

Your Ref: OCR11548
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Submission Number: 27
Date Received: 5/10/2011



Wednesday, 5 October 2011

Mr Tony Windsor MP
Chair
Standing Committee on Regional Australia
House of Representatives
P.O Box 6021
Parliaments House
Canberra ACT 2600

Dear Mr Windsor

Inquiry into the use of FIFO Workforce

Council welcomes the opportunity to provide a submission to this inquiry and in particular to address the impact that a resident FIFO/DIDO workforce has on communities and Local Government Authorities planning for and providing services in an environment where the population is dominated by such a workforce.

Background:

The Shire of Yilgarn is located in the South Eastern area of Western Australia approximately 370km East of Perth and covers an area of 30,720 sq km with a resident population, as determined by the Commonwealth Statistician, of approximately 1,506 (2006 census). The Council's head office is located in the town of Southern Cross which also serves as the service centre for the Shire.

The Yilgarn has a long history of pastoral and mining activity. Whilst agricultural production in the Shire has been impacted by poor growing seasons and fluctuations in commodity prices, the mining industry is well established with rich deposits of gold, iron ore, salt and to a lesser extent copper and nickel. In terms of value in production, mining operations within the Shire of Yilgarn contributed over \$1.3b to the Country's economy, outstripping agricultural which still rated a fairly significant \$195m.

The royalties earned by Government on mining revenue in the Yilgarn are substantial and whilst there are no figures available to the Shire, anecdotal evidence suggests that they are well in excess of \$100m per annum.

The Shire is experiencing growth in the mining industry, with new developments particularly in relation to iron ore production set to increase current output from 8.5mt per annum to just over 44mt per annum. It is expected that the bulk of new employment necessary to meet this demand will be FIFO workforce.

At present it is estimated that there is approximately 1,200 people living and working on mine sites within the Shire on a FIFO/DIDO basis and this number is expected to increase significantly over the next 12 to 18 months.

Changes to workforce:

The predominate form of employment in the mining industry is what is referred to as fly in fly out, drive in drive out (FIFO/DIDO) workforce. The number of permanent residents who live in this Shire, as identified in the census, will soon be out numbered by this FIFO workforce and this has serious repercussions for service delivery, planning and infrastructure needs.

The Council is of the view that it is not possible to turn back the clock and look to past practice for future employment and community development trends. With today's high speed transport, telecommunication links, machinery and workforce mobility, the days of building towns that would survive beyond the life of mining are gone. It is accepted that today a mine worker can have a home in Sydney and fly in and out of a mine site in Koolyanobbing, Kalgoolie or Karratha to live and work. The only difference is the flight leaving Perth Airport.

The commercial decision to employ FIFO in the mining workforce is now well entrenched and with a critical shortage of labour I understand that turnover rates are as high as 65%, as workers can chose to work up North during the winter and South in the Summer, the only impacts being a change in flights from Perth and their take home pay.

How do we plan and fund Infrastructure and community services ?

There are a number of issues that arise from the mobility of this workforce in terms of meeting the demand for current and future civil infrastructure, such as roads, recreational facilities and airstrips as well as planning for the delivery of services to remote communities and the people who are residents therein.

Council has had to expand the airport, provide sewerage treatment, build and maintain recreational facilities, provide medical services and roads to meet the demands of a community that is not known and that turns over on a fortnightly basis. Council has no say in the decision to develop major mining infrastructure and whilst appreciative of the efforts of the mining companies to be good corporate citizens there is much more required than just a contribution to the local show or community benefit fund.

Population set to double:

Governments plan and build community infrastructure based on the census population figures. FIFO workers are not recorded as living or resident in the community, yet they use the services that the community provides. This Shire is about to experience a doubling of its population over the next 12 to 18 months and because the people will own a house in Perth (or elsewhere) and live in the Shire, the level of Commonwealth funding provided to the Council to meet the demand for roads and other services will not change because the FIFO population is not counted in the census.

Working and Living in the Shire;

The FIFO workforce is not the same as people living in Queanbeyan and travelling daily to work in Canberra, this population is resident within the Shire and using not only the services available to them at their workplace, but the services of the community in which they live.

However, funding and planning for future medical, water, sewerage, hospitals, roads, recreational facilities, police, fire, aerodromes, public transport and related services are based on the permanent resident population. Yet transient workers who spend the majority of their time in our community, still need access to these services, they use the roads, they use the airstrip, if they fall ill they use the local doctor and ambulance services. The domestic waste they produce is left in this Shire and often Council and the community have to deal with a range of issues associated with this population of workers.

Volunteer Service delivery :

There are issues for communities that face the daily influx of transient workers. There is no permanent pool of people from which to draw volunteers to man the ambulance service, bushfire and town fire service, help with the annual show, be a member of the local service club or participate in voluntary community activities.

Mine camps in the Yilgarn have as many as 400 workers in an area no larger than a footy field. Mostly men, (although this trend is changing) who live remote from their family and friends working 12 hour shifts and living with their workmates , some of whom change from week to week. The days when the family followed the worker and participated in the local community appear to have been lost and consequently Local Government is faced with addressing service delivery in an environment where there are fewer volunteers despite the apparent greater population base from which to draw on, due to the transient nature of the work force.

There is no quick fix for this issue and it is a case that at times there simply aren't volunteers to do the work that is needed to be done and Local Government inevitably is forced to pay or heavily subsidise services that might otherwise be cost neutral.

Competition for Scarce Human Resources:

The Shire of Yilgarn, like other employers in mining areas is faced with a labour shortage brought about through competition that comes in many forms. There are the direct challenges such as higher wages, overtime hours and other benefits such as meals, accommodation etc offered to FIFO employees and then there are the indirect consequences such as the attractiveness of moving the family to Perth for children's higher education and working on a FIFO basis.

In the past some people in mining towns had holiday homes on the coast and now they call the house on the coast home and live in temporary accommodation in mine camps and towns. House prices in the suburbs increase whereas prices in rural areas fall.

Council has tried to respond to the competition by providing housing, generous employment benefits and paying well above Local Government Award wages. However, whilst having a reasonably stable workforce with less than 14% turnover, the majority of the outside workforce are now over 55 and there are no employees in the 24-35 yr age bracket.

The competition from mining operations also impacts on the ability to attract qualified technical and tradespeople to the staff and adds significantly to the overall cost of building works generally in the Shire. This trend is not only apparent in Council employment but also in the cost of engaging tradespeople, builders and in every aspect of Council operations.

It is accepted that the cost of building in the Shire is considerably higher than in other more regional centres, even allowing for the additional cost of transportation. More worrying however, is the fact that Council has had the experience of calling for tenders for a sizable building project and having few if any responses.

Clearly the competition for scarce employment resources, the ageing workforce and the inability to attract workers in the "family" age group has adversely impacted on the Community.

It is therefore most annoying to note that Commonwealth grants to Local Government do not measure or recognise the social and economic impact of the FIFO workforce. Similarly, royalties raised in this region are not available to provide the necessary infrastructure to meet the growing demands for services and infrastructure or the wages pressure brought about from competition with the mining industry.

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In Summary:

Council's submission to this inquiry has addressed a number of issues relating to the effect of a FIFO/DIDO workforce on the community namely:

- The increased demand for service provision.
- The need to recognise, fund and plan for a doubling of the population
- The competition from FIFO adding to the cost and capacity for Council to deliver services
- The direct impact on the community from younger workers moving families to capital and regional centres.
- The lack of volunteers to meet community needs
- The fact that Commonwealth Grants to Local Government do not reflect the increased number and cost to the community of FIFO workforces.
- The fact that Governments reap the rewards in terms of substantial royalties and leave the ratepayers to fund the social and economic consequences.

Whilst Council recognises that many of these issues are not easily addressed, it is possible for your inquiry to recommend that State and Commonwealth Governments recognise the need of Local Governments to develop and plan for service delivery to a transient FIFO population and integrate another measure of population to take this into account when determining funding for Local Government.

Further, it is also within your inquiry's power to ask that a proportion of funding from mineral royalties be directed to communities adversely affected by FIFO to address infrastructure and service delivery needs.

Yours sincerely

Jeff Sowiak
Chief Executive Officer.