

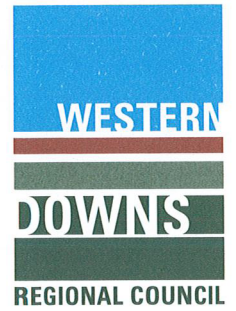
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JH:JH

7 October 2011

Committee Secretary
House of Representatives Standing Committee on
Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

By Email to: ra.reps@aph.gov.au

Dear Sir/Madam

RE: SUBMISSION – FLY IN, FLY OUT (FIFO) AND DRIVE IN, DRIVE OUT (DIDO) WORKFORCE PRACTICES IN REGIONAL AUSTRALIA

The Western Downs Regional Council (WDRC) thanks you for the opportunity to provide a submission in response to the Standing Committee on Regional Australia's inquiry into FIFO and DIDO workforce practices in regional Australia.

Western Downs Region:

Western Downs Regional Council is a local government authority charged with the good governance of the region, which covers 38,000 square kilometres and has a current population of around 32,000 residents.

The Western Downs Region located 200kms west of Brisbane is the source of Australia's largest export contracts, hosts globally significant resources and will realise over \$140 billion in capital investment and creation of 12,500 jobs in the next five years.

Recognised for its long term supply of "energy" to the Australian economy in food security and renewable and fossil fuel resources, Western Downs is unique in that we have a full range of renewable and extractive resources, including coal seam gas extraction, underground coal gasification, underground and open cut coal mining, coal and gas fired power stations, wind farms and solar power.

Unemployment in the region reached a record low of under 2.0% in 2009 and has been consistently well under the Queensland and Australia unemployment levels. Population growth continues to defy historical trends, with growth above 2% occurring through the latter half of the last decade through into the new decade as final investment decisions for major regional projects are taken.

The extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised:

Most of the current FIFO/DIDO across the Western Downs are either directly related to the emerging mining sector within the region or indirectly, as contractors undertaking mining work. The numbers of people employed in FIFO/DIDO workforces is anticipated to grow dramatically with the growth of current and proposed projects.

Current camp figures held by the WDRC through the DA process of either camps operating (2193), proposed or applied for (5,741) range from 20 to 850 in size, equating to 7,934 beds where workers are housed either by FIFO or DIDO. However, it is important to note that as temporary workers camps are generally classed as an incidental activity under the Petroleum & Gas Act 2004 and the Mineral Resource Act 1989, they have the right to construct these camps on their tenure **without** the need to apply for permission or to advise either the local or state government of camps and/or numbers of workers housed in those camps. The figure of 7,934 in camps is therefore significantly understated as to FIFO/DIDO numbers within the region.

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

During the last 20 years there is evidence to show that a combination of social, political and economic factors have seen FIFO becoming increasingly popular with mining companies and their employees. It is our understanding that mining companies can offer employees and their families the option of choosing FIFO/DIDO and/or incentives for workers to relocate to towns in close proximity to mines. However, surveys such as the Western Australian Chamber of Minerals and Energy (2005) have shown people choosing FIFO over residency.

Workers employed from a local region and already housed is far more economical for the resource proponents than providing workers camps or housing within towns. Residents living close can return home from work to be with their families and therefore can be more stable employees without the cost of housing them.

The Western Downs region consists of well established country towns that have thrived on a robust and diverse agricultural and manufacturing base, that have many valuable and skilled workers from many disciplines in trades, engineering, logistics, land use, water etc. This richness of skilled labour is very attractive to the mining sector.

Unfortunately, the leakage of local workers to the resource sector is currently having a major affect on our local businesses, community enterprises as well as the WDRC. This situation is expected to intensify over the coming years as construction of mining projects commence and/or ramp up, particularly in coal seam gas. We have evidence to show that previously thriving businesses are considering taking manufacturing off-shore, rejecting work and substantial contracts and potentially closing doors as the skills shortage impacts.

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

Whilst mining per se brings many benefits to communities, particularly those suffering high unemployment or a low economic base, there have been major impacts on the regions communities, businesses, services and infrastructure, particularly in relation to FIFO/DIDO.

These issues include:

1. FIFO/DIDO workforces contribute minimal economic benefits for the region, with many, if not all, contracts for goods and services sourced from outside of the region.
2. As workers are strictly contained within the camps with heavy work rosters, very little of salary and wages is spent locally with little or no contribution to local communities, local community life, schools, tourism or town viability or pride.
3. As previously stated there is no regulation that obligates the companies to advise the WDRC of camps that are built on their own tenures creating the following problems that include:

a. Public Health Issues:

Non-disclosure of camps and workers numbers could present substantial public health consequences such as bio-security issues, spread of communicable diseases and health issues;

b. Non-Conformance:

Serving of meals and under what circumstances within these camps means they are potentially operating outside of the law by not meeting regulatory requirements and obtaining the appropriate licenses;

c. Water/Sewerage:

The WDRC does not know how much water they are using or indeed where they are sourcing this water from which has major implications for managing regional water supplies.

For those camps we are aware of, water usage is considerable, for example in Chinchilla they account for 10% of usage of all water in the town through private haulage contractors. Waste coming back from those same camps accounts for 20% of the sewerage load on this town.

Whilst they are paying \$50/kl to dispose of their liquid waste/sewerage etc, and pay around \$6/kl for the water – they do not provide any capital contribution to infrastructure, whereas for a private developer these costs would have to be paid up front.

Further, the bringing of waste back to sewerage treatment plants is done by private contractors so there is no control over what that waste is. Whilst at the present time there have not been any major incidents, there is still a high risk attached to this practice.

d. Waste:

Disposing of waste is a major concern, with limited funding made available from the energy sector towards waste and landfill requirements, creating major issues with the dumping of enormous amounts of waste that become ratepayers costs to dispose of.

e. Disaster Management & Emergency Service Levels:

Without accurate worker numbers within the camps affects the ability of the WDRC and other emergency services to plan appropriately and effectively for disaster management and emergency services levels. A case in point is the floods across the Western Downs in January 2011, it was difficult to assess how many people were isolated and where they were located.

f. Social Issues:

- i.* There is a fracturing of local communities as some benefit and others lose land or lifestyle.

- ii.* It is well documented that community leaders in mining areas have publicly blamed FIFO for causing increases in child abuse, child antisocial behaviour, marital break-ups as well as community drug and alcohol problems¹;
- iii.* Relationships for FIFO workers can be negatively impacted, particularly those with young children less than 5 years old with a greater burden placed on the carer of the children and the FIFO worker only spasmodically sharing and participating in their child's early development. Further issues are also encountered with FIFO workers missing out on important family occasions, such as weddings, graduations etc. In addition the absence of the FIFO worker for long periods places further constraints, and burdens on the partners who are also required to fully manage the family's affairs;
- iv.* FIFO promises employees the best of both worlds with highly paid jobs and the option of maintaining existing family arrangements in an urban environment. However, in reality, whilst many professionals thrive on this lifestyle, many find it difficult, with studies showing turnover of FIFO workers to be far greater than resident workers. This provides evidence that FIFO is not a sustainable lifestyle. Separation anxiety, diminished communication and the ensuing emotional disconnection between couples, particularly the stresses associated with separation of families for long periods are creating increased social costs of dysfunctional families, marital break-downs and wider social problems.²
- v.* Challenges identified for FIFO workers around health also include fatigue, poor concentration and memory, anxiety, depressed moods, irritability, poor sleeping habits, consumption of excessive amounts of alcohol and cigarettes and the maintenance of sedentary lifestyles. There have also been recent reports showing significant health concerns ranging from diabetes to obesity, mental health and heart issues. What further exacerbates these issues for FIFO workers is that due to their unusual lifestyles, they are often not able to develop a close relationship with a general practitioner.³

g. Services:

The pressure a surge of energy sector activities and the resultant FIFO/DIDO workers on communities, particularly smaller communities can have major effects on local medical services, emergency services and council services. These come at a cost to the local resident with increases in local costs and rents, access to medical services limited or denied and increased time and costs in service requirements by council.

h. Infrastructure:

As previously stated, there are massive costs to the Council as well as to ratepayers who are inadvertently funding infrastructure that are used by the FIFO/DIDO workers. How does a Council fund infrastructure to build capacity or indeed fund the dramatically rising prices of maintaining the current inadequate or low capacity infrastructure to cope with the increased usage. This should not be a Council cost.

i. Population Changes:

Research has shown that since the introduction FIFO and its increasing popularity, the population numbers of many small mining towns have decreased and as a consequence their sustainability or even existence is threatened. It is further understood that as town population diminishes they also lose corporate and government support. If this should occur in Western Downs, it may have major future ramifications, particularly for the agribusiness sector and our ability to contribute to future food security.

¹ Sibbel, Anne M. (June 2010) Living FIFO: The Experiences and Psychosocial Wellbeing of Western Australian Fly-in/fly-out Employees & Partners.

² Clifford, Susan (April 2009) The Effects of Fly-in/Fly-out Commute Arrangements and Extended Working Hours on the Stress, Lifestyle, Relationship and Health Characteristics of Western Australian Mining Employees and their Partners

³ Media Release (August 2011) Australian Medical Association (WA)

Long term strategies for economic diversification in towns with large FIFO/DIDO workforces;

We understand there are many issues with FIFO/DIDO workforces in towns, many as highlighted above, however, the WDRC believes they also present major opportunities for the long term sustainability of our towns through employment offerings for both skilled and un-skilled workers.

The WDRC believes there needs to be a commitment from both State and Federal governments in collaboration with industry to support towns impacted by the resource sector and the resultant FIFO/DIDO and we therefore propose the following:

1. All contracts to service camps housing FIFO/DIDO workers must be offered to local businesses for supply. Obviously it is accepted that these services must be at suitable quality standards and at a competitive market rate. This would assist in local business retention, business investment attraction efforts and/or support diversification of current local businesses leading to local business growth.
2. Camps should adjoin local towns. This arrangement would bring many benefits to the local town, resource companies, local government, community service providers and the FIFO/DIDO workers. These benefits would include:
 - a. When camps are constructed and connected to towns, additional capacity could be planned to provide accommodation that could allow local town businesses suffering skills shortages to attract skilled workers. This would be particularly important during the construction phase of projects.
 - b. Worker access to towns will enable local spend, this would enhance the viability of local businesses and support local community activities;
 - c. As previously stated, there are many family, social, health and wellbeing issues associated with FIFO workers. Integration of camps with towns would provide an opportunity for FIFO workers to be involved in the local community. It would further allow a greater ability to showcase the liveability of the town, particularly WesternDowns towns that offer a prized "country" lifestyle, which may attract workers and their families to relocate. In turn, this would increase resident population, increase government funding and support with services, education and training and infrastructure, reduce health risks of workers, support happier family relationships, particularly for families with young children and reduce child anti-social behaviour and abuse.
 - d. Currently resource companies provide sporting and recreation facilities within the camps such as gyms, swimming pools, tennis courts, football fields etc for the enjoyment of workers. If camps adjoined towns, the WDRC believes companies should:
 - i. Utilise and contribute to town facilities. This would present substantial savings for ratepayers, assist in integrating workers with the towns and provide savings to the companies with them not having build duplicate facilities;
 - ii. Provide said facilities to small towns which may not currently have them available to them. This would contribute to the liveability and enjoyment of residents within those towns as well as cater to the needs of FIFO/DIDO workers; and
 - iii. Should the temporary camps be closed, these facilities can continue to be utilised.
 - e. Greater ability to undertake disaster management and emergency services planning.
 - f. Increased population within towns from camps would enable greater levels of public transport to be provided, more ability to attract medical and other professional staff and provide a wider range of government and other services that may not be currently available.

3. All resource sector proponents must be regulated to apply to the local Council for the construction of all camps whether on mining tenures or off-site. They must be required to advise the local government and emergency services of camps, where they are located, capacity and how many workers. Proponents must be conditioned to provide this report on a monthly basis.

Further the operations of these camps must comply with all regulatory requirements. This is critical, for the safety and well-being of FIFO/DIDO workers and for the planning and provision of services and infrastructure by the local government, community and emergency services.

4. The local government has little or no control over decisions re the mining sector operating within their regions. However, the onus is left to the local government to negotiate funding, infrastructure and other agreements that will hopefully assist in mitigating their impact on local communities. This places a further load on councils already under pressure, and is another distraction from core business that is not resourced.

There must be substantial contributions towards critical infrastructure from the energy sector utilising camps for FIFO/DIDO as well as appropriate levels of contribution from State and Federal governments. Those regions must be recognised for the contribution they make via royalties to the state and national economies and be recompensed accordingly.

This is particularly so in light of the fact that WDRC's have estimated costs up to \$210 million from the impact of mining on the region in the next five years. This equates to around 22.4% of the Council's annual budget. With rates of only around \$38 million for the same period, it is clear that the mining sector is not contributing appropriately to local economies, rather, they are placing an enormous burden on them.

This situation is further aggravated with the State inflicting considerable funding costs on local government for water and waste infrastructure in the past few years.

5. Ample funding must be provided to support the liveability of towns to maintain the social fabric, community resilience and economic growth of towns affected by mining and FIFO/DIDO workers. Further funding must also be available to support the provision of an adequate and appropriate diverse range of affordable housing. In addition, there must be investment by State and Federal governments into communication infrastructure and education and training facilities.

The Queensland Government through their Queensland Regionalisation Strategy fully support a focus on regional economic development underpinned by liveability that will strengthen regions, encourage regional population growth, take advantages of opportunities, align investment in infrastructure and build regional capability and capacity around sustainable, liveable and prosperous foundations. The WDRC fully concurs with this vision, but it must equate to strategies and actions that can be successfully implemented within regions.

Local governments must, at all costs, be supported in such a manner that they can service the current needs of their communities, meet future service and infrastructure needs and have the flexibility, control and monetary capacity to maximise opportunities such as those presented by FIFO/DIDO workers, that can enable them to ensure the future health, prosperity and sustainability of the regions they are chartered to govern.

We thank you for the opportunity to provide our response and look forward to the final report after it has been tabled in Parliament.

Should you require any further information, please do not hesitate to contact the writer.

Yours faithfully

Phil Berting
CHIEF EXECUTIVE OFFICER