



Inquiry into the use “fly-in, fly-out” (FIFO)

Workforce practices in regional Australia

Submission for the Pilbara

By: Julie Matheson

My background includes 20 years experience in financial services, currently serving as a Board Member of a not-for-profit national association, and providing assistance to members of an Aboriginal royalties trust in the Pilbara.

Since the beginning of this mining boom in 2002, and there have been others, my home town of Port Hedland has been stretched to the limit with an extreme housing crisis caused by FIFO.

I was born in Port Hedland in the 1960s prior to the first iron ore mining boom. I lived there until 1986 when I was relocated to Perth by BHP. I was one of many thousands of people to be relocated or leave Port Hedland when the cost of making steel became unviable, iron ore exports crashed and BHP mothballed some of its rolling stock. It was a very difficult time for my father as his business faced bankruptcy with the significant population loss to the town.

FIFO mitigates company risks

Some people say the events of the 1980s will never happen again, but I think companies know it's possible and are mitigating this risk with a FIFO business plan. That means that all the risks of dealing with a large transient workforce are placed on the shoulders of a regional town. It is unfair and unequitable. At the moment the State Govt is providing royalties for regions to provide expensive infrastructure to meet the demands of this transient work force. There is no housing for the staff who will work at these large venues, or for those that provide hospitality services. On the surface it appears that companies have no long term commitment to regional towns because of commodities market fears. Companies know it will be easier and less costly to relocate/make redundant FIFO workers in the next commodities crash as they all have homes to go to somewhere else.

Tax system encourages FIFO

Reflecting on the 1980s is also relevant because it was a time when the tax system changed and the provision of company housing for employees in the Pilbara became unviable for companies. Company housing transferred to private ownership and interest in the social structure of Pilbara towns waned. Port Hedland's housing stock and infrastructure had little or no growth until BHP decided to build the HBI plant in the 1990s.

The tax system is one of the causes of Port Hedland's housing crisis and the rise and rise of FIFO. The Government should either reinstate tax incentives for the provision of company housing or remove the tax deductions for the cost of FIFO. By removing the tax deductions, there will be a level playing field, bringing company housing back into the equation for the Pilbara. The township of Goldsworthy was a good example of responsible social infrastructure for the community.¹

State Govt inertia promotes FIFO

The lack of interest in Port Hedland's housing and infrastructure by the WA State Govt from the 1980s is also another reason why companies have resorted to FIFO. It is concerning that the State Government continues to profiteer from slow land release, and the sale of its own housing stock whilst there are more than 400 locals on a waiting list for public housing.

Locals cannot afford to live in their home towns. The average price for an asbestos 3 bedroom, 1 bathroom home is more than \$700,000. Rents are extreme at more than \$1,500 per week, and class divide is evident in Port Hedland. Locals who owned a home prior to 2002 are now offered crazy prices to leave their homes. When a local sells their home it means that they must leave the town because there are no other price options available. The loss of locals is a significant loss to the community, and a resource for our social infrastructure. FIFO cannot replace this loss.

8 hour day for FIFO

It is concerning that the "**8 hour day**"² has been relegated to the political backburner. Many people who fought for the **8 hour day** lost their employment, their careers and even their place in their respective communities to be liberated from twelve to sixteen

¹ Brian Gaull, Submission to FIFO Inquiry, dated 15/9/11. p. 2

² The Eight Hour Day, (2006). Website: <http://www.8hourday.org.au/history.asp>

hour work practices in the 1800s. Companies claim efficiencies are the reason for twelve hour shift work under FIFO. I claim that these so called efficiencies working 12 hour shifts are reducing the workforce by one third and making workers so tired they are unable to participate in their communities, whether at home or on a FIFO stint.

This Labor Government who once stood for the **8 hour day** must make the **8 hour day** a key part of the FIFO equation. The **8 hour day** can solve many of the issues raised by Ms Suzan Chesson.³ It will also give employees back the time to engage with the community, time for their education to keep on top of technology advancements and time for leisure activities with family. Companies will rethink their position on FIFO if the **8 hour day** is compulsory for FIFO workers.

In summary we need Federal Government intervention into our Pilbara regional towns. Our towns are stretched to their limits with a State Government that is profiteering from the misery of local people, unable to deal with the high cost of housing through its conflicts and has encouraged FIFO to avoid addressing these problems. Companies and our State Government will need to rethink their FIFO plans with the adoption of these initiatives by the Federal Government.

1. Stop the tax deductions to companies for their FIFO expenses.
2. Or reinstate tax incentives for companies offering NEW company housing to their employees in Pilbara towns.
3. Reintroduce the **8 hour day** for FIFO.
4. Define the community of Pilbara towns by their ability to cater for a cradle to grave lifecycle.

Thank you for the opportunity to make a submission for this inquiry.

Julie Matheson

³ Susan Chesson, Submission to FIFO inquiry, dated 9/9/2011. p. 2