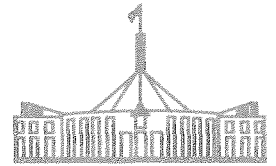




PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

HON BOB KATTER MP

Federal Member for Kennedy



7 February 2012

Submission Number: 168
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Secretary,
Standing Committee on Regional Australia
House of Representatives
PO Box 6021 Parliament House
CANBERRA ACT 2600
via email: ra.reps@aph.gov.au

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

TO WHOM IT MAY CONCERN

In the past quarter-century, governments have failed to respond with necessary legislative change to mounting evidence of the worsening impacts of a mining industry trend towards non-residential workforces.

Well before the current boom in the middle of the past decade, evidence of the trend toward FIFO was abundant in local government minutes and newspaper letters to the editor.

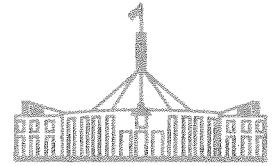
The prevalence of so-called 'fly-in, fly-out' (FIFO) staff – estimated to account for about half the mining workforce – is unequivocally destroying the social and economic fabric of the very communities which governments rely on to derive much of this nation's wealth. There are also significant human costs, on both the FIFO workers themselves as well as the family and friends from whom they cannot help but disconnect.

While there has been an ample accrual of anecdotal and empirical evidence, throughout the past quarter-century and most recently to this inquiry, of the impacts from the trend towards FIFO, we provide for the record a summary of our observations, as follows:

- **Key concern** – FIFO has been among key concerns cited by constituents in parts of the Kennedy electorate, raised via both private representations and at more general meetings.
- **Local jobs** – Approximately 12 months ago we were forced to intervene following complaints from locals who told us they were having difficulty securing work in the local mining sector and who felt jobs were going to people living outside the city. Also at this time, a leading indigenous organisation advised us that they had 87 trained locals on the books who were ready to be employed, yet cleaners were being flown in.
- **Housing** – There are wide-ranging impacts from exorbitant rental prices, driven up by the

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absence of home construction since the Fringe Benefits Tax made it more economical for mining companies to fly workers in rather than build and/or subsidise housing for employees. The impacts include, inter alia, a high attrition rate of key professionals and exodus of long-term locals for whom the costs of housing outstrip an average weekly wage.

- **Business** – Local businesses are impacted on several levels. For instance, FIFOs contribute little to the local economy as their accommodation and food are paid for via dropped-in demountables and fly-in food. And businesses cannot entice workers to town due to extreme housing costs.
- **Health** – FIFO stretches to the limits our remote towns' badly under-resourced services such as health. For instance, reports of increased incidences of young men engaging in excessive risky behaviours as evidenced through drink/drug presentations to hospitals.
- **Transport** – We hear frequent complaints from residents of remote mining towns (where air travel is a necessity, not a luxury) about expensive flights because FIFOs fill up all the seats. Evidence of this capacity can be witnessed through the expansion of airlines specifically servicing the mining industry FIFOs between North West Queensland and major cities. The mines are going boom while the towns are going bust – and the answer lies at the airports.
- **Deteriorating social fabric of community** – For instance, Mount Isa was once a thriving sporting hub that fostered elite-level champions, but it now struggles to maintain long-standing grass-roots events and competitions.
- **Dwindling tourism** – Valuable tourism opportunities are being lost in towns where accommodation is stretched by FIFOs.
- **Crumbling infrastructure** – There is an inability of local councils to acquire ratepayer revenue commensurate with the actual population utilising town services/infrastructure, which already suffers from a lack of government funding attributable to Census figures that, due to FIFOs, fail to accurately reflect the true number of people utilising the services/infrastructure.
- **Skills loss** – Increased use of FIFOs contributes to the loss of skills training and retention in mining communities, which will eventually no longer have a skilled local workforce.
- **Human costs** – Long absences of a parent takes a significant toll on families, particularly children, and on the FIFOs workers themselves, who suffer from the isolation from family and friends (as tragically evidenced in the death of man in a mining camp donga in WA whose body was not found for some time). Some assert family breakdowns are ultimately inevitable.
- **Workers' rights** – forcing workers to live in camps not only gives the company greater control over employees, it also stops them acting collectively, and further disconnects them socially.

The issues listed above have been well-documented and demonstrate the requirement for strategies

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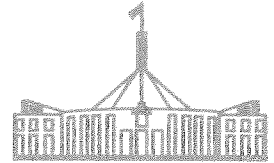
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to encourage mining town residency and investment by resource companies in infrastructure for sustainable communities.

Taxation reform – remove tax incentives that encourage FIFO mineral development and promote tax incentives for both employer and employees to support development in regional locations. Abolish the FBT exemptions for fly-in mining and use such savings to provide a substantially increased zone rebate (for residents only).

- (1) The current system rewards mining companies, not workers. There has been evidence that prior to the introduction of Fringe Benefits Tax in the 1980s, companies built and subsidised housing for employees. But paying FBT on subsidised rents almost doubled the cost to the company, as opposed to the tax breaks associated with flying employees in and out.
- (2) The A and B zone tax rebates have not been lifted since John Howard was Treasurer in 1972, and should be removed for FIFOs since (a) they do not incur the extra costs associated with living in remote areas, and (b) also have their cost of living provided for while at work. We have made numerous attempts at achieving reform in this area, and received many undertakings and promises over the years, but have ultimately been treated with contempt.

Mandatory infrastructure investment – to ensure regions that generate wealth for the nation receive the necessary appropriate support.

- (1) Return 20 per cent of mining royalties earned in a region back to that region in the form of social and capital infrastructure, to be ratified by community representatives and local government. This should be separate to any other budget allocations and expenditure under this program is.
- (2) Only grant mining and development licences to applicants willing to commit to long-term investment in a community's social and physical infrastructure. To this end applicants must actively engage in training Australian labour, capacity building in local communities and encourage residential and industrial development in local communities.
- (3) Build in situ training facilities in mining towns to combat identified skills shortages. FIFO miners are contributing to the loss of skilled local workforces.
- (4) Mandate that (largely offshore) mining companies source locally-produced infrastructure.

Mandatory local workforces – Mining companies must be required to locally base their workforces whilst providing for the possibility of exemption. This was government policy in WA under Sir Charles Court, and in Qld under Sir Joh Bjelke-Petersen. The reversal of the abolition of fly-in miners in WA created great controversy, because of the close relationship between Alan Bond and Brian Burke, who upon his elevation to Premier reversed the decision on fly-in mining to allow it at Argyle in the Kimberley.

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