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Infrastructure, Planning and Natural Resources Committee
C/- Parliament House
George Street
BRISBANE QLD 4000



QLD PARLIAMENTARY INQUIRY – FIFO WORKERS

SUBMISSION by HON. BOB KATTER MP

In the past quarter-century federal and state 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.

Initially 'fly-in, fly-out' (FIFO) (and to a lesser extent DIDO – Drive-in drive-out) was introduced to remote locations where there were no townships nearby, however because of federal and state governments' failure to appropriately legislate how mining companies source their workforces there has been an increasing application of FIFO and DIDO in less remote regions.

The prevalence of 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 state's wealth.

FIFO has been among key concerns cited by constituents in parts of the Kennedy electorate, raised via both private representations and at general meetings and is the basis for this submission.

COMMUNITY DESTRUCTION

Regional mining towns need families who live in the community – kids to be playing sport on the weekend and their mums and dads working in our shops and in banks. As less of the workforce become permanent the community will lose people who would volunteer at the SES, be sports coaches, or become community leaders. Even school tuckshops struggle to gain volunteers as both parents need to work to afford high living costs.

The following are key concerns that have been brought to the Kennedy electorate office:

1. Local jobs

The Kennedy electorate office was 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 one time a leading indigenous organisation advised us they had 87 trained locals on the books who were ready to be employed, yet cleaners were being flown in.

2. Housing

There are wide-ranging impacts from inflated rental prices, driven up by the 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 a high attrition rate of key professionals and exodus of long-term locals for whom the costs of housing outstrip an average weekly wage, squeezing diversity out of the township. The removal of the Fringe Benefits exemption for FIFO workers and tax to be logged on cost of flying workers in and out.

3. Business

Local businesses are impacted on several levels. FIFOs contribute little to the local economy as their accommodation and food are packaged by mining companies and they rarely venture 'off site'. Businesses also find it extremely difficult to entice employees to town due to extreme housing and air-travel costs associated with living in a mining town.

4. Local Infrastructure

Because FIFO workers are not ratepayers, there is an inability of local councils to acquire revenue commensurate with the actual population utilising the town services and infrastructure. Mining towns like Mount Isa and Cloncurry already suffer from a lack of government funding attributable to Census figures that, due to FIFOs, fail to accurately reflect the true number of people utilising infrastructure and services.

5. Health

FIFO stretches the limits of Mount Isa's badly under-resourced government services such as health, again because FIFO workers are often not counted as living in the area so health and other services are not funded to provide services for these people.

6. Transport

In our electorate office 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.

HUMAN COSTS

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 from.

Long absences of a parent takes a significant toll on families and on the FIFO workers themselves, who as evidenced in recent media, can suffer greatly from being isolated from the support of their loved ones, even to the extent of suicide.

Also of concern in the growth of FIFO is the degradation of workers' rights. Forcing workers to live in camps gives mining companies greater control over employees; it stops workers acting collectively to bargain for better work conditions should the need arise. Evidence of this is coming to light in Western Australia as mining jobs become more scarce mining companies are attempting to impose 12 week on, one week off rosters for FIFO workers. A move from more prevalent four weeks on - one week off, as colloquially known to some as the divorce roster.

WHAT CAN BE DONE?

The above issues demonstrate the requirement for government to stand strong with strategies to encourage mining town residency and investment by resource companies in infrastructure for sustainable regional communities.

1. 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.

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.

2. Mandatory infrastructure investment: Royalty's to Regions

Mandatory infrastructure investment will ensure regions that generate wealth for the state receive the necessary appropriate support to keep on generating wealth for all of Queensland.

Granting mining and development licences to only those 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.

We should be building in-situ training facilities in mining towns to combat identified skills shortages, and it should be mandated that (largely offshore) mining companies source locally-produced infrastructure.

3. Mandatory local workforces

This was government policy in WA under Sir Charles Court, and in Queensland under Sir John Bjelke-Petersen. **Mining companies must be required to locally base their workforces whilst providing for the possibility of exemption.**

It was under the control of long serving development Premier – the Bjelkie Peterson regime – that the Australian coal and iron ore industries were created.

4. Sustainable population growth

There is little incentive for people to take up or continue residency in our remote, isolated mining outposts; areas for which we ought to be encouraging population growth not only for sustainability of such economically-important communities, but also for security reasons, as these are largely our nation's 'frontier' communities.

CONCLUSION

In conclusion, successive governments stand accused of having failed to challenge untested industry claims about the need for FIFO. We still have no strategies to combat this at a State or Federal level. It is our belief that FIFO operations must be wound back to facilitate community development.

The Queensland Government has the opportunity to lead the way on confronting and implementing solutions for the issues that arise from the use of large FIFO or DIDO workforces on communities and on the workers themselves and their families.

Long term development of the state is being sacrificed for a “quick quid”.

Family and real and important values are being sacrificed so that some foreign corporation has a more attractive bottom line and it's CEO can pay himself \$9m per annum instead of \$6m per annum.

High wages are not crippling mining but a government decision for a high Australian dollar is.¹

¹ Australia's average three year interest rate is 2.7%. The OECD average is under 0.28%.