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# Regional Development *Australia*

M I D W E S T G A S C O Y N E

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

## **Inquiry into the use 'fly-in, fly-out' (FIFO) workforce practices in regional Australia**

The Midwest Gascoyne region is in the development phase of a significant mining opportunity with some \$18B of mining development and construction proposed. This development potentially over the next five years has the regional communities in the Midwest and Gascoyne considering the pros and cons of FIFO vs residential construction and operational workforces.

FIFO is an important contributor to the way Australia needs to do business, with often very remote resources and small local skills base the only way to develop these resources is to fly a workforce into an area. However, as time progresses and communities continue to grow, there is the opportunity to grow these communities and build local skills and workforce requirements. It is this balance that is needed and consideration of how the dynamics in the economy might change quickly. For example if the price of oil suddenly rose to \$400/barrel.

## **Australian Government Vision for Australia**

It is important to Understand what the Australian Government considers is the ideal outcome in 20 – 50 years into the future? Are they looking for the majority of the population to live in the major capitals around Australia with limited growth in other parts of Australia? Maximising concentrations of population density to reduce environmental impacts, save on infrastructure costs and urban sprawl? The alternative vision may be to see growth across many communities, each provided with the opportunity to attract and retain people who contribute towards the social fabric and a more diverse economy and maximising the potential of the continent such that the boom bust cycle is more evened out.

## **Midwest Gascoyne Population Change & projections**

Growth has been sporadic and only five local governments in the region had population growth in the 2001-2006 census period (only 4 from 1998-2008). Inland towns are very dispersed with small,

and declining populations and limited infrastructure. Twelve local governments out of 18 in the region have fewer than 1000 residents.

Current population growth figures project the Midwest population is forecast to grow from 52000 to 68000 by 2030, an annual average growth rate of just over one per cent. However mining employment needs could see this growth contract to years rather than decades.

A recent industry report 'State Growth Outlook' by the CME was based on industry's views of its future requirements states that "projected additional population in the Mid West driven by the minerals and energy sector (direct, indirect and family) is forecast to increase by 8,000 by 2014".

The report also identifies construction and operational regional workforce demand of between 6-7000 above 2007 levels. These figures can be regarded a conservative as the survey did not cover all projects in the region.

A recent report for the Geraldton Iron Ore Industry Association by ECS (October 2010) has proposed a new set of workforce projections to 2030 and indicate a maximum of nearly 8000 construction workforce in the region in 2012-13 and an operations workforce of 4500 in 2020 and 6400 by 2025. Again these figures may be conservative because they only relate to iron ore projects.

The CME and ECS figures are quite close in the quantum of growth they are predicting, offering a relatively high degree of validation and confidence to the figures as the basis of future forecasts.

Additional minerals and energy sector direct employment is forecast by to grow by 5,800 by 2014 over 2007 requirements, 70% of which is expected to be FIFO, primarily sourced from the Perth-Peel region (leaving 30 per cent to be sourced elsewhere, including the Midwest and Gascoyne).

Each regional location with FIFO arrangements will have demands placed on community assets and in some instances, the state government may have entered into State agreements that advantage the state overall, but disadvantage local communities by not allowing the collection of rates which would be utilised to the benefit of the local community.

Additional demands on the FIFO workforce will come from increasing resource projects in the Pilbara, which intern will draw on FIFO workers from the Midwest and Gascoyne.

To assist regions to manage the demands from such large numbers of FIFO workers entering and leaving the regions, additional resources will be required. For example:

The existing Carnarvon airport has inherent limitations by virtue of its location. Whilst the built form can be upgraded and made better, the airport is limited in its capacity to take larger aircraft because

- its main runway cannot be made long enough; and
- aircraft noise levels for larger jet aircraft will exceed CASA regulations in respect of their impact on adjoining properties.
- The current runway also imposes restrictions on the built environment and new property development adjoining the airport because of airspace requirements for aircraft landing and taking off. These hurdles cannot be overcome in its present location.

Existing airport infrastructure has exceeded its economic life, with rapidly escalating maintenance and operational costs placing an extreme financial burden on the Shire of Carnarvon's resources.

Lack of current capacity also serves as a significant buffer to any expansion of Carnarvon's potentially significant tourism industry. The absence of a jet-based freight option direct from Carnarvon to other markets, both domestically and internationally is also depriving local growers of opportunities to expand, diversify and increase incomes.

Being ideally situated to capitalise on developments in Western Australia's nearby resources development industry, enhancing Carnarvon's airport infrastructure could prove a decisive factor in enabling the Town and surrounding areas to gain a critical economic and social mass that would allow it to truly become a jewel of the Gascoyne.

Development of a new airport is forecast by the Shire to create additional opportunities through:

- Increased tourist traffic both domestic and international and new opportunities for business around the provision of services to meet their needs;
- Opening up of new potential export markets for Carnarvon's fresh produce; and
- Increased resident population in the town arising from it being used as a fly-in/fly-out base servicing Western Australia's resources development industry.

Similarly, Geraldton Airport is looking towards significant upgrades to meet the demands of FIFO from this regional centre.

Airports on the Indian Ocean Territories islands of Christmas and Cocos Keeling could use significant upgrades such as Instrument Landing Systems as the communities on these Islands are looking FIFO opportunities as the economy on these Islands waiver.

Australian should be looking to utilising all available communities' skills for FIFO as it will be an important aspect of the Governments approach to meeting the skills gaps during this exponential project construction period in Australia.

Smaller airports may be utilised by mines for FIFO and local communities will need to negotiate with companies for assistance with upgrades and management of these small airfields.

Other areas where FIFO demands on small towns could provide for greater opportunity to meet skills shortage and employee demand:

- Child Care
- Recreation facilities
- Accommodation demands if overnight transfers required
- Maximising opportunities ie temporary construction camps being utilised as future caravan parks or tourist resorts in the long term, eg Oakajee

### **Changing dynamics of communities**

The increased FIFO practice sees changed dynamics in communities, with those on FIFO receiving significantly more in their salary packages than those that choose to live residentially and perhaps not work for a mine but provide an essential service for the local community, eg working for local government, hospitals, child care and retail sector. These residents are choosing community and lifestyle over mine salaries. However the draw to capitalise on the attractive salaries offered by

mines draws people from the community to mine employment, thus breaking down the fabric of the local community with fewer services being available and skilled people no longer available in the community – there flying back to the nearest capital. This has a significant impact on volunteer services too, sports clubs, child care and environmental management as examples.

Mining companies operates as they need to do to meet profit demands in a competitive environment and the government needs to implement policies that seek a balanced approach to the development of Australia such that the long term outcomes deliver close to the best outcome for Australian citizens and the country's long term growth.

As an example, Pannawonica was established as a 'Mine Town' back in the seventies, now with the current mining lease coming to an end, residential workers are being asked to leave their homes and seek opportunities elsewhere or move to FIFO arrangements, as the town will be handed over to traditional owners of the land. Yet, adjacent leases owned by competitors are soon to be mined and these operations will require similar infrastructure, leaving new arrangements to be made, displaced people who have called the town home for many years and more FIFO operations. Whereas, if the town had been established an allowed to develop into a normalised community, there would be an effective community core to grow and fulfil needs of the region which would be in the best interests of Australia.

In relation to Australian Families, FIFO is reported to create severe stress on relationships and workers psychological well-being. It is seen as ridged, extremely challenging for employees with young families and single mothers and as incompatible with starting a family and caring for small children. But it does provide opportunities for young women, aboriginal women, and mature women to jumpstart careers. See - What are the Opportunities and Challenges for Women in Fly-in-fly-out (FIFO) Mining in Canada? *An Exploratory Study* Silvana D. Costa, PhD Candidate May 15th 2006

Further areas that require investigation from the Australian Government and Industry include the issue of "FIFO Fatigue" ie workers leaving or changing employers in the industry after a period due to the demands of FIFO on the individual and families. It would appear that the cost of this employee turnover is not well known or considered in the FIFO debate. Residential opportunities in place of FIFO may provide significant savings to employers from a more stable workforce based in a local community.

What the Midwest Gascoyne Community is seeking as we advance into the FIFO workforce opportunities are:

- Consideration is provided by Government for policies that seek companies invest some capital into local communities and provide policies to allow workers the choice between FIFO and Residential employment in local towns.
- The Australian Government should provide significant tax advantages to workers who choose residential over FIFO to cover additional costs of living and transport issues. Whilst Australian Govt Fringe Benefit Tax (FBT) policies gives financial advantages for 'donger' / single person accommodation villages over a residential workforce, there is an inequitable balance in favour of FIFO workforces.
- The Australian Government should research some case scenarios looking at the impact on rising oil costs and FIFO to the Australian Economy and at what point will companies need to

move from FIFO to residential workforce. This will allow greater clarity on future impacts to the economy.

- Companies should be 'encouraged' to develop Social Sustainability Agreements (SSA) with local communities, to provide for opportunities for private / public partnerships for infrastructure development to occur – at present all the pressure comes back on the State /Aust Govt's as there is no firm commitment by the miners to develop anything in an adjacent towns/community.

Further studies are required dealing with:

- Issues impacting on FIFO workers from sustained absence from home and the impact this has on the local community.
- Issues of surge in workforce on residential communities
- Proposals for incentives for people to live in regions

I trust the above comments and suggestions are of assistance to the committee in their deliberations and I would be happy to make further representations to the committee should it be considered appropriate.

Yours sincerely

**Alan Bradley**  
**Executive Officer**  
**Regional Development Australia Midwest Gascoyne**