



Inquiry into Fly-in/fly-out and Drive-in/Drive-out Workforce Practices in Regional Australia

A submission to the House of Representatives Standing Committee on Regional Australia

Prepared by Prof Fiona Haslam McKenzie

Costs and Benefits for Companies Choosing a FIFO/DIDO workforce

- FIFO/DIDO provide companies with considerable workforce flexibility
 - especially for small mines or where the deposit is marginal in terms of return on investment *(short mine life). When market price falls below viability, the mine will be 'mothballed' ('care and maintenance') and workforce will service other mines elsewhere.
 - The Construction workforce is usually relatively short term with variable (usually) high volumes of labour. By comparison, operational staff levels are considerably lower and more stable (although that does not necessarily guarantee a residential workforce)
 - Specialist and skilled workforce, especially internationally-based, are more easily access with minimum repatriation costs.
- FIFO/DIDO provide companies with considerable control over the labour force. Mine and accommodation sites are usually 'closed' with minimum interaction with the broader community. Worker behaviour is closely monitored as is, in many cases, diet, employee movements, activities, physical and emotional wellbeing of workers
- Companies are no longer willing to construct entire purpose-built towns, because experience has shown that they are expensive to build and maintain and even more expensive to decommission.
- Since the introduction of the FBT there is even less incentive for companies to provide housing for a high percentage of staff.
- A FIFO/DIDO workforce limits the environmental rehabilitation of company towns – hence a significant cost saving.
- A FIFO/DIDO workforce avoids the time consuming and expensive regulatory and planning costs associated with the construction if a new town site.
- Air travel is relatively low cost, it provides efficiency and destinations are easily changed depending upon demand.

Costs and Benefits for Individuals Choosing a FIFO/DIDO workforce

- A FIFO/DIDO work arrangement enables
 - mining employees greater job flexibility and during times of skills and labour shortages, workers are able to 'job hop' depending upon which company is offering the best 'swing' (roster) arrangements and wages and conditions.

- Both partners to pursue employment. A constant concern is that the partners of a miner (the trailing spouse) cannot necessarily get a job in mining communities that suit their particular skills/qualifications or desired salary.
- Many employees to save a considerable proportion of their wage. The company provides FIFO/DIDO workers with fully equipped accommodation, food and transport.
- A constant complaint of mining communities is that they do not provide the same services as cities or even regional centres (often because of the mono-economy). Many mine workers or their families prefer that the family stay in the city or regional centre where medical, education and childcare services are usually guaranteed.
- Over the last 20 years there has been minimal government or corporate investment in mining town aesthetics and/or infrastructure. These towns are often now particularly appealing for families and/or the 'trailing spouse'.
- Demand for housing has outstripped supply, in some cases, many times over (see Senate Select Committee on Housing Affordability in Australia (2008). A good house is hard to find: Housing affordability in Australia http://www.aph.gov.au/Senate/committee/hsaf_ctte/report/report.pdf). In other mining towns, the housing is old, outmoded, poorly maintained and often not climatically suitable. Further, few houses were built with 12 hours shift arrangements in mind.
- Hotbedding, camping, house sharing and other housing arrangements are often the only way some people can get residential accommodation during such dire shortages. These arrangements are not suitable for most people, most particularly families.

The median cost of housing whether for purchase or for rent in mining communities often exceeds that of capital city prices (see http://www.ahuri.edu.au/publications/download/40586_fr and www.ahuri.edu.au/publications/p80370/)

- 12 hour shifts have undermined volunteering and opportunities for many social opportunities in mining towns.

- Many mining towns have become mono-economies making it unaffordable for many service and small businesses to operate, thus compromising liveability.
- The cost of living in many mining communities exceeds that of cities and other regional centres (see Department of Local Government and Regional Development (2007). Regional Prices Index. Perth, Department of Local Government and Regional Development.).

The effect of a non-resident FIFO/DIDO workforce on established communities and the impact of communities sending large numbers of FIFO/DIDO workers to mining jobs:

Both *host communities* (those communities where FIFO workers work and hence spend a large proportion of their time) and *resident communities* (where FIFO workers, and usually their families, live when they are not working on the mine site) are impacted.

- A major criticism is that as more mining employees choose FIFO over residential options, the populations of the towns diminish, reducing local area impacts and potentially compromising government support and threatening community sustainability. This has implications for both *host communities* and *resident communities*.
- In addition, there is evidence that FIFO results in *host communities* missing out on the economic benefits of mining: the so-called 'fly-over' effect. Few, if any, mining companies source large scale supplies in the region, or have local procurement policies of any kind. Even where companies have a local procurement policy, many regional economies simply do not have the capacity or a sufficiently diversified economy to supply large scale mining operations, except for minor supply goods. All resource companies have head offices outside of the region and the skilled workforce is usually recruited elsewhere so there is minimum investment by the large companies locally.
- The 'Hollow economy' where there is significant leakage from a community, for example due to a high proportion of FIFO workers, where wages etc tend to flow out of the region either immediately or shortly after they are incurred (Acil Tasman 2006) through FIFO salary and wages. The 'save to leave' syndrome means limited funds stay in the *host communities*. Rarely are funds invested back in the *host*

communities except for housing speculation but this is a very small proportion of the workforce.

- A number of studies have been undertaken to assess the impact of FIFO on personal and community wellbeing. Undoubtedly there is a range of personal and corporate advantages associated with FIFO, but there are also some disadvantages depending upon the situation, the people involved and the interconnected relationships across a range of communities. The personal impacts of FIFO work arrangements are dependent on company policies and practices and the individual's coping and support mechanisms. It also depends on the family arrangements. FIFO can have a disruptive impact on personal and family arrangements, which some people and families manage better than others.
- The FIFO worker can often experience loneliness, homesickness and a sense that they are 'missing out' on quality family time or that the family at home doesn't understand the pressures of being absent.
- Many *resident communities* complain that the a high proportion of FIFO DIDO workers in the community means;
 - that local teams and service organisations are depleted. There is evidence to show that the absence of workers from a small community, such as rural communities, does have drawbacks.
 - FIFO workers returning to the resident community with inflated pay packets and increased spending money can also have detrimental impacts when the money is spent on alcohol and drugs or sets up resentment and conflict with those in the community who do not have the same spending capacity.
 - some farming communities complain they lose the most able workers to the mines which means that casual farm labour is not available or the local shearing team is compromised.
- During our research, it has been consistently reported that FIFO workers do not have a sense of place or sense of community and hence do not invest themselves or any of their assets in mining communities. When presented with these claims in research interview sessions, many FIFO DIDO workers will agree that they don't care one way or the other for the community where they work. Many claim however

that they do not actively destroy the environment or make trouble in the communities where they work. Many have suggested it is the construction workforce employees who have no respect for the communities their work in – these claims have not been objectively proven but the same anecdotes have been repeated on numerous occasions.

- Another significant concern, especially for local government and local Chambers of Commerce, is the use of services and infrastructure by FIFO workers. FIFO employees do not contribute directly to local government rates and thus local infrastructure. The reason for this, as identified by the Australian Bureau of Statistics (2008a), is that FIFO workers usually report their 'usual' address as their home address (where their partner and children live), but not the 'actual' or usual place of residence where they have or intend to spend six months or more, as required on the Census form. Therefore, some of these employees may not be counted according to their usual place of residence due to the respondent not interpreting the question correctly. This has significant implications for local government and the distribution of Commonwealth grants and means that local governments with mining and high FIFO activity are providing infrastructure and services for which they are not given resources commensurate with the resident population. *Host communities*, and certainly those in small rural communities, generally believe that FIFO workers do not contribute to local community organisations, participate in community building activities such as sporting groups or volunteering, and take from the community with minimum return.

Long Term Strategies for Economic Diversification in towns with large FIFO/DIDO workforces

Not everyone wants to be a FIFO/DIDO worker – many workers simply do not have a choice due to poor planning and especially due to lack of housing or poor quality housing. Many mining towns were not always mono-economies but as mining ramped up and was able to out bid on housing, labour and a myriad of other goods and services, other industries such as tourism, farming and fishing were squeezed out just were many service providers. Affordable housing and premises for commercial activities are key to a diversified economy.

In Western Australia in particular, there have been numerous reports over the last 25 years flagging the insufficient supply of developable land for housing and the inability of Pilbara infrastructure to cope in the short-to-medium term with any increase in industry activity or population base. Unfortunately, there was minimal planning co-ordination across government jurisdictions and few of the recommendations were enacted by any level of government prior to the onset of the most recent resources boom. Housing and accommodation shortages are also not new phenomena and as early as 1993, there have been reports recommending the immediate release of crown land for housing. 'Land banking', the provision of a sufficient supply of undeveloped land zoned 'residential' could have facilitated rapid development when the land was needed.

Government and community housing organisations are now trying to provide affordable housing but suitable and developable land is difficult to come by. Despite the government's attempts to provide affordable housing, it has been insufficient and not timely. An important, but not well understood feature of the development of Crown Land in Western Australia is the role of the Western Australian Treasury. Landcorp must buy Crown land from Treasury at market prices. The median price for land suitable for residential housing is approximately \$1million. In mining areas where demand for land is so high, the market has driven prices to unprecedented levels; government is perpetuating the high prices rather than doing anything to alleviate the price cycle.

To date, a policy of increasing housing density has not been generally accepted by the community, although the housing crisis has forced many in the Pilbara community to reconsider their position. The Shire of Roebourne (the local government authority which includes Karratha) has endeavoured to provide the necessary framework to encourage a range of lifestyles and has gazetted changes to the Town Planning Scheme No. 8 to meet the following objectives:

- enhance built form, create an identifiable central focus and provide legibility;
- develop local commercial centres to provide convenience goods and services to the local communities; and
- encourage residential development that will accommodate a greater range of lifestyles and needs to reflect the broadening population base (Shire of Roebourne 2000).

The urgent need to address the housing pressures requires flexible approaches to housing density, diversity and adaptability in order to respond to changing housing needs over time. It has been suggested that the rules governing the sale of Crown land to the government entity, Landcorp, could be relaxed to enable more affordable housing land in the Pilbara. To date there has been little movement regarding the sale of government land at market prices. If the legislation was changed to enable government land which is suitable for development to be transferred at no cost to the social housing and not-for-profit housing sectors, even if it was limited to the Pilbara and rules were put in place that quarantined land sale privileges, the land discount would make a significant difference to the cost of housing.

The plethora of agency approvals required and the time taken heightens investment risk and undermines profitability. A development may require a proponent to seek approval from approximately ten government agencies depending upon the size and nature of the development. Developers complain that not all approvals can be applied for simultaneously; approval from one agency is a prerequisite for approval from another.

It has been broadly recognised that local government has an integral role in facilitating the changes in the Pilbara and therefore must be a facilitator of change rather than an inhibitor. Flexibility is the key and both State and local government could be more innovative in land release and planning guidelines. With the intense demand for accommodation and the physical constraints in both towns, attitudes need to change towards greater density and different types of housing configurations, styles and materials.

FIFO/DIDO camps do not have to be closed or on the edge of town. They could be integrated into the town boundaries provided there is appropriate planning for infrastructure. The built form could be more innovative so that it has flexible uses post mining thus ensuring an aesthetic attractiveness. Modular accommodation does not have to be ugly – it can be climatically responsive, flexible and if necessary transferable to other sites. The services provided to work camp occupants could be better shared across the community thus enhancing FIFO and DIDO workforce with the residential community.

Another area of resistance, particularly within local government, has been ancillary housing provisions. Until now, ancillary housing has been restricted to family members however, through the State government housing and planning reforms, the provisions have been made more flexible. Ancillary housing flexibility in the Pilbara would provide the opportunity for the private sector to both provide extra accommodation while also enhancing the value of the residence, albeit in an already high value housing market. Because the ancillary housing is attached to the main residence, it cannot be subdivided and therefore limits the profiteering which has been rampant in Pilbara towns for more than a decade. The private sector could be further incentivised to build ancillary housing through reduced local government rates and other, similar mechanisms, especially if an affordable rent ceiling is maintained. These mechanisms spread the development costs and opportunities across the community while also providing a more affordable rental option for small low to moderate households. Formalised ancillary housing would also give local government authorities the ability to control the quality of the built product and generally enhance the quality of housing in the region. Providing development incentives to the private sector prevents concerns about large scale 'sameness' that have been raised regarding large, commercial building companies whose profitability is derived from economies of scale. Other advantages of ancillary housing include the opportunities associated with both intergenerational housing for both younger and older Pilbara residents while also providing independence for both households.

FIFO and DIDO are now accepted practices in the Australian mining industry and have an ongoing role to play (Haslam McKenzie *et al.* 2009; Haslam McKenzie 2011a). FIFO and DIDO strategies have an important and legitimate role in meeting the workforce needs of the mining industry and are the preferred option for many workers. They are particularly suitable where the labour force requirements are time limited, such as during the construction phase of a project or the mine life is expected to be relatively short or the work site is remote with no nearby amenities. Other significant factors include the preference of workers and their families to be based in capital cities or other, usually seaboard, centres. Even though many towns view these arrangements as both a blight and often a local economic non-contributor, temporary work accommodation is an inevitable feature of a mining community. Their built form could be considerably improved and their location,

often on the edge or removed from towns could be better integrated into communities. These high density complexes do not have to be temporary, although while mining industry is booming, mining companies usually retain their temporary accommodation for other projects or move it to other projects. Nonetheless, the amenities offered by the companies to their workforce could be more accessible to local people and relationships between the resource labour force and local people more open.

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About the author:

Professor Fiona Haslam Mckenzie was educated in Western Australia and the United States and has a varied academic background including a PhD in political geography, researching the effects of demographic and economic change on rural communities in Western Australia. Fiona has extensive experience in population and socio-economic change, housing, regional economic development and analysis of remote, regional and urban socio-economic indicators. She has published widely and undertaken work for the corporate and small business sectors both nationally and in Western Australia as well conducting work for all three tiers of government. She was recently appointed to the Regional Development Australia Fund Advisory Panel (Commonwealth Department of Regional Australia, Regional Development and Local Government).

Fiona leads the CSIRO Minerals Down Under *Regions in Transition* Project and is the Curtin University representative on the CSIRO Minerals Future Cluster Management Committee.

She is also the Chief Investigator, leading the *Regional Economies – Enduring Community Value from Mining* division of the Remote Economic Participation Co-operative Research Centre (CRC-REP).

Key publications of relevance to the Inquiry into *Fly-in/fly-out and Drive-in/Drive-out Workforce Practices in Regional Australia*:

Haslam McKenzie, F. (2011). Fly-in fly-out: The challenges of transient populations in rural landscapes. [Demographic Change in Rural Landscapes: What Does it Mean for Society and the Environment?](#) G. Luck, D. Race and R. Black. London, Springer (Landscape Series): 353-374.

- Haslam McKenzie, F., S. Rowley, R. Phillips, C. Birdsall-Jones and D. Brereton (2009). Housing Market Dynamics in Resource Boom Towns. Perth, Australian Housing and Urban Research Institute (www.ahuri.edu.au/publications/p80370/).
- Haslam McKenzie, F. (2007). Attracting and Retaining Skilled and Professional Staff in Remote Locations. Alice Springs, Desert Knowledge Co-operative Research Centre. (<http://www.desertknowledgecrc.com.au/publications/downloads/DKCRC-Report-21-Staff-Attraction-and-Retention.pdf>)
- Haslam McKenzie, F. (2011 Forthcoming). Resource Boom Times: Building Better Towns and Cities in Remote Places in Proceedings State of Australian Cities Conference Melbourne, 29th November – 2nd December.