



City of Kalgoorlie-Boulder

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OFFICE OF THE MAYOR

6 October 2011

Mr Tony Windsor, MP
Chair
Standing Committee on Regional Australia
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600



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Dear Mr. Windsor,

INQUIRY INTO THE USE 'FLY-IN, FLY-OUT' (FIFO) WORKFORCE PRACTICES IN REGIONAL AUSTRALIA

Thank you for the opportunity to prepare a submission to the Standing Committee on Regional Australia detailing the effects of the FIFO/DIDO (drive in drive out) workforce practices in regional Australia.

The City of Kalgoorlie-Boulder forms part of the Goldfields Esperance region which makes up a 3rd of the Western Australia land mass. Data from the Department of Minerals and Petroleum records the value of minerals and petroleum produced from the Goldfields Esperance region for 2010 – 2011 at \$8.6 billion or 9% of WA's total production.

Whilst the City understands and appreciates the contribution of the mining industry to the local economy, WA and Australia as a whole, the FIFO and DIDO practice needs to be reviewed with respect to the detrimental effect this practice has on communities in Western Australia.

Understandably for short term projects and remote projects where an existing township is not already established, FIFO can be the only option; for this submission the City is focusing on established towns.

I would like to respond to the following terms of reference.

Costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce.

The FIFO/DIDO workforce option is attractive to employees of mining companies as they are advantaged financially through free flights to and from site to their homes in the metropolitan area or in some cases interstate and are provided with accommodation and meals whilst at site in the form of single person quarters/camps.



The City however, is concerned with the social and economic aspect of such an arrangement and how this is damaging to families and communities.

The City request that the government support us, and other local governments like us to, devise strategies to entice workers to live in regional Australia rather than commute from the cities and to keep their families together, building strong foundations and working within the community they live. This could be in the form of increasing the zone rebate, providing rebates on mortgage interest rates in regional areas and removing Fringe Benefit Tax on housing in remote areas.

It is understood by the City that mining companies are also encouraged to utilise a transient workforce as they are able to claim a 100% tax deduction on employee flights. The City request that the government provide incentives for companies to adopt a residential workforce practice this could be the removal of Fringe Benefit Tax on housing.

The effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure.

It is without question that the trend towards FIFO/DIDO workforces is eroding many established communities. The majority of mining companies work on a 10-12 hour shift roster system of a set number of day's onsite and a set number of days at home i.e. 7 days on 7 days off. These hours do not allow workers to contribute to the community socially or economically whilst on roster.

Economically it is quite simply the 'supply and demand' principle. If the population of a rural town cannot support stand alone facilities and services such as schools and health facilities then they are diverted to the next major town that can support these services. The doctor shortage in rural Australia is widely documented along with the difficulties in recruiting experienced teachers to the outback.

Private business owners require their business to return a profit to be viable and without reliable ongoing trade this is jeopardised.

Housing becomes an issue as without a residential workforce the population of the town reduces and as such so does grant funding opportunities, resource allocation is redirected to the larger towns and metropolitan areas.

The City is appreciative that the government relies on data gained from Census polls and regional departments to determine the level of funding to be allocated to areas. We believe that this data collection should be revised to capture more comprehensive data as it has been shown in the past particularly with Kalgoorlie-Boulder that the Census has not attained correct data, meaning a loss in funding for the City.

Socially, the community aspect of a town is lost when the people utilising the town to increase their own profits do not have a vested interest in promoting the community. It is questioned how sporting clubs can be sustainable without ongoing membership and without sport the young people who are still living in the town no longer have the

opportunities to play football, basketball etc which can lead to anti-social behaviour and a drift of young adults away from regional areas to the city.

Mining companies that are deriving large profits from the area should also be responsible in conjunction with governments to ensure the sustainability of the town socially and economically, through sporting programs, youth leadership and investing back into the community by encouraging workers to relocate permanently and purchase housing.

Recommendations

As the cost of living can be more expensive in regional areas employees should not be penalised by choosing to live together as a family. Government should work with mining companies to encourage workers to live in the regional towns through increasing the zone rebate, introducing tax rebates on interest rates on mortgages in regional areas and removing the Fringe Benefit Tax from housing.

The Australian Bureau of Statistics is requested to review the Census data questionnaire so that the data is accurately captured to ensure funding is allocated correctly and sufficiently. This includes asking questions that highlight FIFO employment from residential employment and ensuring that mining is represented clearly in the employment section of the questionnaire.

The City of Kalgoorlie Boulder invites the Standing Committee to conduct a hearing on this inquiry in Kalgoorlie-Boulder, as the central point of contact for the region that produces the second largest mineral export in the State we are well placed to provide information and debate on this topic.

I look forward to the outcome of this inquiry.

Yours sincerely

R S YURYEVICH, AM RFD
Mayor