

From the Office of the Mayor
The Hon. Tony McGrady AM



SUPPLEMENTARY

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SC

The Mount Isa City Council (MICC) welcomes the opportunity to provide input for the inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia.

Representing the interests of more than 24,000 residents and all local businesses in the city, MICC recognises the potential impacts of FIFO policies on regional economic and population growth, having been an active leader and powerful voice for all sectors in the city.

Mount Isa has an honourable history, servicing the city and existing in partnership with the mining industry for almost 90 years, and the city Council has served the community for almost 50 years.

The Mount Isa community is acutely aware that the availability of productive workforce is central to business success and underpins full employment and economic growth. Achieving a balance between the needs of the resources sector and the needs of local business, MICC, industry and the community is of paramount importance to communities such as Mount Isa for our region.

Economic activity in the North West Minerals Province is largely dependent on mining and changes to workforce arrangements within the many mines operating in our region, would significantly impact the economy and general well being of the Mount Isa community.

This city has supplied a residential workforce and many of the service industries that are required, and this residential workforce has supported small business and the social fabric that is the community of Mount Isa. For these very reasons, MICC is ideally situated to speak on the effects of FIFO workforces in regional communities.

While the FIFO workforce provides skilled people for the resource sector, it is essential that the economic and social impacts on the local region are also considered in identifying the proportion of a resource project's workforce that is derived from this initiative.

Mount Isa City Council would like to propose the implementation of a mining officer within the Department of State Development, Infrastructure and Planning whose role would be to determine specific criteria, of proposed mining lease areas for companies allowing FIFO employees, based on the geography, social impacts and infrastructure the town has to offer. The officer would look at the conditions for the possibility of FIFO operations and, while keeping in mind the geography and infrastructure of the town, make recommendations whether or not FIFO should be on site and if so, what percentage.

We believe there is a strong need for a review of the fringe benefits tax (FBT) for associated employers and companies who maintain a small percentage of FIFO employees in rural settings such as Mount Isa. There also needs to be a Company Tax reduction from 100% of all employee tax deductions to 30%. While we accept the fact that this deduction includes food, as well as necessary travel and accommodation requirements, this company tax should not allow for a taxable deduction on all FIFO costs.

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At present our major mining company, Xstrata, has a policy to employ residents living in Mount Isa; in fact, I understand that figure stands at more than 90 per cent of their workforce who reside in our city. However all of the small to medium mines in the area practice FIFO in their operations whilst they could insist that their employees reside in the major centres of population such as Mount Isa and Cloncurry.

In 1963 the zone allowance was 260 pound, \$520, but was never indexed and whilst there have been some adjustments to this scheme; we have never had any additional financial incentives. We therefore recommend that the zone allowance be indexed and part of the costs could be recovered by abolishing the allowance to those people who work in the various zones but reside outside of these areas.

At the top marginal income tax rate is currently 46.5%, something which we believe should be reduced to 30 per cent for all mining employers, especially those who employ a small percentage of FIFO workers to work in rural/remote communities.

Mount Isa City Council accepts the view that there is no point complaining about the principles of FIFO operations, unless the local community takes positive actions to create a more liveable community with the availability of housing for purchase and rental at reasonable costs.

As an example, MICC are in the process of having the private sector develop a housing estate consisting of 400 dwellings of affordable housing as well as a local shopping centre and a child care facility. We are taking the steps to commence a massive beautification program in the city and the surrounding areas.

We appreciate that FIFO and DIDO workers may be required for short term and construction projects and understand that while Xstrata Mount Isa Mines currently employ a total workforce of just over 5000, 25% are a FIFO workforce. Mount Isa City Council believes it is critical to find ways to entice families, couples and singles to relocate to our city, rather than focus on a FIFO workforce that never participates and has no affiliation with the community. These people are needed to reside in our city and other mining communities to continue the growth of Mount Isa, especially as Council works towards providing additional affordable housing and upgrades to existing and new infrastructure, promoting our city as a great place to reside.

We appreciate the opportunity to provide a secondary response and look forward to the final report after it has been tabled in parliament.

As per the body of this submission, please consider the below recommendations.

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RECOMMENDATIONS

- The committee should acknowledge the need of operations of Fly in Fly out workers within the Australian Mining Industry.
- That the Zone allowance should be increased and indexed and the level of allowance should be based on attracting people to live in the Mining Communities. The allowance should be used as a method for incentives for the people to live in close proximity to the mine.
- Those persons, who fly in and out of mining communities but live on the coast, should not receive the zone allowance as that was never its original intent.
- A mining officer should be employed by the Department of State Development, Infrastructure and Planning to investigate the geography of any proposed mining lease in Australia and its proximity to the community, and make recommendations where FIFO should or should not be on site, and if so what percentage.
- That the fringe benefits tax (FBT) is review to benefit associated employers and companies who maintain a small percentage of FIFO employees in rural settings such as Mount Isa.
- The Company Tax deduction for FIFO employees should be reviewed and reduced to at least 30% from the current 100% taxable deduction allowance.