

This submission to the House of Representatives Standing Committee on Regional Australia is submitted by the Busselton Chamber of Commerce and Industry in response to the *Inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia*

In presenting this submission it is necessary to provide a brief background.

The Busselton Chamber of Commerce and Industry represents some 500 businesses in the Busselton region, which is located 230 kilometres south of Perth. We have a limited direct involvement in the resources industry but a substantial interest in Fly-In-Fly-Out (FIFO). It is estimated that approximately 5,000 employees, who are employed on a FIFO basis, are resident within 100 kilometres of Busselton. The vast majority of these employees travel to Perth and fly from there to various mining destinations within Australia and overseas. However, in 2007 an opportunity was identified, through the Chamber, to utilize the Busselton Regional Airport as a departure and arrival point for FIFO employees. This opportunity was negotiated with Rio Tinto, in particular, and in November 2007 a FIFO service commenced from Busselton directly to and from various minesites in the Pilbara, such that Busselton is now the second biggest FIFO airport in WA. This will be further enhanced as the airport continues to be developed and effectively managed. Hence, although we are some 1500 kilometres away from the Pilbara mining operations we are able to participate through the provision of a direct FIFO service. Other companies are expressing interest in developing a similar operation, which will enhance the growth of our FIFO employee base and ultimately generate additional employment prospects in the Busselton region. Busselton has recently determined to move to city status as the regional population has grown.

Not all the terms of reference outlined in your request are relevant for this submission. Hence it shall be confined only to those that are (*noted in italics*).

- *the impact on communities sending large numbers of FIFO/DIDO workers to mine sites;*

There is often a perceived negative effect on the engagement of a local community as a result of FIFO. However, the direct impact is not always quantifiable nor justified.

The Busselton regional economy is based on tourism and the agricultural sector, mainly dairy and beef industry and up to 70 % of the vineyards in the Margaret River Wine Region are located in the Shire of Busselton. Busselton is the principal destination in Western Australia outside Perth. Support industries include a large retail sector and complementary industries eg education, health, business services transport, building and construction etc. However, the main economic drivers have been subject to difficult financial conditions for several years so the involvement in FIFO has been a bonus.

Concurrently the region has also had relatively low unemployment rates (around 3%) for an extended period so we have not been disadvantaged in that respect.

There is some anecdotal evidence to indicate that some local businesses have been disadvantaged as a result of FIFO, the main argument being that wage competition is the main factor. While this can be supported it has to be recognized that FIFO is not for everyone and the high turnover rates in the FIFO workforce are testament to that.

The alternative needs to be presented. Anecdotal evidence shows that through FIFO there has been an increase in population with people choosing to relocate to this region in order to take advantage of FIFO from Busselton. Busselton has range of facilities and infrastructure that make it a very livable environment at a relatively lower cost than the Perth metropolitan area. The annual population growth for the year ending June 2011 was approximately 5% placing it amongst the highest rates in Australia. Furthermore FIFO has assisted many employees who have been made redundant from the closure of timber milling operations further south.

We are a growing community and the capability of taking advantage of mining operations at least 1500 kilometres away through FIFO is certainly to our economic advantage.

- *key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development;*

The local technical training college has recently introduced special training courses for employees engaged in the resources industry. These courses have been designed to target the local workforce in order to make them "job ready" for FIFO jobs while also linking in to provide up-skilling of the existing FIFO workforce. The potential for this development is only just being realized but will eventually allow for a diversification of training opportunities and viability for the college. The courses are targeted at the semi-skilled level and there will be potential to develop other courses in occupational safety and health etc.

- *strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry;*

FIFO has been the catalyst for the re-emergence of the Busselton Regional Airport. This airport, which is owned by the Shire of Busselton, opened in 1997 but has been grossly underutilized. There have been various attempts to operate a regular passenger service between Busselton and Perth but they were all unsuccessful, for a wide range of reasons that will not be mentioned here. Needless to say, that the airport was operating at a considerable financial loss for 10 years until the introduction of FIFO, albeit in a minor way in 2007. The revenue generated from the airport is now positive, thereby reducing the financial impost on the Shire and its ratepayers. As FIFO expands it is anticipated that through the Rio Tinto growth alone there will be a throughput of up to 60,000 passengers per annum. This has provided significant impetus to the development of the airport with the re-introduction of a limited regular passenger service and investment from the State Government, to expand facilities, with a view to an upgraded passenger service that will allow for intrastate and interstate flights.

FIFO was the catalyst which has provided sufficient incentive to now focus on the development of the airport as the centre of an air transport hub for the south West of WA. Similarly FIFO will be the baseload passenger throughput for the airport in the longer term, with numbers potentially growing to 100,000 per annum.

- *potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce;*

For reasons explained above, the growth of the residential mining workforce which works up to 1500 kilometres away has been a bonus to the region. It has allowed for a diversification into the resources sector that is now much less limited by distance. It has also created an invaluable source of wealth, injecting a considerable amount into the local economy. The income generated by well paid mining employees in effect provides an industry in itself. We are able to participate directly in the resources industry without being disadvantaged from an environmental perspective.

- *current initiatives and responses of the Commonwealth, State and Territory Governments;*

Since the introduction of FIFO traffic, the State Government has shown much more interest in the airport. Up to \$1 million has been funded to undertake various studies to assess future viability including engineering requirements and some additional preliminary infrastructure. Part of the longer term plan is to establish Busselton Regional Airport as the secondary airport for Perth. Once various studies have been completed it is anticipated that substantial investment will be injected to the airport to allow these developments to occur. We have much to thank FIFO for.