



Fortescue
The New Force in Iron Ore

Our Ref: 100-AD-0004

Mr Tony Windsor MP
Chair
House Standing Committee on Regional Australia
House of Representatives
PO Box 6021
Parliament House Canberra ACT 2600

7 October 2011

Dear Sir

Parliamentary inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia

Please find attached Fortescue's submission to the Parliamentary inquiry into fly-in fly-out (FIFO).

Fortescue welcomes this inquiry and commends the Parliament for taking the initiative to investigate the effects of FIFO in Australia. As an organisation, Fortescue is committed to supporting a residential workforce in the regions where this is possible and is supportive of the Western Australian Government's *Pilbara Cities* vision. However, as you will see from our attached submission, our ability to fulfil this commitment is inhibited by a range of complex regional development, governmental and industry factors.

We are living through a period of intense change and opportunity. It is critical that we not squander this opportunity but rather capitalise on it to support sustainable development outcomes that will benefit the Australian community beyond the current growth cycle.

This Inquiry represents a first step towards a coherent dialogue on these issues. In our submission, we make a number of recommendations and suggestions on actions that we believe are necessary if the potential of the current period is to be realised. Principal among these recommendations is the need for the Federal and State Governments to explore all potential levers that might support sustainable regional growth outcomes including national policy guidelines and whole-of-government support for local communities experiencing intensive growth and contraction cycles.

We would welcome the opportunity to address the Inquiry directly during the Public Hearing phase.

Yours sincerely

FORTESCUE METALS GROUP

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Group Manager Approvals and Government Relations

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Attachment 1 Submission to the Parliamentary inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia



Submission to the Parliamentary inquiry into the use of 'fly-in, fly-out' (FIFO) workforce practices in regional Australia

100-RE-GO-0001

OCTOBER 2011

Introduction

Fortescue Metals Group welcomes the Parliamentary inquiry into the use of FIFO workforce practices in regional Australia.

Fortescue was formed in 2003 and has grown rapidly to become the fourth largest global producer of iron ore. Following development of its integrated mine, rail, and port facilities in the Pilbara region of Western Australia, the company commenced shipment of iron ore from its flagship operation, Cloudbreak, in May 2008. Fortescue currently has two operating mines, with additional mine, rail and port facilities in construction or undergoing feasibility assessment. The company currently employs over 3,000 people and utilises a mix of residential and fly-in fly-out workforce delivery.

In preparing this submission, Fortescue has articulated a response to each of the inquiry's Terms of Reference. We have endeavoured to respond directly to the issues raised, including additional references where pertinent. This approach has necessitated some repetition of content where individual Terms of Reference overlap, however this will facilitate consideration of each topic area as a discrete item. We contend that consideration of the use and effect of FIFO work practices in regional Australia cannot be addressed in isolation from the conditions influencing the supply of land and housing to enable the uptake of residential employment. Hence, in responding to the Terms of Reference, we have included discussion that addresses both FIFO and residential workforce considerations.

To assist the Inquiry we provide a summary of key points and recommendations below.

All enquiries on Fortescue's submission should be addressed to

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Summary of key points

Fortescue's Commitment to the Pilbara

Fortescue is committed to supporting residential workforces where feasible in the Pilbara, and is supportive of the Western Australian Government's *Pilbara Cities* vision.

We regard provision of a residential option for employees as one means by which we may fulfil our commitment to support development in the Pilbara and contribute to the region's future prosperity and growth. Fortescue believes the key social performance indicator for a residential workforce is high owner occupancy of accommodation in the community. The locus of our current residential workforce is Port Hedland where over 330 of our employees reside, with additional employees based in Roebourne, Tom Price and Fitzroy Crossing. We utilise FIFO for our operations where a residential option is not feasible, or where our workforce requirements outstrip availability of housing and other infrastructure.

One of the success stories of Fortescue's short history has been its VTEC training program, where local Aboriginal residents are guaranteed a job once training has been successfully completed. Further to the offer of employment, Fortescue enables their employment by funding direct FIFO flights for Aboriginal workers who are resident at Hedland, Fitzroy Crossing and Roebourne to its Pilbara based mining operations and, in the case of Pilbara

residents, offers its indigenous employees generous housing entitlements to engender pride in ownership.

Federal Government's Commitment to the Pilbara

The question for Fortescue is whether the Federal Government is as committed to the growth of Pilbara cities, including the development of local infrastructure, greater availability of affordable housing, improved schooling and support for small business.

Critical to this question is what levers Government is prepared to use and how fast they are prepared to apply them to remove barriers and support growth in these regions. Some of the levers that Fortescue suggests require focus include:

- Reviewing current taxation regimes particularly in respect to removing Fringe Benefit Tax (FBT) on remote housing;
- Increasing skilled and semi-skilled migration to offset short-term labour constraints;
- Provision of commonwealth grants to support local capacity and infrastructure development; and
- Coordinating initiatives and national policy guidelines to aid inter-state cooperation.

Current Constraints to a Residential Workforce

Until recently Fortescue has had a 100 per cent residential workforce at Port Hedland. Our ability to fulfil our commitment to a residential workforce, particularly in Hedland, is constrained by several critical factors:

- Government release of serviced-land over the last decade in communities such as Hedland has been inadequate in volume, timing, and characterised by inadequate delivery of outcomes from government-initiated development enterprises. This has contributed to the escalating supply crisis in housing in the region and left Fortescue with no option but to implement an interim hybrid FIFO/residential workforce strategy in that community.
- Escalating housing and accommodation costs in the Pilbara is now approximately three times more expensive than the equivalent FIFO costs. The cost quantum is now approaching a tipping point whereby the punitive effects may preclude companies such as Fortescue from offering a residential workforce option to its employees.
- Notwithstanding the *Pilbara Cities* initiative, development in the region is impeded by a legacy of inadequate planning decisions by local and state governments resulting in delayed developments and unnecessary duplication of infrastructure with no long term contribution to the region.
- There is a lack of alignment and cooperation between the levels of government and government agencies.
- The development timelines for the resources sector outstrip the government's ability to respond. Fortescue can deliver a 250 person camp from "approvals-to-beds" in less than six months. By comparison delivery of housing stock, even where suitably serviced land is available, is time consuming, expensive and in some cases takes many years to come to fruition.

- The cost of housing inhibits the growth of small businesses and services essential to supporting a vibrant and attractive lifestyle in the regions.
- Limited access to quality secondary education poses a challenge to the company's ability to fulfil its commitment to a residential workforce. The implication of this is two-fold: firstly, it is a significant attraction and retention inhibitor, making it difficult for the company to attract families with older children to the region; and, secondly, it is a key decision-driver for the out-migration of families from the regions, often affecting mid-career and senior employees and impacting the company's ability to recruit experienced professionals.

FIFO – Reality and Opportunity

In the absence of sufficient housing and infrastructure for the foreseeable future, FIFO becomes the only viable option to meet the growth needs of the resources sector.

Notwithstanding Fortescue's commitment to a residential workforce, Fortescue also recognises the benefits and opportunities that FIFO can provide to individuals, communities and the economy. Optimising these opportunities requires improvements to local government strategic planning and alignment between local and state governments and industry. These benefits and opportunities include:

- FIFO provides a significant buffer to regional communities in the event of a rapid downturn, with the consequences dispersed across the broad community rather than concentrated in specific locales or regions.
- Where a residential workforce is not feasible, Fortescue supports in-principle development of regional FIFO hubs. With regional FIFO hubs comes the opportunity to develop regional training programs/centres that facilitate the skilling up of workers for the short to medium term needs of the resources sector as well as the longer term advantage of the local community.
- Fortescue acknowledges that the current growth in resource sector employment has the potential to facilitate a wider disbursement of economic benefit accruing from mining to the community, including provision of training opportunities. We contend that diversification and the development of regional FIFO hubs can only be sustainably undertaken as part of a long-term company and resources sector workforce delivery strategy.

Recommendations

Fortescue regards the role of government as critical in aligning industry development with growth opportunities. To this end, we make the following suggestions.

- That the Federal Government review all potential levers at its disposal to support and encourage sustainable regional growth outcomes and enable the equitable distribution of opportunity to the broad Australian community arising from resource developments. These levers may include:
 - Reviewing current taxation regimes particularly in respect to removing Fringe Benefit Tax (FBT) on remote housing
 - Increasing skilled migration to offset short-term labour constraints;

- Reviewing the Commonwealth Grants Commission formula to ensure States receive recognition for the investment required to sustain growth in regional areas;
- That the Commonwealth Government fast-track any approvals for:
 - Affordable, serviced, residential land and housing;
 - Affordable, industrial land for local businesses, and;
 - Multi-purpose community infrastructure.

ToR 1: The extent and projected growth in FIFO/DIDO work practices, including in which regions and key industries this practice is utilised

Workforce forecasting

Fortescue Metals Group undertakes recurrent workforce planning and modelling for its operations and growth projects utilising a five year time horizon. Current conservative modelling indicates Fortescue can expect an estimated 350 per cent increase in its FIFO workforce across its Pilbara operations during the next five years. Fortescue's uptake of housing during the next five years is anticipated to be 300 houses in Karratha and 250 in Port Hedland. While these houses represent a significant investment for Fortescue, the quantum may lag the company's requirements if its aspiration to support a substantive residential workforce in these communities is to be met.

Overdue delivery of serviced residential land poses significant challenges for organisations such as Fortescue which aspire to a residential workforce at some of its operations, most notably its Port Hedland port and rail facilities, and its potential workforce at Karratha and Roebourne. Despite this, it is clear that the rate of growth and quantum of workforce increase for the Pilbara is significant and can be expected to continue as more development projects come on stream.

Challenges and implications of workforce forecasting

Despite best practice analysis, workforce forecasts are deliberately conservative figures and workforce projections have substantial capacity for upward movement. Combined with the cyclical nature of the resource sector, FIFO then provides a buffer to workforce supply and demand variability.

ToR 2: Costs and benefits for companies, and individuals, choosing a FIFO/DIDO workforce as an alternative to a resident workforce

Cost/benefits of FIFO and residential for companies

Taken on a purely financial cost/benefit basis, substantial savings accrue to companies from FIFO as an alternative to a residential workforce. For example, Fortescue estimates that the cost of flights and accommodation per FIFO employee to the Pilbara to be in the vicinity of \$48,000 per annum. The equivalent costs per residential employee in Port Hedland is approximately \$150,000¹ per annum comprising housing rental or purchase assistance², utilities allowance, and support for the employee and family to undertake two return flights to Perth per year.

Based on these estimations, the cost of supporting a residential employee in Port Hedland is approximately **three times** more expensive than for a similar FIFO employee, a cost

¹ Both cost estimations are exclusive of the North West Site Allowance which is paid to all employees whose principal place of work is the Pilbara.

² We have applied conservative housing cost assumptions when deriving this estimation as follows: Rental \$1,700 per week; Purchase \$700,000. Both are based on the cost of an average three bedroom house in South Hedland at September 2011.

differential that will increase substantially if housing costs continue to escalate. When the Fringe Benefit Tax (FBT) imposed on companies offering housing subsidies is added to the cost equation, FIFO becomes fiscally even more attractive to organisations. Fortescue currently pays substantial FBT on the housing subsidies offered to its resident employees in the Pilbara, with the greatest aggregate quantum of FBT applied to aspects of its home ownership scheme.

Notwithstanding the lower direct investment of FIFO, Fortescue continues to advocate for a residential workforce in key locales such as Port Hedland as a means of supporting the longer-term development of the communities of the Pilbara.

- For Fortescue to meet its commitment of supporting a residential workforce, the cost differential between FIFO and residential must be reduced. For this to occur, government needs to release sufficient serviced land to reduce the overall cost of housing and address the current imbalance in supply and demand for residential accommodation.
- In addition to addressing housing supply, removing FBT on remote area housing would make a substantial contribution towards reducing the cost gap between FIFO and residential, thereby making housing purchase in the region a more viable and attractive option for both companies and families.

Cost/benefits of FIFO and residential for individuals

FIFO employees accrue significant financial benefit arising from provision of all on-site accommodation, food, and transportation costs, allowing considerable opportunity for employees to accumulate personal savings.

Similarly, there are potentially considerable financial benefits for Fortescue employees and their families residing in the Pilbara. These include company support for rental accommodation or purchase via the Home Purchase Program and subsidised utilities and travel. These cost benefits, however, must be offset against the considerably higher cost of living and lifestyle conditions associated with the Pilbara.

The financial costs and benefits of either residential or FIFO must be evaluated by the individual employee or family relative to their personal situation. Remote or regional communities often have limited cultural, sporting and recreational options, conditions that for some individuals or families may be offset by other lifestyle benefits associated with remote living. Limited childcare may place pressure on multi-career households, resulting in the supporting spouse suspending their career while living in remote locales, thereby posing an opportunity cost for that spouse and family. Residential may pose particular challenges for single persons, particularly younger Gen Y workers, who may find regional or remote living to be overly constrained.

ToR 3: The effect of a non-resident FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure

Constraints on delivery of residential workforce

From its inception, Fortescue has had a commitment to supporting a residential workforce in Port Hedland, with FIFO utilised at our remote mining operations only. Where it is practical and feasible, we consider residential workforces as one means by which the resources sector may support regional development in the Pilbara and make a positive and lasting contribution to the communities in which we operate.

Notwithstanding this commitment, the failure to ensure the timely release of serviced land suitable for housing development, coupled with infrastructure planning and implementation short-falls within a regional growth environment, has necessitated implementation of a hybrid residential/FIFO workforce at Hedland.

It is hoped this will be an interim and transitional arrangement to supplement the current residential workforce at Hedland. The interim workforce will be FIFO from Perth until the local supply of houses at Hedland is sufficient to accommodate the additional Fortescue families.

The cost of housing inhibits the growth of small businesses and services essential to supporting a vibrant and attractive lifestyle in the regions. Further, limited access to quality secondary education poses a challenge to the company's ability to fulfil its commitment to a residential workforce. The implication of this is two-fold:

- First, it is a significant attraction and retention inhibitor, making it difficult for the company to attract families with older children to the region; and,
- secondly, it is a key decision-driver for the out-migration of families from the regions, often affecting mid-career and senior employees and impacting the company's ability to recruit experienced professionals.

Challenges and opportunities associated with co-location of FIFO with communities

While long-term optimal development outcomes for communities may lie with the growth in residential populations, it is not possible for most remote or regional communities to sustainably accommodate the scale of current workforce mobilisation. With this in mind, it is imperative that FIFO be managed as positively as possible in its interaction with established communities. It is acknowledged that, where not carefully managed, FIFO has the potential to negatively impact host-communities in a variety of ways, for example, by:

- placing increased pressure on local infrastructure and services;
- diminishing opportunities for local business to capitalise on resource activity via worker and company spend; or
- reducing the likelihood of employees participating in community events, thereby potentially diminishing social capital.

To address some of these negative impacts requires the resources sector and government to work in concert to ensure optimal planning outcomes are achieved. Currently this is not occurring. Rather, the intensive pressure on local governments for approvals, exacerbated by a lack of coordination from inter-governmental agencies, has resulted in delayed or inadequate planning decisions with little forethought for implementation strategies aimed at effective integration of FIFO workforces into local contexts.

ToR 4: The impact on communities sending large numbers of FIFO/DIDO workers to mine sites
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Community impacts of FIFO

The principal impacts on communities sending large numbers of FIFO workers to mine sites are twofold:

- First, the positive disbursement of economic flows arising from mining employment across a broad cross-section of the Australian community. Although FIFO provider-communities are currently mostly concentrated in capital cities such as Perth, there is potential to spread benefit-flows of FIFO to regional centres or vulnerable communities with narrowly defined economic bases or declining industries. For these benefits to be realised, significant effort will need to be committed to identifying suitable communities where these initiatives may be sustainably achieved, including investment and development of suitable support infrastructure. This has been addressed at length elsewhere in this submission [ToR 9].
- The second set of impacts tend to be localised within the family unit and comprise a mix of challenges and opportunities arising from extended absence and reintegration of workers into families, lifestyle options, access to education facilities, and capacity for continuity of spousal careers.

Regional opportunities arising from FIFO

At a regional level, there are potential opportunities associated with the mobilisation of large numbers of FIFO workers. For example commute flights that use existing community airports represent an opportunity for communities. Identification of regional employment and receiving hubs and associated investment upgrades in airport infrastructure has the potential to promote local income and community benefit streams, improve maintenance upgrades for otherwise marginal airports, and enable larger planes to land thereby facilitating competitive airfares for residents.

Further, FIFO provides a significant buffer to regional communities in the event of a rapid downturn, with the consequences dispersed across the broad community rather than concentrated in specific locales or regions.

Optimising opportunities to support positive outcomes arising from the flow of FIFO workforces requires improvements to local government strategic planning and alignments between local and state governments and industry.

ToR 5: Long term strategies for economic diversification in towns with large FIFO/DIDO workforces

Constraints on economic diversification

Economic diversification is a challenge in many resource intensive regions. Business development opportunities arising from the increased flow of economic and industrial activity accompanying mining and resource development may be offset by the effects of the so-called “Dutch disease”³, whereby the domination of one industry in a market or locality pushes up costs of labour, transport, housing and other factors, leading to uneven growth patterns and a net negative impact on economic growth and diversification.

The question of economic diversification cannot be taken in isolation from broader community dynamics. As such, the challenge should be reframed to inquire what the opportunities are for *community* diversification in the context of rapid change. A whole-of-community approach to evaluation of the asset base in which the economic sits alongside social, cultural, environmental and heritage considerations will go some way toward understanding the pace of change on a community-by-community basis and help identify community strengths and adaptive capacities.

Criticality of local and regional strategic plans

The State Government of Western Australia has acknowledged that the majority of local governments are deficient in their strategic and economic planning processes, with 82 per cent of LGA’s undertaking limited or no financial planning to identify asset maintenance and renewal gaps⁴.

In response, the State is in the process of mandating a requirement that local government undertake, at a minimum, 10 year strategic plans including articulation of economic aspirations and objectives.

Fortescue regards the development of local government strategic plans to be critical to achieving effective development outcomes for regional communities. Regardless of whether communities have residential or FIFO workforces, it is important that corporations who believe they will be in areas for long periods of time align their development activities with host-community strategic plans.

Scenario and development planning must be inclusive of potential industry contraction events with alignment between LG and proponents on what development initiatives will be sustained (and be sustainable) post-mining.

³ Rolfe, J. et al. (2007) “Lessons from the social and economic impacts of the mining boom in the Bowen Basin 2004-2006” in *Australasian Journal of Regional Studies*, Vol. 13, No. 2, 2007.

⁴ Department of Local Government, Government of Western Australia, *Integrated Planning and Reporting: Framework and Guidelines*, October 2010

ToR 6: Key skill sets targeted for mobile workforce employment, and opportunities for ongoing training and development

Current status of training

The current substantial short-falls in available skilled, semi-skilled, and trades occupations has been well documented in a number of recent industry and government studies. Outcomes from the recent National Resources Sector Employment Taskforce⁵ identified that in the year to April 2010 there was a national increase of 18.6 per cent in the DEEWR Skilled Vacancy Index. At 73.9 per cent, Western Australia recorded the largest increase in skilled vacancies by a substantial margin. Meeting the current demand for labour and skills poses a major challenge to industry's ability to meet its forecast growth plans.

Currently much of the training and competency assessment is undertaken by companies at the point of recruitment or as part of ongoing, on-the-job skills development. Ensuring staff remain abreast of changes in industry and technology, and maintain proficiency with technical systems and equipment is an ongoing challenge and represents an industry investment in the multi-millions of dollars. As an example, one operating mine may spend upwards of \$2 million per year on training providers alone, a quantum of investment that increases substantially with the addition of on-costs and lost production. Across the group, Fortescue invests in the vicinity of \$7 million per annum on direct staff training development and systems support. Multiplied across the industry, the scale of private sector investment in training and development for the resources industry is vast.

Regional FIFO Hubs – Creating regional training centres of excellence

As identified already, improvements to local government strategic planning and alignments between local and state governments and industry provides the opportunity for creating centres of training excellence in regional FIFO hubs, which industry and the community alike would be able to tap into.

ToR 7: Provision of services, infrastructure and housing availability for FIFO/DIDO workforce employees

Implementation of hybrid workforce

The key driver determining the feasibility of residential accommodation is the locality of an operation relative to the nearest provider-community. Fortescue's ability to continue to offer a residential option is critically constrained by the lack of timely, affordable, serviced residential land. In the community of Port Hedland, for example, the company's existing housing stock has been fully allocated and the chronic lack and cost of additional serviced land and/or housing for purchase, development, or rental has necessitated the company increase its utilisation of FIFO workforce delivery.

By mid-2012, the aggregated utilisation by Fortescue of construction or operational camps across the Pilbara will equate to approximately 10,000 units of accommodation, over half of which will be permanent operational camps. Fortescue's development lead time for camp accommodation is rapid, enabling delivery of "approvals-to-beds" construction of a 250

⁵ Commonwealth of Australia, *Resourcing the Future: National Resources Sector Employment Taskforce Report*, July 2010

person camp, including multipurpose recreational and support facilities, in less than six months. By comparison delivery of housing stock, even where suitably serviced land is available, is time consuming, expensive and in some cases takes many years to come to fruition.

Implications of government planning decisions

The chronic housing shortage in the Pilbara cannot be solely attributed to growth in the resources sector. Resource companies in the Pilbara have been consistently frustrated by poor planning decisions by local and state governments resulting in delayed developments and unnecessary duplication of infrastructure. The tardiness by inter-governmental agencies such as Landcorp and Watercorp to approve land releases suitable for residential development has significantly impinged on the company's aspirations to enable a residential workforce.

Government release of land over the last decade in communities such as Hedland has been inadequate in volume, timing, and characterised by inadequate delivery from government-initiated development enterprise. This has contributed to the escalation of the supply crisis in the region whereby a parcel of land, similar in size and locality to one released by Landcorp for \$2 million in 2006, was recently released by the government at a price \$14 million. This represents an almost seven fold increase in price over five years. Situations such as these have contributed to the current \$2,000 per week rentals in that town.

The cost quantum is now approaching a tipping point whereby the punitive effects may preclude companies such as Fortescue from offering a residential workforce option to its employees, thereby necessitating the increased utilisation of FIFO as a resourcing strategy. The significance and seriousness of this trend for long-term community and regional development cannot be understated and runs counter to the stated objective of the government's *Pilbara Cities* intent to grow the Port Hedland community.

ToR 8: Strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry
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There are widespread misconceptions in the community of the standards, behaviour, and lifestyle of FIFO camps.

Some of these views are based on an understanding of camp life that does not reflect contemporary conditions and their persistence is deleterious to constructive debates about the co-location and/or integration of FIFO with established communities.

The built form of modern camp design, inclusion of structured programs aimed at promoting the health, fitness, and well-being of camp residents, coupled with workplace health and safety conditions such as randomised mandatory drug and alcohol testing, have evolved to create a more positive environment associated with a long distance commute lifestyle.

Support for employee health and well-being

Fortescue takes health and wellbeing seriously and employs numerous strategies and initiatives to optimise the FIFO experience for its employees, contractors, their families, and the communities in which they live.

These strategies and initiatives are implemented both at site level and in local and FIFO provider-communities. We support mental health initiatives such as "Act-Belong-Commit"

and, at some sites, provide on-site services such as doctors, nurses, and physiotherapists. Where feasible, access to these services is extended to host and FIFO-provider communities. We advocate for the development of a non-drinking culture by providing alternative healthy lifestyle recreation options and by not providing wet mess (i.e. on-camp alcohol outlet) facilities at one of our larger camps.

Support for families and communities

We recognise that the FIFO lifestyle can be disruptive to family life and reduce access to education opportunities for workers. To help off-set these effects, Fortescue provides high standard accommodation inclusive of in-room internet access to enable ease of connectivity with home communities. One of our larger sites will include a purpose-built education and learning facility to support employee equality of access to education and free up at-home recreation time for family.

Where FIFO is co-located with established communities, Fortescue seeks opportunities to support those communities through community programs and investment in provision of diverse housing and accommodation options. In Newman, for example, the company purchased the underutilised Newman Race Course infrastructure facilities from the Shire. These facilities are now maintained by the company and provide overflow accommodation for FIFO workers.

ToR 9: Potential opportunities for non-mining communities with narrow economic bases to diversify their economic base by providing a FIFO/DIDO workforce

Support for Indigenous communities

Fortescue is committed to supporting remote Indigenous communities. We seek to facilitate positive outcomes for the Indigenous peoples of the North-West by providing opportunities for the benefits, wealth, and employment arising from our activities to flow directly back to local Indigenous communities. One mechanism through which this is supported is the company's regional FIFO program enabling Indigenous employees to commute ex-Hedland, Roebourne, and Fitzroy Crossing. This program facilitates the flow of opportunity from remote sites back to local Indigenous communities, a process further supported by provision of housing support and benefit packages for Indigenous employees residing in Port or South Hedland.

Diversification of FIFO hubs

Fortescue also supports in-principle the development of regional hubs as a source for its non-indigenous FIFO workforce and acknowledges that the current growth in resource sector employment has the potential to facilitate a wider disbursement of economic benefit accruing from mining to the community.

We contend that diversification and the development of regional FIFO hubs can only be sustainably undertaken as part of a long-term workforce delivery strategy. The company currently sources its FIFO commute workers from Perth however recruitment short-falls have prompted consideration of extending its FIFO program to other localities in Western Australia. For this to be economically and logistically justified, a number of pre-conditions must be met, namely there must be:

- Substantive populations in regional localities of people capable of taking up, or being trained to take up, employment in the resources sector;

- Alignment of skill clusters with long term workforce planning requirements;
- Suitable locally available safety and skills training facilities to enable people from outside the resources sector to become job-ready; and,
- Suitable infrastructure to accommodate increased air and road traffic to support commute transportation.

There are also health and safety considerations arising from potentially longer, multi-stop commute journeys.

Fortescue is willing to consider FIFO into regions of opportunity but the significant associated costs would require a long-term plan with support from government in the form of training and infrastructure.