karratha and Districts, *Submission 67*, p. 3.

- 3.97 Despite the opportunities, however, the development of a mine does not necessarily translate to diversification in the economy, and in some cases actually degrades the level of diversification already in place.

Tourism

- 3.98 Tourism is a natural focus for economic diversification for many resource communities. While some are not traditionally thought of as tourist destinations, many resource communities are located in extraordinary parts of Australia and have the capacity to promote themselves as key holiday destinations for both domestic and international travellers:

The Pilbara's natural and cultural heritage assets, such as its coastline, Karijini and the Burrup Peninsula's rock-art galleries, are planned to be 'conserved, celebrated and cherished'. In particular, the tourism sector has significant development potential, and strategies must be found to facilitate this expansion notwithstanding the various impacts, some detrimental, that resource development activities have on accommodation and services costs to visitors.⁵⁶

- 3.99 Indeed, some areas are capitalising on the resource industry and featuring tours of operations, such as the KCGM Super Pit in Kalgoorlie.⁵⁷

- 3.100 Tourism is a significant contributor to the national economy. The National Tourism Alliance (NTA) noted that tourism:

- contributes \$34 billion, or 2.5 per cent of Australia's GDP;
- generates approximately \$23 billion in export earnings, over 9 per cent of total exports;
- directly employs 500 000, 4.5 per cent of total employment, and indirectly employs 320 000;
- generates almost \$7 billion in taxation revenue; and
- in regional areas has generated over 220 000 jobs with 46 cents in every tourism dollar being spent in regional areas.⁵⁸

- 3.101 Nonetheless, while the two largest mining-dependent states, Queensland and Western Australia have a national gross value add from mining of 24 and 51 per cent respectively, the dependency on tourism is comparatively

56 Regional Development Australia Pilbara (RDA Pilbara), *Submission 98*, p. [2-3].

57 See <superpit.com.au/AboutKCGM/Tours/tabid/76/Default.aspx>, viewed 17 December 2012.

58 National Tourism Alliance (NTA), *Submission 129*, p. 2.

low. Queensland's tourism dependency is 3.7 per cent, while Western Australia has the nation's lowest tourism dependency at 2.2 per cent.⁵⁹

- 3.102 Growth is being experienced in Western Australia in the business travel sector and this is directly attributable to FIFO. Unfortunately this growth is having a significant impact on the leisure sector of the tourism industry.

Workforce shortages

- 3.103 The capacity of the tourism industry to attract and retain staff is well documented, with 30 per cent of tourism industry leaders ranking 'the shortage of skilled labour among their top three business impediments.'⁶⁰ The Tourism and Transport Forum (TTF) Australia has identified that labour and skills are the greatest supply challenge in meeting growth targets.⁶¹

- 3.104 While there are reasons specific to the tourism industry for this supply challenge, TTF Australia noted that:

The concern is acute in regional areas, where tourism operators are having difficulty finding and retaining skilled staff as they are unable to compete with the wages offered by other sectors such as resources.⁶²

- 3.105 The tourism industry is directly competing with the resources sector for labour, particularly in Queensland and Western Australia where growth in the resources sector is growing at three to four times the rate of growth in the tourism sector. Tourism Research Australia noted:

Increased wages and lower profitability and productivity of affected industries, are in some sectors reducing the incentive for investment and limiting the ability to attract capital and labour.⁶³

- 3.106 Tourism providers are also finding it difficult to house staff who are unable to pay high rental prices, the consequences of which were discussed earlier in this chapter.

Access to transport and accommodation

- 3.107 Even when tourism operators are able to find sufficient staff, access to transport and accommodation for the leisure sector is being seriously hampered by the rising trend of FIFO work.

59 RET, Tourism Research Australia, *Snapshots 2011: The Impact of the mining boom on tourism*, November 2011.

60 Tourism and Transport Forum Australia (TTF), *Submission 134*, p. 1.

61 TTF, *Submission 134*, p. 1

62 TTF, *Submission 134*, p. 2

63 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

- 3.108 Tourism Research Australia has found that flights and accommodation are being 'crowded out' by business and employment use. The Tourism and Transport Forum confirmed that 'the growth in seats to resource areas leaves a net reduction in tourism seats.'⁶⁴
- 3.109 In areas where DIDO predominates, road safety is of serious concern. The Queensland Government raised concerns about road safety in a state where road touring is popular:
- Extra road traffic generated by DIDO workers has the potential to increase traffic and reduce safety on the road networks in regional areas, making them less attractive for the self-drive touring market. The safety, reliability and efficiency of Queensland's road network has direct impacts on Queensland's tourism industry because of the regionalised nature of our population centres and tourist attractions/destinations.⁶⁵
- 3.110 Conversely, some have argued that FIFO has enabled investment in regional aviation which directly benefits tourism.⁶⁶ The aviation industry has clearly benefited from the growth in FIFO, for example, Tourism Research Australia (TRA) has found that between 2006 and 2010 the 'available seat kilometres between Perth and Karratha grew at an average annual rate ... of 25 per cent'. Similarly, the Brisbane-Mackay route has grown at an average annual rate of 14 per cent between 2001 and 2010.⁶⁷
- 3.111 However, the growth in seats does not translate to better tourist access, TRA noted:
- While there has been significant capacity growth on mining-related routes, load factors have also remained high suggesting strong demand for these additional services which potentially restricts seat availability for leisure tourists.⁶⁸
- 3.112 A number of submissions also complained about companies 'block booking' aisle and window seats on commercial flights, resulting in families being unable to sit together and the presence of FIFO workers at small regional airports. Many comments were also made about the appearance of workers going directly from a shift to a flight:
- When I do manage to get a booking I notice they have a hefty contingent of 'orange jackets' flying. They are often quite objectionable in presentation in that they are not socially clean in

64 NTA, *Submission 129*, p. 3.

65 Queensland Government, *Submission 109*, p. 13-14.

66 CMEWA, *Submission 99*, p. 17; Queensland Government, *Submission 109*, p. 13.

67 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

68 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

dirty working clothes, exude the smell of stale alcohol and exhibit rowdy behaviour. It is a relief to get off at the other end!⁶⁹

Area for corporate action – reducing impact on regional airports

3.113 A number of local councils noted that they would like to have a process put in place that would streamline on-site check-in for workers so they were transported directly to the flight rather than waiting at the airport and impacting on the amenity for leisure and local travellers.

3.114 Where leisure travellers are able to access airline seats, they have difficulty sourcing accommodation. Shortage of tourist accommodation is seen as a key impact on the decline in tourist activity levels in some resource areas. The NTA noted:

Tourism is losing accommodation and product capacity as bed stock is taken over by corporate and FIFO along with accompanying price rises. In some cases, destinations have become virtually off-limits to leisure tour operators as all available accommodation has been contracted to mining operators, for up to 6-10 years in some cases.⁷⁰

3.115 Research undertaken by Tourism Research Australia supports this finding. Across the country, business nights as a reason for travel have declined in all states except Queensland and Western Australia, with 30 per cent of business nights in regional Australia attributable to FIFO workers.⁷¹

3.116 Indeed, the percentage of FIFO visitor nights as on overall proportion of business nights is growing across all regions engaged with the resources industry. As demonstrated in Figure 3.1, over 40 per cent of business nights in some regions are attributable to FIFO.⁷²

3.117 This is concerning because increased accommodation prices push travel to affected communities out of the average leisure traveller's affordability, and in some cases removes them from the leisure market altogether. The Town of Port Hedland stated:

Currently the Town of Port Hedland has no backpackers facilities ... and there is little incentive for anyone to operate a backpackers accommodation business when they can rent out their premises to FIFO companies for in excess of \$2 000 per week.⁷³

69 Margaret Christie, *Submission 120*.

70 NTA, *Submission 129*, p. 4.

71 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

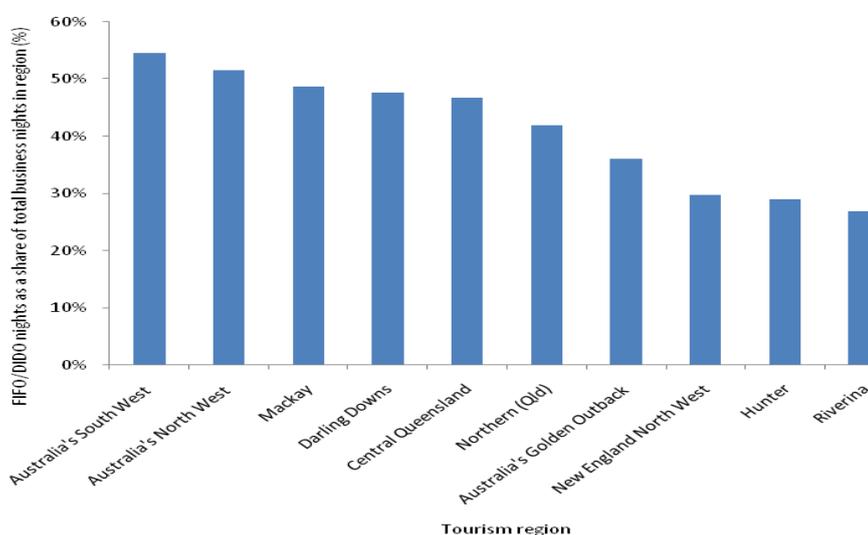
72 RET, *Snapshots 2011: The Impact of the mining boom on tourism*.

73 Kelly Howlett, *Submission 59*, p. 1.

3.118 Cobar Business Association outlined the conflict they feel about rising occupancy rates as opposed to the downturn in tourism capacity of the town:

While it is good that our local motels are fully booked, it makes it very difficult for other businesses in town, including the local Council and contractors, to find accommodation for visiting professionals. It also has a significant impact on our local tourism industry with many tourists who intended to stop in Cobar forced to continue their journey due to a lack of accommodation options.⁷⁴

Figure 3.1 FIFO/DIDO visitor nights as a proportion of business nights, 2010



Source Australian Government, Department of Resources, Energy and Tourism, *Tourism Research Australia, Snapshots 2011: The Impact of the mining boom on tourism, November 2011* from National Visitor Survey 2010.

3.119 Regional tourists expressed frustration at this situation. For instance, Diana and Gordon Plowman stated that, during two trips covering 12 000 kilometres of outback Queensland, they could not find weeknight accommodation in many towns and advance bookings were cancelled with little notice due to block company bookings.⁷⁵

3.120 The Queensland Government noted:

The FIFO/DIDO model has the potential to reduce the capacity of regional Queensland to benefit from tourism. For example, tourist accommodation in local towns that would typically be used by leisure visitors may be utilised - particularly during the pre-construction and construction phases, by the FIFO/DIDO

74 Cobar Business Association, *Submission 38*, p. 2

75 Diana and Gordon Plowman, *Submission 20*.

workforce, putting pressure on the availability of tourist accommodation. In some cases, employers of FIFO/DIDO workers have booked out accommodation premises for an extended period of time, even if not fully utilised. In other cases, mining companies have purchased accommodation premises (e.g. caravan parks). Reports of complaints from travellers about the unavailability of accommodation in towns that tourists wish to visit are not isolated. As a result, these destinations have lost these visitors and the economic benefit (in terms of expenditure) tourists would have otherwise brought.⁷⁶

- 3.121 A decline in tourism service capacity not only has serious consequences for individual business operators, but also has consequences for the ability of towns and regions to develop an economically diverse base that will be sustainable beyond the life of the supporting mine.

Business development

- 3.122 One of the key complaints about FIFO related to the failure of accommodation providers to source basic services from the local community:

There are concerns at the lack of investment from FIFO dominated projects in regional communities. There is evidence of projects in the Pilbara which have assessed the production change and found that there was effectively no input or integration with the local or regional economy. Even to the extent some projects weren't even buying basic services such as bread from the region - even though there were suitable providers of this.⁷⁷

- 3.123 The co-location of work camps containing mini supermarkets, bars and other services, despite the town's facilities being in close proximity, erode what little benefit the camps could provide.
- 3.124 Whilst communities may have service providers willing to provide goods and services, they may not have the capacity to meet the supply demand. Geoff Dearden, General Manager Development of The MAC Service Group, a national accommodation supplier, stated that some local suppliers had been able to grow with The MAC's growth:

When the business started 10 or 12 years ago it was obviously much smaller. We started buying meat through a local butcher in Mackay for the Bowen Basin sites. We still use that same butcher.

76 Queensland Government, *Submission 109*, p. 13.

77 City of Greater Geraldton, *Submission 111*, p. [11].

He supplies 7 000 meals a day. He has decided to invest with us and we have remained loyal to him. So there is that opportunity.⁷⁸

- 3.125 Understandably, Mr Dearden noted that one of The MAC's purchasing criteria is supply certainty to ensure the capacity to deliver services 24 hours a day, seven days a week and small businesses in regional centres are often unable to meet this requirement.
- 3.126 The Pilbara Regional Council also noted that the provision of FIFO trade and service industries restricted the availability of these services to the local community:
- These arrangements operate to the severe detriment of local residential communities. More specifically the FIFO services (eg. Electricians and refrigeration engineers) are restricted in their operations to the resource operations and are not available to the general population. Furthermore, potential, locally based services which do not have access to resource based work are unable to survive servicing the domestic market alone. Often, the result is local communities are deprived of many of the services and trades which would normally be found in communities of comparable size.⁷⁹
- 3.127 The Committee took significant lessons from its experience in Newfoundland and Labrador in Canada about development of local businesses through community benefits plans. In short, for a resource company to operate in the province, they must adhere to a community benefits plan. These plans cover local hiring, Indigenous and gender equity plans, contribution to infrastructure and skills development and supplier development.
- 3.128 For example, the Hebron offshore petroleum community benefits agreement specifies the following activities to take place in the Province:
- fabrication and construction in the Province;
 - front-end engineering and design (specified 50 000 person hours);
 - detailed engineering (specified 1.2 million person hours);
 - project management office in the Province (specified one million person hours plus locals-first employment);
 - procurement and contracting (proponents will develop local supplier capacity);

78 Geoffrey Dearden, General Manager, Development, The MAC Services Group Pty Ltd, *Transcript of Evidence*, Brisbane, 25 May 2012, p. 32.

79 Pilbara Regional Council, *Supplementary Submission 43.1*, p. 7.

- research, development, education and training (\$120 million contribution to local supplier development and \$1 million to local tertiary education institutions for project skills development); and
 - gender equity and diversity planning.⁸⁰
- 3.129 Recognising that the Hebron Project is a long-term project for the region, the industry stakeholders and the local and provincial governments have addressed the need to build in-province capacity – both in terms of skills and local small business capacity.

Area for corporate, state/territory action – small business capacity development

- 3.130 In many small towns, particularly the new resource areas, local businesses may not have the capacity to service FIFO operations whether camp services, workforce training or product development. However, with some capacity development, many local businesses may be able to position themselves to take advantage of service delivery to the FIFO workforce.**
- 3.131 Furthermore, despite the apparent opportunities for Aboriginal companies to establish business relationships with resource companies, there is a lack of support for them in navigating mining and business regulations.⁸¹
- 3.132 In Mongolia, the Committee learned that as part of community engagement alongside the Oyu Tolgoi mine, Rio Tinto is supporting the growth of small businesses in the nearby town of Khanbogd that will eventually become the residential community servicing the mine. This very small community currently does not have the capacity for rapid expansion, but by assisting businesses to develop in a sustainable manner, Rio Tinto envisions that the town will be able to grow with a diversified economy.⁸²

80 Government of Newfoundland Labrador, Department of Natural Resources, *Hebron Royalties and benefits*, <nr.gov.nl.ca/nr/energy/petroleum/offshore/projects/hebron_royalties.html> viewed 31 October 2012.

81 Mary Attwood, *Submission 205*, p. 7.

82 Meetings held Wednesday, 5 September 2012, Oyu Tolgoi mine and Khanbogd town, southern Mongolia.

- 3.133 The Commonwealth Government recently established a Small Business Commissioner to provide information, advice, advocacy and representation of small business interests. The Committee believes that one of the Commissioner's key priorities should be to develop initiatives to build supply capacity in resource communities.

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.

Choice

- 3.134 It was argued consistently throughout the inquiry that FIFO work practices were necessary because workers needed to be afforded choice about where they lived and worked. However, it was clear that the impact of FIFO work practices was effectively limiting the capacity of workers to choose to relocate closer to their workplace due to high housing costs, limited education opportunities and, in some cases, mandatory FIFO positions.
- 3.135 The Committee encountered disturbing reports that existing residential workers were being forced onto FIFO contracts, despite a desire to remain as residential employees:
- My husband has been told that his contract will now be fly-in fly-out. If he wishes to take that contract up, it is his choice. He has worked for the company for 26 years and we have lived up here [Karratha] for 28. 'The time has come whereby your job now is fly-in fly-out, whether you like it or not.'⁸³
- 3.136 The assertion that locally-based permanent workers are being forced to work FIFO and live in accommodation camps is deeply concerning. While the Committee does not accept the arguments for imposing FIFO quotas, it does believe that all permanent FIFO positions should be identified and have justified reasons for not being locally based.

83 Joanne Pritchard, Friendship Co-ordinator and Past President, Soroptimist International of Karratha and Districts, *Transcript of Evidence*, Karratha, 28 March 2012, p. 4.

- 3.137 FIFO is often the best employment practice for a construction workforce. However, for permanent workforces, the Committee is of the very strong opinion that FIFO should only be used in very limited circumstances.
- 3.138 It would be inappropriate to recommend mandatory residential or FIFO levels. These are matters for local and state governments and employees and employers to negotiate. However, there are very many things that can be done to encourage the growth of a residential workforce.

Community benefits

- 3.139 One of the key lessons that the Canadian experience may provide Australia is the use of community benefits plans. Impact benefits agreements with local Indigenous communities are a common feature of resource development, particularly in Western Australia, but are often focussed on compensation for land use. While resource companies are very aware of their role as contributors to community infrastructure, this happens in an ad-hoc manner, contributing to the perception that companies do little to build residential towns.
- 3.140 The community benefits plans in place in Canada focus less on compensation and ad-hoc provision of facilities and more on building community sustainability and economic diversity, including local business and skills development as noted above.
- 3.141 Community benefits plans are linked to mine approval, and required through whatever powers the local government or province may have – including in some case being required for environmental approvals.
- 3.142 Some of the features of community benefits plans include:
- local hiring targets including specified in-Province employment hours;
 - in existing communities, FIFO limited to construction, with permanent employees allowed to FIFO on an exception-only basis;
 - negotiated layout of FIFO camps – for example, locating camps close to town with studio rooms that include a kitchen and no mess or bar facilities so that workers must purchase food locally;
 - designing FIFO camps to integrate to the urban landscape of the town and ensuring that the design can be put to alternative uses when no longer required as FIFO accommodation;
 - housing development and infrastructure upgrades; and
 - seasonal mining employment for university students and agricultural workers.

- 3.143 In addition to community benefits plans, some companies had also negotiated specific Aboriginal FIFO plans that identified Aboriginal communities that wanted to either run FIFO camps or take advantage of FIFO employment.
- 3.144 Similar to some of Australia's Indigenous communities that have access challenges during wet/dry seasons, some of Canada's Aboriginal communities are isolated until winter opens ice roads so they were being engaged in seasonal employment which has a range of community benefits, including suiting cultural obligations.
- 3.145 Newfoundland and Labrador provincial authorities advised that the community benefits plans were mandatory for any resource development and included monthly reporting requirements. Officials also noted that companies had accepted the need for community benefits plans and time had shown that they did not impact on profitability or competitiveness.
- 3.146 The resource companies are not alone in implementing community benefit agreements. Alongside company commitments, the provincial government supported business growth through targeted investment in skills and business development to bring local companies up to a competitive level.
- 3.147 Indeed, resource companies stated that they embraced the community benefits plans as they put structure around what otherwise was ad-hoc (even if significant) contribution to the community.
- 3.148 The Committee acknowledges that many resource companies do make significant contributions to communities and there are many company-supported initiatives funded by resource companies. All of the companies and industry organisations that provided evidence to the inquiry expressed their commitment to community support initiatives.
- 3.149 The Chamber of Minerals and Energy of Western Australia (CMEWA) has issued guidelines regarding best practice FIFO integration.⁸⁴ The eight guiding principles to apply best practice in FIFO integration reflect the evidence received during this inquiry.
- 3.150 However, many local councils advised that infrastructure investment is focussed largely on 'headline' projects such as new swimming pools and sporting facilities without legacy maintenance funding.⁸⁵
- 3.151 The rise in the use of FIFO workforces and the degradation of regional communities, both actual and perceived, means that corporate support

84 CMEWA, *A Matter of choice: Capturing the FIFO opportunity in Pilbara Communities*, April 2012.

85 For example, see Darryl Gerrity, Mayor, West Coast Council, *Transcript of Evidence*, Melbourne, 14 June 2012, p. 29.

needs to be undertaken in a way that is more strategic, transparent and accountable.

- 3.152 Very few resource communities stated that they did not want growth in mining operations, they simply want more consideration taken of their communities in the process. Part of the frustration by local governments was focussed on their exclusion from the approvals process and lack of engagement with resource companies in productive and proactive planning.
- 3.153 There is a clear lack of empirical evidence about the social impact of FIFO workforce practices on communities. However, it is clear from the anecdotal evidence that residents' experiences of FIFO are overwhelmingly negative.
- 3.154 Although social impact assessments are undertaken for all new and expanded mining operations and these are used to inform the approvals process, councils argued that the assessment outcomes focused more on state than local priorities.

Area for corporate, state/territory action – social impact assessments and community benefits plans

- 3.155 **The Committee encourages the implementation of more rigorous social impact assessments and community benefits plans mandated as part of any mine approval process.**
- 3.156 Social impact assessments are generally undertaken for state approvals processes and requirements vary across jurisdictions. Queensland currently has the most rigorous scheme, but local governments often feel excluded from the process and outcomes. The Committee urges all state the territory governments to implement the requirement for social impact assessments prior to any mine approval and fully involve local governments in the consideration of these assessments.

Local government involvement in planning

- 3.157 Local governments are key stakeholders in the management of the impact of FIFO workforces, however they have limited opportunity to influence these impacts at the key stage of regulatory approval.
- 3.158 For example, the Pilbara Regional Council stated:
- Section 120 of the Western Australia Mining Act 1976 limits the authority of local government based town planning schemes, (although there is significant debate as to precise limits imposed by this particular legislation);
 - The operators of most of the more major and established resource projects, particularly those relating to iron ore and

natural gas (both of whom are major employers), have entered into agreements with State government of Western Australia and those agreements are enshrined in statute (ie “State Agreements”). These pieces of legislation often limit local government input to planning processes to little more than consultation; and

- In many cases, the “State Agreements” referred to above limit, or restrict completely, the ability of local governments to collect anything other than minimal “Unimproved Value” (UV) rates, of operations which are internationally commercially significant.⁸⁶

3.159 Similarly in Queensland, local councils raised the following concerns about the resource approval process:

- tenure approval process – non-transparent tenure approval process and inadequate local government consultation and time to respond to applications;
- no legislative requirement to notify councils of tenure applications, therefore councils are often unaware of applications until approval has been granted and cannot adequately plan for their impact;
- no requirement for social impact management plans to be incorporated in environmental impact statements;
- no processes to financially compensate councils for the workload associated with participating in the approvals process.⁸⁷

3.160 As discussed above, resource companies should not be responsible for service provision as part of their core business; however, they and state governments are failing to adequately communicate the extent of a FIFO workforce to those responsible for planning.

3.161 The need for better planning was consistently repeated throughout the inquiry, but most local governments simply do not have the basic information they need to plan for services:

The region needs better planning – but this would mean coming up with a better / different way of counting the users of services. At the moment nobody is even sure of how many people there are at any given time in Moranbah, so planning around service provision is simply not possible.⁸⁸

86 Pilbara Regional Council, *Submission 43*, p. 8.

87 LGAQ, *Scoping Study: impact of fly-in fly-out/drive-in drive-out work practices on local government*, May 2012, pp. 13-14.

88 Moranbah Medical, *Supplementary Submission 2.2*, p. 2.

3.162 The Queensland Resources Council (QRC) argued that the shortfall in service provision is not the fault of FIFO workers, but rather a failure of government planning for infrastructure and service provision.⁸⁹ The Committee agrees with this argument to some extent, however, where resource companies are injecting a significant additional population in the form of FIFO workers to a region, they have some responsibility to ensure that these workers have adequate access to services – even if only through the provision of information to assist local councils with early planning.

Area for corporate, state/territory action – earlier engagement with local councils

3.163 Local governments, as the key service providers in local communities, as well as being the group that can communicate with local businesses about future growth and planning needs, must be involved at an earlier stage of the planning process.

Royalties for regions and local government capacity

3.164 The Western Australian Government's 'Royalties for Regions' program was cited regularly throughout the inquiry as a significant driver of growth capacity in the resource communities of Western Australia. The program reinvests 25 per cent of mining and onshore petroleum royalties into regional Western Australia to fund projects in health, education, community assets and infrastructure, housing and water.⁹⁰

3.165 Western Australian local governments largely supported the scheme and the Committee was impressed by the number of developments it observed in communities as a direct result of the funding. Regional Development Australia Pilbara (RDA Pilbara) stated:

Potentially the cornerstone of planned and positive change in the Pilbara Region is a new approach by the State Government, encapsulated in its Pilbara Cities Vision and in the Royalties for Regions initiatives and funding programs. These are intended to change forever any remaining perceptions of the Pilbara as a group of mining towns and with little to offer lifestyle-wise apart from the richness of the Region's natural attractions.⁹¹

3.166 Queensland councils called for similar royalties schemes to be put in place.⁹² In late November 2012 the Queensland Government made a commitment of funding under a 'Royalties for the Regions' scheme,

89 QRC, *Submission 125*, p. 17.

90 RDLWA, <rdl.wa.gov.au/royalties/pages/default.aspx>, viewed 10 December 2012.

91 RDA Pilbara, *Submission 98*, p. [9].

92 Mt Isa Shire Council, *Submission 162*; Isaac Regional Council, *Submission 81*.

although this is a base level of funding, and substantially less funding than available in Western Australia.⁹³

- 3.167 The inquiry heard a range of stories from local governments about the investment that companies were making in local communities that ranged from the very positive to the non-existent. Some argued that the payment of royalties was making companies reluctant to make additional investment:

Before the royalties came in, we got a far better response than we are getting at the moment. Now that royalties have come in, the mining companies turn around and say to us, 'We're paying royalties to the state government; therefore we shouldn't have to double-dip to assist you with building roads and so forth.' ... we do not have any formal structure but we do have regular meetings with them and we do impress upon them the need to be part of the community, to be good citizens and to make some contribution.⁹⁴

- 3.168 The MCA identified that there is a need for increased capacity in local governments:

Local governments in several jurisdictions struggle to provide services in the rapidly changing environment to populations with increasingly high expectations. In Western Australia local governments are struggling to manage the large inflow of funding generated through the Royalties for Regions scheme. In some cases a shire's operating budget has doubled but has not been accompanied by an increase in staffing levels necessary to effectively manage the increased budgets. There is a need for the capacity of local governments to be enhanced, particularly those that are receiving Royalties for Regions funding to maximise their potential for delivering desired outcomes.⁹⁵

- 3.169 Local councils need greater support to develop the skills base and capacity to effectively service resource communities. All the local government representatives that the Committee met over the course of the inquiry were highly skilled individuals who were serving their communities effectively and professionally. However, many also recognised the need for greater support in managing their ever-widening portfolio of responsibilities.

93 The Western Australian program is a \$6.5 billion program compared to a \$495 million initial investment followed by a \$200 million annual investment by the Queensland Government.

94 Peter Patroni, OAM, JP, Shire President, Shire of Yilgarn, *Transcript of Evidence*, Kalgoorlie, 19 April 2012, p. 3.

95 MCA, *Submission 118*, p. 12.

- 3.170 Accordingly, the Committee is recommending that the Commonwealth Government, in consultation with state and territory governments other appropriate stakeholders, identify areas where local governments affected by FIFO work practices would benefit from enhanced skills sets and develop training programs to meet the needs of senior officials in local government bureaucracy.

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.

Housing affordability

- 3.171 A key issue encouraging the use of FIFO is the lack of housing availability and affordability in resource communities. A basic lack of available housing is pushing prices beyond the reach of many workers and making resource towns an unattractive option for new residents.
- 3.172 The primary cause of the current accommodation crisis in resource communities is a lack of adequate planning and appropriate land release.
- 3.173 FIFO is not the solution to housing affordability in resource communities. The continued failure to address this issue simply has a flow-on effect for non-resource, or 'source' communities. For example, the cost and lack of availability of housing in Moranbah has pushed up the cost of housing in Mackay and, as in resource communities, service workers in Mackay are now struggling to find affordable accommodation.

The consequence of unaffordable housing in resource communities

- 3.174 High housing costs are not only discouraging permanent migration to regional towns, but encouraging permanent residents to 'cash out' by selling their properties for a high price and moving to more affordable towns and cities – many choosing to take up FIFO work back to the original town.
- 3.175 Service workers including teachers, doctors, police officers, public servants and council workers are being forced to move due to a lack of

affordable accommodation and small business owners report difficulties recruiting workers simply due to a lack of affordable accommodation.

3.176 The Moranbah Traders Association stated:

We have plenty of examples of businesses in this town already having major difficulties obtaining staff, including my own – but I am only a small example. There are people being forced to leave town because they cannot afford to live here.⁹⁶

3.177 In the Pilbara, it is common practice for employers, including those outside of the resources sector, to provide accommodation to their employees. However, as the cost of accommodation increases, this practice is becoming unsustainable. In Karratha, the Shire President advised:

If you have a small business, you cannot shell out \$1 million to accommodate a worker who earns \$35 000 a year, and the reality is that, if you work in retail, that is what you do earn.⁹⁷

3.178 Not only is this encouraging residents to leave their home town, but it is discouraging workers who want to relocate their families to resource communities. Rio Tinto stated that 'there is a shortage of available housing in Clermont and a waiting list of employees wanting to live locally.'⁹⁸

3.179 In fact, many Rio Tinto projects have had to turn to FIFO (or DIDO) practices as a result of the lack of available housing:

DIDO options for RTA employees and major contractors at Gladstone are being reviewed as a consequence of critical regional housing affordability and availability issues.⁹⁹

3.180 Due to the high demand for accommodation within resource communities, even basic housing is increasingly beyond the financial reach of people within the community. A local school teacher in Karratha stated that she loved teaching in regional areas, but housing affordability and infrastructure is a major burden on teachers:

For my little flat here and thank God we get a stipend from CEO [Catholic Education Office], costs \$1 200 a week. I pay what I would pay in Perth, which is \$160 a week, so the Catholic Education Office actually has to pick up that extra cost so I can teach here in the Pilbara.¹⁰⁰

96 Peter Finlay, President, Moranbah Traders Association, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 13.

97 Lynne Craigie, Shire President, Shire of East Pilbara, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 15.

98 Rio Tinto, *Submission 149*, p. 8.

99 Rio Tinto, *Submission 149*, p. 10.

100 Sheila Frye, *Transcript of Evidence*, Karratha, 28 March 2012, p. 38.

- 3.181 In Moranbah, available accommodation presented as a major obstacle to permanent residency:

... Moranbah is well placed to ... attract doctors. I think the work is interesting. It is financially rewarding for them, and there can be clear career pathways as well with the age of the current practice owners. The major challenge is accommodation. We have long been lobbying for some kind of a partnership between various stakeholders in terms of putting together some kind of a medical workforce housing precinct. Possibly – this is just pie in the sky – Queensland Health provide land; council, you possibly do this; industry, that and have a real collaborative effort to put together some kind of a precinct. You might have a couple of duplexes, some units and a full family home, because that is the other thing: doctors come in all shapes and sizes. Expand that not just for doctors but for the medical workforce, because the pharmacies are in the same boat. The physios are in the same boat. The dentists – that is another story. It is about attracting and retaining health professionals to this town, not just doctors. That is the first thing, and for us what has been key is affordable accommodation.¹⁰¹

- 3.182 The cost of accommodation is having an even greater impact on financially vulnerable members of the community. In Mackay:

That is where the problem starts with accommodation for the employees of small businesses, even for the small businesses themselves, for young people, for unmarried mums and the elderly who want to stay in town because all their family is there.¹⁰²

- 3.183 Apprentices and those who are undertaking tertiary education are frequently unable to afford to live in their home town. In Karratha, a high school student stated:

I think the cost of rent affects people's choice to stay here. For us, next year, if we do not work at the mining stuff, it will be hard to pay the rent because it is quite high so most kids are resorting to moving down to Perth where the housing is a bit cheaper.¹⁰³

101 Laura Terry, Practice Manager, Moranbah Medical, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 5.

102 Jim Pearce, Community Advocate, Central Queensland Resource Communities, *Transcript of Evidence*, Mackay, 23 February 2012, p. 23.

103 Danielle Upton, Student, Karratha Senior High School, *Transcript of Evidence*, Karratha, 28 March 2012, p. 30.

3.184 The lack of affordable and available accommodation is also impacting the availability of housing for Indigenous Australians in Western Australia. In Port Hedland:

All of this is happening while some local Aboriginal people live in tents and makeshift camps in the shadow of 1,000-room fly-in fly-out camps.¹⁰⁴

3.185 An Aboriginal elder confirmed this: 'What I am saying here is that we are getting blocked off. As Aboriginal people, we cannot get houses.'¹⁰⁵

3.186 In Narrabri, Centacare referred to the difficulties in sourcing emergency accommodation for their clients, including: youth, families, people from Indigenous and culturally and linguistically diverse backgrounds and people impacted by mental health and homelessness:

Competition for such bedspace was challenging prior to the roll out of the FIFO mine workforce. Competition for such bed space has since become impossible. Bedspace is pre-booked well in advance by the mines and contracting companies.¹⁰⁶

3.187 Despite this desperate need for affordable housing, the Social Housing Initiative (SHI), a part of the Nation Building Economic Stimulus Program¹⁰⁷, constructed very few social housing dwellings in resource communities. The program constructed three dwellings in Karratha; two in South Hedland; nine in Roebourne and fourteen in Kalgoorlie.

3.188 There is high demand for social housing across Australia, but it is disappointing that the lack of available social housing in resource communities has not attracted greater attention from the Government. The Committee is concerned with the frequency with which people in resource communities are being pressured to leave their homes and towns as a result of the high cost of housing.

104 Robert Neville, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 24.

105 Patricia Mason, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 27.

106 Centacare, *Submission 207*, p. 2-3.

107 The Nation Building Economic Stimulus Program is a key component of the Commonwealth government's stimulus strategy. It has provided approximately \$27 billion towards more than 48 000 short and medium term building construction projects. For more information regarding the program see: <economicstimulusplan.gov.au/pages/default.aspx>

3.189 Many residents who own their homes are taking advantage of the high market values to 'cash out' and move to more affordable areas. Allen Cooper, the Chief Executive Officer of the Shire of East Pilbara described this trend:

To use the term, they have snatched the money and ran. They have actually left town. You are losing people who have a good connection with the town and who have been there for a long time. You are losing local knowledge.¹⁰⁸

Case Study - Karratha Service Workers Accommodation

The Karratha Service Workers Accommodation project was supported by the Royalties for Regions program (the program). The program allocated \$30.4 million in funding to deliver 100 affordable rental accommodation units with the facility to house up to 250 eligible people in the Warrambie Estate in Karratha.

To be eligible¹⁰⁹ for a Karratha Service Workers Accommodation lease, a worker must:

1. Be employed in a job designated as providing an essential service to the community. This may be in:
 - a. a not-for-profit, non-government organisation;
 - b. a local, state or federal government department where the services are located in the Shire of Roebourne and directly service these communities;
 - c. a business enterprise providing services within the Shire of Roebourne.
2. Due to income constraints require assistance in finding suitably priced accommodation and may be still eligible for Governmental rental assistance. .
3. Provide services to the broader community and not directly or largely to the Resources Sector Clients.

The proposed weekly rents are: \$300 per week for a one bedroom home; \$400 per week for a two bedroom home and \$500 per week for a three bedroom home.¹¹⁰

Fiona White-Hartig, the Shire President for the Shire of Roebourne, expressed her support for the program and the Council's appreciation of the State Government's support; however she also warned that although the rates were comparatively less expensive, they might still not be 'affordable' for many members of the community.

3.190 Those who are renting must choose between attempting to keep up with the crippling high rents and leaving their home town. In Moranbah 'the reality is those price pressures remove all choice for families in housing and their capacity to live in our region'.¹¹¹

108 Allen Cooper, Chief Executive Officer, Shire of East Pilbara, *Transcript of Evidence*, Port Hedland, 29 March 2012, p. 15.

109 For the list of eligibility criteria see: <nvlifestyledevelopments.com.au/apply-now/am-i-eligible.aspx> viewed 1 November 2012.

110 Western Australian Department of Regional Development and Lands (RDLWA), *Warrambie Estate*, <nvlifestyledevelopments.com.au/karratha/home.aspx> viewed 1 November 2012.

111 Cr Baker, *Transcript of Evidence*, Moranbah, 22 February 2012, p. 21.

- 3.191 The housing crisis is limiting the options available to people to both work and live in resource communities. The high cost of housing is making the choice to live in resource communities less and less feasible.

One solution – adequate land release

- 3.192 The only way to adequately address housing affordability is a staged, planned, process of land release. The availability of land for the development of new housing in resource communities is essential to increasing the supply of affordable housing. The support of state governments is essential for successful planning and development of large housing projects in resource communities.
- 3.193 In the Pilbara, the West Australian Planning Commission (WAPC) is working closely with local government in the form of the Pilbara Regional Planning Committee. In January 2012, the WAPC released the Pilbara planning and infrastructure framework which provides a detailed outline of the Pilbara Cities vision, a strategic plan for the development of the Pilbara region over the next decade and beyond.
- 3.194 The Queensland Government has shown itself to be less willing to develop its regional towns, instead encouraging the use of FIFO workforce practices in towns such as Moranbah. The situation in Moranbah is complicated by the existence of mining leases close to the town but a history of state government decisions have nonetheless played a role in shifting the balance in Moranbah from residential to FIFO.
- 3.195 The Queensland Urban Land Development Authority (ULDA)'s approval of the MAC Village over the development of permanent residential dwellings illustrates not only an unwillingness from the State Government to consult and work together with local government, but also implies that it favours the development of FIFO over the development of Moranbah itself.
- 3.196 In contrast, the Western Australian government, in collaboration with local councils and traditional land owners, has been involved in a number of land release and development projects in the Pilbara and Goldfields resource regions. In Karratha:

The state government through Landcorp and its other agencies has been involved getting some major developers involved in what are called broadacre developments, so this is not just about providing housing but providing the other infrastructure, the villages within

the new communities and so on. There is an enormous amount of work being done there.¹¹²

Case Study – Isaac Regional Council

In the resource community of Moranbah, in Queensland's Bowen Basin, the Isaac Regional Council is struggling to come to terms with the Queensland Government Urban Land Development Authority's (ULDA) decision to support the development of a 3 258 room FIFO accommodation village on land which could be used to develop more than 750 permanent residences.

The town's proximity to existing and planned mining developments means that land zoned for residential purposes is extremely limited. The Council described the approval of this development as, 'reprehensible and tantamount to future planning vandalism.'¹¹³

The Council has strongly urged with the Queensland Premier to avert the planned development, stating that, 'the ULDA has arrogantly and disgracefully ignored our community at every turn on this development.'¹¹⁴

Area for state/territory action – land release

3.197 The Mayor of the most famous of Canadian FIFO-impacted towns, Fort McMurray in Alberta, advised that the solution to managing a FIFO workforce is to make land available for housing. However, this can only be adequately managed with the capacity to plan with the support of robust and reliable research about current and future population and workforce intentions.¹¹⁵ This must be undertaken with some caution so as not to undermine the current market in resource communities.

Commonwealth assistance

3.198 Commonwealth departments outlined programs currently available to assist people struggling to afford housing.

3.199 These programs include the:

- Housing Affordability Fund (HAF);
- Building Better Regional Cities Program (BBRC); and
- National Rental Affordability Scheme (NRAS).¹¹⁶

112 Ian Hill, Consultant, Regional Development Australia Pilbara, *Transcript of Evidence*, Karratha, 28 March 2012, p. 11.

113 Isaac Regional Council, *Submission 81.1*, p. 2.

114 Isaac Regional Council, *Submission 81.1*, p. 8.

115 Meeting held 31 August 2012, Fort McMurray, Alberta, Canada.

116 Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), *National Rental Affordability Scheme*, <fahcsia.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme/about-the-scheme-overview> viewed 31 October 2012.

- 3.200 The projects being undertaken as part of the HAF and the BBRC are currently focusing on FIFO source communities such as Geraldton, Mackay and Broome but do not provide affordable housing in resource communities.
- 3.201 The NRAS is equally ineffective in resource communities. Under the NRAS, incentives are provided to successful applicants for each dwelling which is rented to eligible low and moderate income households at a rate that is at least 20 per cent below the prevailing market rate.¹¹⁷ However, in resource communities, many families and individuals who are unable to afford housing are not considered low to moderate income and therefore would not be eligible for assistance under the scheme.
- 3.202 Additionally, as a result of the incredibly high rents, which often exceed \$2 000 to \$3 000 per week, the scheme does not provide sufficient financial incentive offered to encourage owners to offer their properties at 20 per cent below the prevailing market rate.

National Housing Supply Council

- 3.203 The National Housing Supply Council (NHSC) was established in 2008 by the Commonwealth Government to monitor housing demand, supply and affordability in Australia. In its most recent State of Supply Report, little attention is given to the housing crisis in resource communities. The only mention that the report makes is:
- In addition, regional issues – such as a spike in demand and housing prices occasioned by a mining boom – may have a displacing impact on a wide cross-section of affected communities. This may endure in regional economies that fail to attract a significant supply response because of risks associated with a narrow economic base or volatile resources price.¹¹⁸
- 3.204 The State of Supply Report highlights a number of areas for further research over the next two years, one of which is a more detailed review of regional, provincial and city submarkets across all tenures and how they interact.¹¹⁹

117 FaHCSIA, *National Rental Affordability Scheme*, <fahcsia.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme/about-the-scheme-overview> viewed 31 October 2012.

118 National Housing Supply Council (NHSC), *Key findings of the 2011 State of Supply Report*, 2011, p. 112.

119 NHSC, *Key findings of the 2011 State of Supply Report*, 2011, p. xx.

Committee comment

- 3.205 Accommodation is not a new issue in resource regions, in 2008, the Senate Select Committee on Housing Affordability recommended that the Commonwealth Government, 'develop a coordinated response to the housing affordability crisis in the Pilbara.'¹²⁰ However, there appear to be no future plans for programs tailored to target the accommodation crisis which is decimating Australia's resource communities.
- 3.206 The Committee has received no evidence that current Commonwealth programs are able to provide the essential assistance required. The programs are too broad and do not take into account the unique circumstances of the housing crisis in resource communities.
- 3.207 Measures must be undertaken to find a solution to housing affordability in resource communities without simply pushing the problem onto 'source' communities through the use of FIFO workforces.
- 3.208 The National Housing Supply Council is best placed to develop a strategy for addressing the supply of affordable housing in resource communities and this must be completed as a matter of urgency.

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.

¹²⁰ Senate Select Committee on Housing Affordability in Australia, *A good house is hard to find: Housing affordability in Australia*, June 2008, p. 130.