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2 February 2012

The Secretary
Parliament of Australia:
House of Representatives
Standing Committee on Regional Australia

To Whom it May Concern,

RE: Inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in Regional Australia

The Mount Isa City Council is grateful for the opportunity to provide input into the usage of 'fly-in, fly-out' (FIFO) workforce practices in Regional Australia.

As Australia's first 'company town' and having recently celebrated our 85 year anniversary of commerce and community, Mount Isa is ideally situated to speak on the effects of FIFO/DIDO workforces on regional communities. Management of the FIFO/DIDO issue is of paramount importance to communities such as Mount Isa, and holds long term ramifications for our sustainability, growth, and resilience.

Our core industry is based around Xstrata Mount Isa Mines... a source of copper, silver, lead and zinc. Xstrata Mount Isa Mines is one of the most productive mines in the world, and was recently awarded one of the state's top honours when it was named the 'Most Significant Business in Queensland' as part of the Premier's Smart Business Awards 2009.

More than a mining town, Mount Isa has strong educational, health, and commercial facilities, and possesses the perfect balance of both business and lifestyle. Mount Isa has long been a cornerstone of the economic development not only of the State, but of the nation, and continues to proudly exhibit what can be achieved in North-West Queensland... as well as what opportunities exist in the outback for those looking to live or invest.

Once again, the Mount Isa City Council is pleased to be able to provide input into this very important issue and appreciate the opportunity to submit this document to the inquiry. Should you have any questions about this document, or if I can be of any further assistance, please do not hesitate to contact me via the details provided.

Yours faithfully

Bhan Pratap
Chief Executive Officer
MOUNT ISA CITY COUNCIL





The Mount Isa City Council submits the following comments to the House of Representative's Standing Committee on Regional Australia in response to a request for submissions in relation to the use of fly-in, fly-out workforce practices:

1. There is limited quantifiable research around the impact of FIFO/DIDO workforce models and their impact on regional communities.
 - a. Much of the available information relies on ad-hoc representations by individuals.
2. FIFO/DIDO workforce models are a necessary requirement for development to occur in some situations.
 - a. Lack of skills.
 - b. Lack of locally available workforce.
 - c. During limited times of increased productivity or planned expansion of works (i.e. 'shutdowns').
 - d. During construction or rebuilding efforts.

NB: *This submission is not concerned with low level or short term FIFO/DIDO workforce models, as this has generally not been the experience of the city. Submissions points made here are in relation to long-term FIFO/DIDO workforce models.*

3. Local government authorities plan infrastructure and service provision reliant on the needs of permanent residents (i.e. town parks and recreation areas, sewerage, roads, water infrastructure).
 - a. Issues with capacity arise when additional pressures are placed on infrastructure or resources by FIFO/DIDO workforces.
 - b. Additional support and funding must be made available to those areas experiencing this increased pressure in order to ensure they remain sustainable.
4. The distribution of mining royalties should be reassessed and modified to accurately reflect the productivity of resource communities.
 - a. A larger percentage of mining royalties should be returned to the communities in which they were produced.
 - b. This would allow for increases in lifestyle and sustainability factors, creating more resilient communities and attracting a greater residential workforce.
 - c. This has the potential to stimulate significant growth in rural and remote areas reducing the population pressures currently being experienced by South-East Queensland.

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5. Efforts by levels of government (not including local government) to create FIFO/DIDO workforce 'feeder' communities should not be continued and supported.
 - a. For example, the reported machinations to position Cairns as a 'feeder' community for FIFO/DIDO workers to resource communities in northern Australia should not be actively supported by State or Federal Governments if it comes at the detriment to building strong, resilient, sustainable, residential communities in resource-based regions such as Mount Isa.
6. Local housing markets are significantly affected by the FIFO/DIDO model.
 - a. Members of the community not employed by the resource industry face increasing rental/purchase pressures and are unable to compete with the resource-based workforce.
 - b. This can result in many being forced to leave the community, or stifled development.
7. Local businesses (including local government) are unable to compete in the local rental market (where and if they provide staff housing).
 - a. Additionally, local businesses (including local government) are unable to attract suitably qualified individuals due to competition in the resource sector and the prevalence of FIFO positions allowing the lifestyle benefits of living in a metropolitan city but working in a regional area.
 - b. Rental assistance provisions should be reviewed and extended dependent upon the community in question.
 - i. Individuals living in many resource communities may not currently qualify for rental assistance due to combined means testing, however this fails to take into account the percentage of household income absorbed by rental costs in comparison to similar family income levels in non- resource communities.
 - ii. Current means testing methodology primarily supports public housing efforts, whilst other productive members of the community (e.g. retail sector employees, child care employees, service industry employees, public service etc.) may not be eligible for assistance based on restrictive means testing despite spending a higher proportion of their available income on housing when compared to individuals in non-resource communities.





8. FIFO workforce places pressure on available tourism accommodation.
 - a. Many historical accommodation venues (such as caravan parks or holiday villages) have converted to workers accommodation to meet FIFO/DIDO requirements. This heavily reduces capacity for tourism accommodation, and can be detrimental to economic prosperity.
9. Due to limited permanent population sizes of regional communities, support and growth of additional services and trades that may otherwise develop does not occur.
 - a. For example, the resource industry can fulfil its requirements for electricians internally or through FIFO arrangements, thus limiting the development of a local electrical industry/workforce which could also be utilized by the wider community.
 - b. Additionally, government support (State and Federal) is based partially on community population levels. With a high percentage of the workforce not recognised as part of the local community (especially through ABS or Census efforts), funding levels and availability are significantly reduced.
10. Local community/sporting/volunteer groups are severely impacted due to lack of participation.
 - a. Many become unsustainable.
 - b. Many 'organised' sporting groups are forced to revert to an informal structure in order to maintain participation – scheduled competition 'rounds' may be unfeasible.
11. FIFO/DIDO individuals rarely 'engage' or 'take ownership' of the community in which they work.
 - a. They identify with another community being their home, and the regional community as a workplace.
 - b. This can lead to increased social concerns for the community.
12. The Australian Taxation Zone Rebate should be amended to accurately reflect the impost of remote living for permanent residents.
 - a. FIFO individuals should not be able to access this rebate.
 - b. The rebate should be increased for those individuals residing full-time in regional and remote communities.
 - i. This increase should be of a significant amount to maximise impact on lower income brackets in rural or remote areas.
13. The methodology utilised when applying Fringe Benefit Tax considerations should be reviewed to incentivise a residential based workforce, and to de-incentivise the employment of a FIFO/DIDO model.





14. FIFO/DIDO source communities (such as coastal cities etc.) may experience increased social fabric impacts as a result of the extended period individual family members spend apart.
 - a. Family units may break down.
 - b. Increased reliance on / need for support networks.

The Mount Isa City Council strongly suggests the following:

1. The resource industry should be required to strongly encourage (and support) their permanent workforce becoming and remaining residential in the communities within which they operate.
 - a. Incentives should be offered to assist in this effort.
 - b. Support of the wider community to increase lifestyle factors should be offered to assist in this effort.
 - c. Housing provision and construction may be required to assist in this effort.
2. The Australian Taxation Zone Rebate / Fringe Benefit Tax methodology should be reviewed as a matter of urgency:
 - a. Zone rebates should not be available to FIFO/DIDO workforce members who maintain their primary residence outside of the region.
 - b. Zone rebates should be increased for those eligible to receive it to act as an incentive for a residential workforce.
 - c. Fringe Tax Benefits should be altered to advantage residential workers in rural or remote areas (not FIFO/DIDO staff) as part of an incentive program.
 - d. The possibility of an additional locality allowance (for the purposes of taxation) option should be investigated for use in resource communities. Such a locality allowance would include considerations with respect to factors as stated above, and would take into account the increased cost of living experienced by residential members of resource driven, rural and remote communities. This locality allowance should not be made available to members of a FIFO/DIDO workforce.

Furthermore, the Mount Isa City Council would like to draw specific attention to the burdensome non-contributory aspect of FIFO/DIDO workforces to the local community and its infrastructure. A substantive FIFO/DIDO workforce places increased pressure on local communities without providing any opportunity for recourse or the instigation of a 'user pays' system. Essentially rural and remote communities, ratepayers, and local government authorities are significantly subsidising the FIFO/DIDO sector through the provision of core services and infrastructure without opportunity for recompense.





This situation must be addressed in order to maintain sustainability and resilience.



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