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Committee Secretary
House of Representatives Standing
Committee on Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

**INQUIRY INTO THE FLY-IN, FLY-OUT (FIFO) WORKFORCE PRACTICES
IN REGIONAL AUSTRALIA**

The Northern Grampians Shire Council welcomes the opportunity to make a submission to the Standing Committee on Regional Australia's inquiry into the use of 'fly-in, fly-out (FIFO)' and 'drive-in, drive-out' (DIDO) workforce practices in regional Australia.

Our submission will focus on two areas of the terms of reference, namely:

- *the impact on communities sending large numbers of FIFO workers to mine sites;*
- *strategies to optimise FIFO experience for employees and their families, communities and industry.*

We offer the following summary as background to our submission.

Stawell is a mining town...

Gold was first discovered in Stawell in 1853 at Pleasant Creek. The Stawell Amalgamated Miners' Association was formed in 1872 to preserve the rights and wages of the miners in and around Stawell. The group pressed for the Eight Hour Day Movement which was reached on the miners' terms on March 12, 1873 and celebrated with a street procession.

Modern mining operations commenced in Stawell in 1981 and in 2009, the Stawell Gold Mine celebrated 25 years of continuous mining operations. During the 25 years of gold production Stawell Gold Mines has produced approximately 1,948,300 ounces of gold in 5330 bars. At today's gold price this would be worth in excess of \$2 billion. The Stawell Gold Mine continues underground mining today and has now produced well in excess of 2 million ounces of gold.

Without a mine...

On 4th May 2012 Crocodile Gold Corporation (CGC) completed the acquisition of the Fosterville Gold Mine (FGM) and the Stawell Gold Mine (SGM). The Company completed an operational review and made the decision to transition the operation of SGM which will see underground mining activities being completed by the end of 2013.

The decision to cease underground mining activities at Stawell Gold Mine (SGM) after 2013 will result in significantly reduced capital expenditures at SGM starting in the fourth quarter of 2012 and continuing throughout 2013. In total the workforce will be reduced by 286 staff and approximately 60 contractors by mid- 2014.

With hundreds of skilled, experienced miners eager to work...

With an exemplary safety record, highly skilled and accredited workforce, the Stawell Gold Mine has approximately 300 mining personnel, many of whom are eager to commence work on a Fly In Fly Out (FIFO) basis within the next twelve months. This has been ascertained by survey of the miners of who 71% have indicated a preference to remain living in Stawell with their families, but also to remain in the mining industry on a FIFO/DIDO arrangement.

The potential to establish a potential FIFO base in Victoria for mining industry workers, is a practical way for the community to capture the skills and knowledge built up over 28 years of modern mining in the town and to realise a continued future for the mining industry in the region.

Council and the Victorian State Government are currently discussing options and potential for government assistance to progress the several key issues including but not limited to:

1. the retention of staff skills and expertise both within the Stawell operations but also within the broader Company;
2. the feasibility of establishing Stawell as a centre of excellence for mining operations and mining safety training;
3. the feasibility of Stawell being established as a base for Fly In Fly Out (FIFO) hub to other mines interstate and/or internationally; and
4. planning for the longer term economic and social sustainability of Stawell as town and community.

And FIFO as an option they are keen to explore...

Discussions are being held with several mines in Cobar, NSW, to determine the feasibility of a pilot FIFO service out of Stawell. The Cobar Shire Council have welcomed the interest in establishing a pipeline from Stawell to their Shire to provide skilled mining employees without creating an overburden on the communities available infrastructure and services. The scope is not limited to Cobar however, and any opportunities to develop a FIFO service out of Stawell to a range of sites are being actively pursued. Discussions are being held with the Australian Mines and Metals Association (AMMA) and the State Government to source funding opportunities and advocacy opportunities to support the establishment of a FIFO service and hub.

This Inquiry

This inquiry has particular interest to Council with regard to the following two areas:

- ***the impact on communities sending large numbers of FIFO/DIDO workers to mine sites;***

Stawell wishes to keep the miners and their families in Stawell. With an experienced and skilled mining workforce established in Stawell, the opportunity exists to export these skills to other mining centres based on a FIFO model.

The three compelling arguments for wishing to retain these existing miners, residents and community members are:

1. SGM is one of the largest employers in the Stawell area and contributes over \$58.3 million to the local community in wages, purchased goods and services per year. Remplan modelling estimates the impact of the SGM job losses at a direct decrease in the Shire's output of \$410m. Further impacts are estimated at \$42m in decreased demand for immediate goods and services and \$30m in reduced consumption.

Given the Shire's total GRP is estimated at \$1,631m, the SGM closure will approximate a contraction in the Shire's economy of approximately \$482m per annum, or 29%. In total, the result is estimated at a loss of 536 full time jobs throughout the local economy.

By exporting just 60 jobs to another mining community, the negative impacts on the local community will be cut by a third, or \$161.4million. These 60 jobs will stimulate the economy to the extent of retaining a total of 113 fulltime positions in the local economy that would otherwise be lost.

2. There is great benefit in retaining redundant SGM employees in Stawell for obvious community benefits but also for preserving a talent pool for future regional development projects in Western Victoria. There is a pipeline of regional development projects that are anticipated in the next 3-5 years. Specifically the Australian Zircon Mineral Sands Project (Horsham) which is currently undergoing an EES process and is proposed to employ an operational workforce of 125 staff and 125 contractors. The Donald Mineral Sands Mining Project is also in development along with other agricultural and manufacturing enterprises.

3. With 71% of the Stawell Gold Mine workforce indicating their preference to remain working in the mining industry and being prepared to undertake a FIFO lifestyle, Council believes the best option for these workers and their families is to remain in Stawell and FIFO direct from this base. These families are established in Stawell- many families having lived in Stawell for generations. To retain these families within the community, where they are established with strong networks, must result in minimal disruption to the family unit (and the community generally). If the miner relocates to a centre where FIFO is an option, (e.g. capital city), these families will need to establish themselves in another community and also manage the new FIFO lifestyle – both hurdles creating barriers to the long term success of the miner staying in the industry.

- **strategies to optimise FIFO/DIDO experience for employees and their families, communities and industry;**

The demographic profile of workers at the Stawell Gold Mine is more “family oriented” than the other more remote interstate mines. The longevity of modern operations in Stawell, combined with the lifestyle advantages of being in Victoria and within easy access to Melbourne and regional centres, has built a strong connection between the mine, mine workers and the general Stawell community. Most mine workers and contractors currently live in Stawell or the adjoining districts.

Council is very aware of the reported potentially harmful aspects of the FIFO lifestyle on family units. In an endeavour to mitigate these effects, Council is working with Grampians Community Health to establish a FIFO family support network. Grampians Community Health has expertise in creating, delivering and sustaining networks that provide quality information and resources to the group, and individual, in need. The network can also tap into the existing successful community and stakeholder committee frameworks established by the Stawell Gold Mine.

Council believes there are significant opportunities for established mining towns, such as Stawell, which are undergoing a downturn in their resource sector to export their workforce to other centres that require a FIFO workforce. Northern Grampians Shire Council would like the opportunity to become involved in a pilot program or study to develop opportunities to provide a sustainable FIFO workforce to other mining communities in need of highly skilled workers.

Please do not hesitate to contact me with regard to this submission directly on
or

Yours sincerely

per
JUSTINE LINLEY
CHIEF EXECUTIVE OFFICER