



The Brownings

Inquiry into Fly In-Fly Out Workforce Practices
House of Representatives Standing Committee on
Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600



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Dear Committee members

Re: FIFO Workforce Enquiry

I am a resident of regional Australia, having lived 45 of my 53 years in Esperance and Kalgoorlie, Western Australia. I own and run a small business in Kalgoorlie these days providing conveyancing services in the property sector, but have had a varied career in government, industry, including mining services and now small business. I am a member of the Executive of the Kalgoorlie-Boulder Chamber of Commerce & Industry and have strong involvement in quite a number of school, sporting and other community groups. My wife of 25 years likewise has a range of community involvements and runs a small business providing services to a dozen-odd mining and exploration companies in the field of tenement management, geological reporting and compliance and native title negotiation services.

In our lives and work we have travelled widely across the remote areas of WA and met people engaged in the mining and construction sectors and seen first hand the devastating changes wrought on families and communities by the effects of fly in – fly out (FIFO) work patterns so I am most grateful that the Parliament is finally inquiring into this matter.

FAMILY MATTERS

I feel almost certain that one of the outcomes of your inquiry will be the need for greater research into the actual effects of FIFO, particularly in terms of broken relationships and families, some actual costings of these and who bears them and more particularly who doesn't bear them, but in fact actively profits from the misery of others, particularly children.

I have heard it said that the actual economic cost of a family breakdown involving one or more children averages around \$1 million by the time we include legal costs, property settlements, additional costs of housing, child custody arrangements, opportunity costs of income not earned whilst focussing on the breakdown, the costs of additional social services, courts, trauma caused to children, juvenile delinquency etc, etc, etc. I have no idea of the veracity of these claims but I would hope that somewhere in your deliberations you might call evidence to establish these costs.

I turn now to the specific matter of families coping with FIFO and there are two very interesting observations to make: Firstly that workers presently engaged in FIFO almost exclusively all think they're coping extremely well with it and that it doesn't present great difficulties; and secondly that most people, when they stop doing it have a major damascene conversion in their former views and

realise how awful it was and how much better their lives are without it! Sort of like when you stop banging your head against a brick wall.

In short, you will not get a sensible conversation with those presently engaged! They are too deeply conflicted to be objective, in my experience. Indeed, in my social circle we have learned to be very careful about discussing these matters with people who are engaged in a FIFO lifestyle so as to not imperil friendships. Yet after they have left the FIFO arrangement it is very common for them to ask why we, as their friends, weren't talking some sense into them! The worst thing is the sense of hopelessness you feel watching people on the road to marital oblivion and not being able to help them.

A third observation I would make is that for every marriage that survives FIFO at least 5 don't, which would seem to be a massive increase on the already bad rate of marriage breakdowns in the wider community.

Indeed, some years ago I ran into an old friend who was working as a registrar of the Family Court who queried me about FIFO on the basis that there seemed to be a very high preponderance of FIFO workers involved in matters before the Court. Indeed, there were often whole days where every case involved a FIFO relationship breakdown.

It ought not surprise anyone, given that we marry to spend the rest of our lives together, and to raise a family together, that marriages don't survive when one partner is away half, two thirds or even more of the time! Sheer bloody common sense ought to tell us that an institution designed around people being together is not going to be helped with one partner away most of the time. Hopefully for Committee members, this is an 'ah ha' moment when the stupidity of FIFO becomes so obvious.

Indeed Committee members, as members of the Federal Parliament would know more than most, the stresses on families from one partner being away for substantial periods. And you are generally only away Sunday night or Monday morning to Thursday night or Friday mornings 20 weeks a year and are mostly home on weekends, admittedly often without much discretionary time around constituency duties, etc. The lot of a FIFO worker on the typical 14 days on 7 off roster is far more onerous, I submit.

However, it is merely my anecdotal observation as an interested lay person enmeshed in a community where FIFO is endemic, that marriages don't stand up to FIFO but that is something I would hope would be the subject of some objective study to gain some empirical insight. The Family Court would be a very good place to start and I would hope they have been requested to submit to the inquiry and appear as witnesses.

If we know the extent of the marriage failure rate in FIFO operations over and above the non-FIFO rate, and the actual cost of such breakdowns, surely we will be more likely to develop policy settings that address the issues.

A very interesting corollary of this occurred 10 or 15 years ago when a team tasked by the then Western Mining Corporation Ltd to reduce deaths in mines and improve mine-site safety generally, identified the actual cost to the company of a mine death at over \$4 million. That certainly got the attention of the company management and big changes followed which were very successful. It shouldn't take something as crass as a dollar number to bring change to protect people from the massive human and financial cost of relationship breakdown, but if that's what we have to do, then let's do it without further delay.

I close this particular part of the discussion with the comment that governments ought not to be prescriptive as to how citizens live their lives and note that citizens are probably entitled to live lives that may destroy their marriages. However, what they and their employers, are not entitled to do, is to leave others to pick up the pieces and bear the massive costs of such lifestyle choices. Especially when those who bear the greatest costs are often children. And government policy should certainly not encourage it.

REGIONAL COMMUNITIES

There is no doubt that the two things that have wrought the greatest changes in mining communities in the past generation, have been the move to continuous mining operations based on 12 hour shifts and the active use of FIFO to staff mines.

The first and most obvious effect was the collapse of sporting clubs, especially those requiring large teams like Australian Rules Football, which is the winter sporting code of mass appeal across WA. Most small mining towns that were able to sustain a team now don't and those that could sustain two teams can barely sustain one. Generally when the senior team folds, the junior team follows within just a few years. In a nation with a massive obesity crisis, anything that detracts from physical activity ought to be discouraged surely.

Another effect was the lack of growth and the general decay of existing communities as they were replaced by FIFO workforces. As residential workers were replaced by FIFO workers, government services were withdrawn, community services folded and the retail sector also greatly contracted leading to a downward imploding spiral, leaving communities a hollow shell of what they had been.

I would hope and strongly recommend the Committee visit communities both effected by FIFO and not affected. A classic example of a lovely community in an incredibly remote location would be Useless Loop in the shark Bay region of WA. This is the residential base for the workforce of the solar salt operations of the Shark Bay Salt Joint Venture.

In a nation occupying such a massive land mass as Australia, surely there is, at the very least, a strong strategic interest in occupying the landmass as much as possible.

But there is also a far more human element. We see our large capital cities at bursting point, beset with problems caused simply by too many people in inappropriate urban sprawls, with road systems barely able to cope such that it takes forever to get through and around. They seem increasingly unliveable to those of us living in our discreet and functioning country communities.

It seems nothing is being done by government at either the national or state level to encourage people to live in country areas where the cost of housing on its own makes it hugely cheaper to live. It is as though city people in Australia have simply given up on the bush and can only see problems, when the solution to many of their problems may well be to get to hell out of the cities to a far simpler lifestyle that is far more sustainable.

For example, we now have just one teenager left at home with us, as do several friends in Perth. Our car does less than 150 km per week getting us to work and him to school & the myriad of sports and other activities kids are involved in these days. Theirs do more like 700 km each week and often 1,000, and they live reasonably centrally! One of the very common complaints of friends who move to the city is how much more fuel they have to buy and how much more often they need to replace their vehicles.

We lived in Perth for 7 years and got to know our neighbors quite well, but only because we actively made the effort to do so. I am constantly amazed by the amount of loneliness that exists in cities where people are surrounded by people but seem totally cowered by the process of actually meeting any of them. It seems to me the communities have collapsed in our cities resulting in massive disconnectedness and a range of attendant disorders that exist either to a far lesser extent in regional communities, or not at all.

My central theme here is we will simply cure many of society's ills with a massive injection of community connectedness such as it exists in smaller communities, so rather than encouraging more and more people into our burgeoning cities, we would be far better growing our regional areas. And I'll bet my bottom dollar the cost of it all will be massively smaller than the massive cost of infrastructure in cities.

CAUSES OF FIFO

FIFO has been the inexorable result of a range of policy settings combined with commercial imperatives on the part of the mining industry.

The major policy setting mitigating in favour of FIFO is the tax treatment of capital investment on housing infrastructure when compared with the operational cost of flying workers in and out. The capital investment is only tax deductible as depreciation over at least 25 years whereas the cost of transporting workers is claimable as an operating cost in the year of expense.

In other words you get a 100% tax deduction for FIFO and a 4% deduction for a residential workforce.

What company manager, doing his or her job and looking after the interests of the company's shareholders is going to choose a 4% tax write-off against 100%, all other things being equal? It is a fundamental no-brainer which hopefully for Committee members is another "ah ha" moment.

It would be an entirely reasonable recommendation for the Committee to make to allow companies to depreciate housing and community infrastructure over a much shorter time frame – such as one or two years only.

Believe me, once you start getting a handle on the true costs of family breakdowns occasioned by FIFO, this will be a very cheap alternative!

The other big issue is that of the availability of land for housing subdivisions in regional areas, even if the company did want to go down the path of a residential workforce. Generally government approval processes are far too slow for the commercial imperatives of companies wanting to develop mineral resources, which they need to get into production as quickly as possible. One of the slowest approval processes in WA is that of releasing land for housing.

This has not been assisted by the WA government's land development agency, Landcorp having as its central objective returning a massive profit to government. If it had a nation-building, or at least a regional development objective, I'm sure it would be able to act far quicker such that land would become available far quicker for residential workforces.

Native title is often cited as the biggest cause of these delays but it has been a fact of life now for over 15 years and everyone else has learned to deal with it, so it's about time Landcorp did too.

Or better still it should simply hand the process of land development over to local government in regional areas who have demonstrated time and time again their ability to get land developed within far tighter time frames. This would be a very good recommendation for the Committee to make.

Fortunately we no longer have the incredible disincentive of Fringe Benefits Tax on housing in many regional centres, but to the extent it does still exist it does need to be abolished, or at least applied simply at the workers marginal tax rate rather than the top rate. What would be of immense value would be extending the FBT housing exemption to employee housing ownership incentive schemes to further encourage workers to work in regional locations as residential workers and I would urge the Committee to make that one of its recommendations.

It would also be very reasonable for the Committee to recommend the introduction of a FIFO tax on companies to pay for the additional costs borne by the government and the community generally from the social dislocations caused by FIFO. This is not a concept industry is at all unfamiliar with and is entirely analogous of so-called 'danger money' except that it is paid to the community as a tax.

It may even be applied the other way as a discount against mining royalties or mining resource rent tax where the company opts for a residential workforce.

I note that recently, in an absolutely bizarre twist, Perth somehow got itself 'regional' status. In the

words of the Gen Y-ers, WTF! The problem here is TOO MANY PEOPLE IN PERTH and TOO FEW FACILITIES IN REGIONAL AUSTRALIA! Whichever intellectual pygmy came up with this policy decision ought to be sacked and given a position of no responsibility in a very remote community somewhere for a minimum of 5 years so that they can appreciate what 'regional' really means.

PRODUCTIVITY ISSUES

One of the lesser well known matters of FIFO is the incredible drain on productivity caused by effectively needing at least two workforces to do the same amount of work. Other things being equal, it is a particularly dumb way to run any business, let alone one as complex as a mining operation.

I have spoken at length to managers grappling with this whole issue of managing complex businesses when half of your people, including key managers, are simply not there.

Hopefully for Committee members this is another "ah ha" moment and you will see the common sense in reducing the incidence of FIFO to only those operations where there really is no alternative.

For most businesses, their greatest asset is their people and they work very hard to develop their people and to meld them into teams to enhance their job satisfaction and hence their productivity, yet their efforts are actively discouraged by governments providing such a massive tax holiday for FIFO.

I have heard it said that such is the inefficiency of FIFO and its extra labour requirement, that our labour shortage would simply be solved if we were able to phase out FIFO within a reasonably short timeframe. This is another matter which the Committee may well seek some independent specialist research because I suspect FIFO is now so ingrained into the culture of mining company management in [Western] Australia that the alternative is almost never considered.

Interestingly, FIFO seems to be a particularly Australian practice. Having spoken to mining managers from many other countries, I gather the reliance on FIFO is hugely greater in Australia, and quite possibly in Western Australia than almost anywhere else. This, I submit, would well be another matter for the Committee's consideration.

In WA, I suspect the issue is that we have had hugely centralist governments for most of the 120-odd years since self-government which has had the effect of centralising people, services and industry in the Perth metropolitan area and not populating the rest of this vast state. Fortunately some of this is now being redressed with the current State government's Royalties for Regions (R4R) policies, however much remains to be done.

Whilst R4R provides much needed funding for many changes, probably the greatest change remaining to be effected is the shift in attitude in policy makers in Perth so that our State's natural resources can be developed by residential workforces living contented and sustainable lives in communities where families are valued and nurtured as they should have been, but haven't, for much of the past 25 or 30 years.

I wish the Committee well in its deliberations and offer myself as a witness at a hearing in Kalgoorlie, which I trust will take place, as Australia's largest outback city amid a most vibrant mining industry with massive exposure to FIFO.

With gratitude,

Paul Browning