



Sent: Friday, 4 November 2011 10:51 AM
To: Committee, RA (REPS)
Subject: FW: Inquiry into the use of Ofly-in, fly-out¹ (FIFO) workforce practices in regional Australia

From: Steve Rose
Sent: Thursday, 3 November 2011 2:03 PM
Subject: Inquiry into the use of Ofly-in, fly-out¹ (FIFO) workforce practices in regional Australia

Dear Hon Tony Windsor,

I have read that you are chairing the Inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia.

As a mining professional who has worked in the mining industry for 25 years, and has lived in remote towns for most of that (albeit I have lived in Perth for the last 3). I have also worked on a FIFO basis. I would welcome to be able to attend the meeting in Western Australia.

Just a few observations I have (although I do work in the industry, I am not a company owner). I think that many of the points that I read in the media come from a fairly narrow and self-interested view point.

1. I am not an accountant, but I have read that the growth of FIFO was encouraged in the '80s by the change in the tax laws to make subsidised company housing in mining towns a Fringe Benefit. Conversely, costs associated with operating a camp and flying in the workforce is an operating cost, that can be tax deducted. So a tax policy has created what are now seen as undesirable effects.
2. Some of the past bigger company towns were built with special support or tax or royalty exemptions for the companies involved (eg Kambalda, Leinster etc). I think that these concessions would need to be offered again if company towns were seen as desirable.
3. Many small remote towns do not offer the services that families expect. The schooling and medical services are not to the same quality as available in cities. Whilst there is some assistance from the government in accessing higher level services if required, they are insufficient to meet the true cost (eg the PATS scheme falls well short of the real cost of travelling say from Norseman to Perth, and staying there whilst a child is treated in hospital).
4. The cost of rent in many remote towns can actually be very high eg in Mt Isa, Kalgoorlie, even Norseman. The quality of many of the houses can be very low.
5. The cost of living in remote towns is higher than in the cities.
6. There is a remote area tax allowance, but this does not meet the full gap in the costs associated with living in a remote town. The tax allowance is available even to FIFO workforce. Consideration should be given to raising the allowance, and to ensuring that it is only paid to people or properly resident in the remote area.
7. Country living does not appeal to everyone. I have been on the recruiting side trying to find staff for projects in Norseman for example. At that time it was residential only. Effectively we were restricting our pool of

potential candidates to young families with children under high school age, because of the lack of facilities for single professionals, or for families with high school children. To grow the pool of candidates the operation was forced to become FIFO.

8. I do not deny that in an ideal world residential is the best option. It is better for families, and also is better for the employer – the work can get done to a better standard, with less employees because they will tend to be more productive. But with all of the drawbacks of living in a small remote town, is it any surprise that many choose to live in bigger towns and cities and commute to work.
9. Not all FIFO are the same. There are some places where it would be foolish to expect residential. The operation does not have sufficient mine life, and/or the place is too remote. Eg Prominent Hill in South Australia.
10. The quality of service from local businesses in some remote towns can be pretty poor, yet still be very expensive. As a resident you eventually get fed up being milked by greedy businesses who feel they have an unearned right to your custom.

From my experience the situation could be improved if

1. Companies were given encouragement to build company housing
2. Companies were discouraged from FIFO arrangements (ie no tax breaks)
3. The remote area tax allowance was refined so only permanent residents benefited (not FIFO residents), and it should be increased to reflect the real cost differential. This will benefit all remote town residents, not just mine workers.
4. Government took a genuine effort to ensure that remote towns are not disadvantaged compared with cities with regards to the quality of education or medical services.
5. Some sort of policy to assist with the building of modern suitable housing in remote towns.
6. Get away from conspiracy type demonising of mining companies – FIFO has been a response to changes in tax policy and a growing gap between country services and city services.

I am quite passionate about this subject. I wrote several letters to my then local MPs (Barry Haase for Federal and John Bowler for WA parliament) about this. It is a crying shame that country towns are in decline. But I think it is simplistic to target “greedy” mining companies. It is poor tax policy and poor country infrastructure and services.

Regards

Steve
