



OUR REF BO/BD

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Research Director
Infrastructure, Planning and Natural Resources Committee
Parliament House
George Street
Brisbane Qld 4000
ipnrc@parliament.qld.gov.au

Re Submission - Fly in, fly out and other long distance commuting work practices in regional Queensland

Dear Committee

Mackay as a major regional capital within Queensland, and centrally located in the heart of the major resources region, welcomes the opportunity to make a submission to the Infrastructure, Planning and Natural Resources Committee regarding the inquiry into Fly in Fly out (FIFO) practices in Queensland.

The submission sets the scene of the current Mackay economy, and then suggests the basic principles of Choice, Balance, and Perception.

In simple terms the allowance of choice for the workforce, and the need for balance in employment framework noting that just as 100% local engagement is not possible neither should 100% FIFO be supported. Choice and balance then allows the general commercial market to dictate through supply and demand, to adapt and be flexible in identifying opportunities for place of residence. Therefore, not see any area artificially supported or on the other hand seen as handicapped. It is then also removing the perception of 100% FIFO that clouds any argument based on the fact that choice and balance has been removed.

Mackay congratulates the State Government on identifying the need for an inquiry into this matter, and welcomes this opportunity to contribute to the inquiry.

Yours sincerely



Barry Omundson
Chief Executive Officer



Mackay Regional Council

Submission to the Infrastructure, Planning and Natural Resources Committee

Fly in, fly out and other long distance commuting work practices in regional Queensland

Mackay Regional Council supports the reassessment of the current FIFO work practices that has placed a restriction on the ability of this region to attract and retain the skilled workers that are necessary for economic growth and sustainability.

Mackay can increasingly become a valuable alternative to major capital cities to meet the dwelling and employment needs of people whilst still providing locals with key infrastructure and lifestyle benefits if living in an urban environment.

In simple terms the allowance of choice for the workforce, and the need for balance in employment framework, noting that just as 100% local engagement is not possible, 100% FIFO should not be supported. Choice and balance allows the general commercial market to dictate through supply and demand, to adapt and be flexible in identifying opportunities for place of residence.

Background

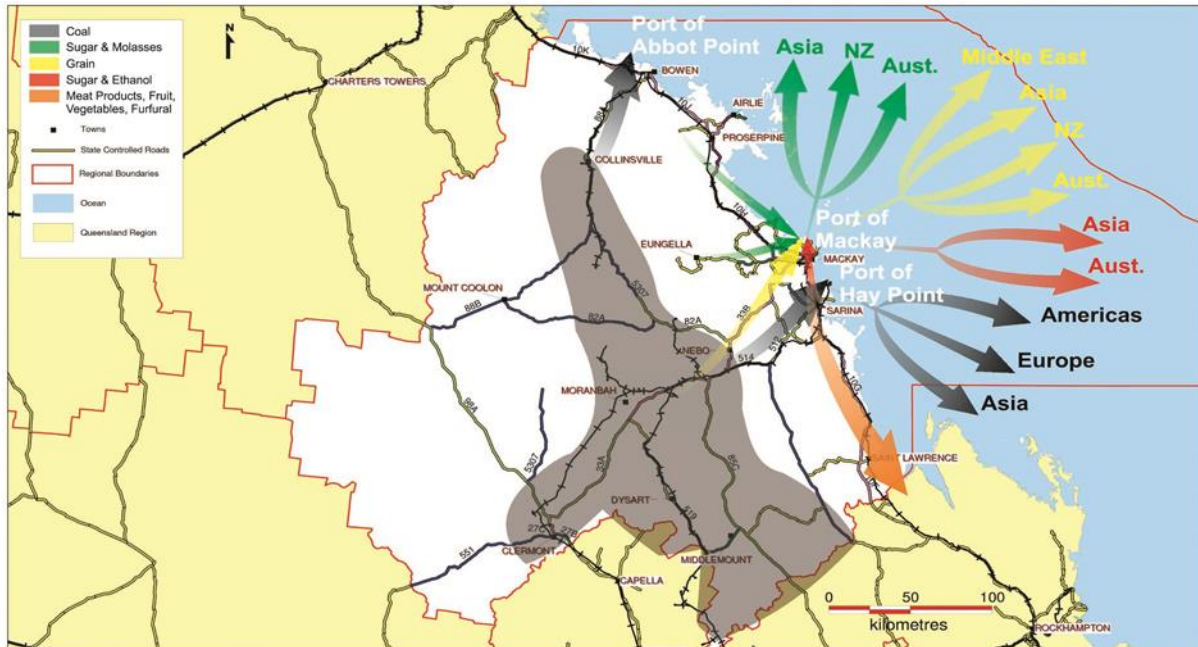
Mackay, with a population of over 120,000, is regarded as the regional hub supporting the Mackay Isaac Whitsunday (MIW) Region^(a). Recognising the distinct areas of Isaac and Whitsunday and the services they provide to the region, Mackay as the “Regional Capital” provides key administrative and population services including strategic tertiary education, government services, retail, health and aged care services.

Mackay has grown through its role in servicing the diverse economy of the region. This economy includes:

- Resources sector exporting over \$16b in coal exports from the region’s coal ports. This equates to 63% of Queensland’s coal exports.
- Agricultural sector including:
 - Sugar (one third of Queensland’s production),
 - Beef (9% of Queensland’s production),
 - Horticulture (15% of Queensland’s vegetable production and major provider of winter vegetables)
 - Grain (12% of Queensland’s grain production)

(a) Encompassing the Mackay, Isaac and Whitsunday Regional Council areas

- Tourism industry including Eungella National Park, and the gateway to the the world renowned Whitsundays.
- Construction industry -engineering, residential and non-residential.
- Manufacturing and mining services specialising in oversize equipment.



The historical industry for Mackay has been primary production through sugar cane, however mining and mining services are currently by far the largest industry employer, and the driver of the Mackay economy.



Percentage of employment by industry (a), Mackay Regional Council LGA and Queensland (1)

The above figures represent an extraordinary statistic when it is noted that Mackay itself does not have a coal mine within its local government area. The Paget Industrial estate is a key source of innovation within the region and is world renowned for its engineering and mining services.

Between 2006 and 2011, Mackay experienced a significant increase in the number of workers in the Mining, Construction and Manufacturing industries living in Mackay and working elsewhere. In line with the minerals 'boom', this cohort grew from 3,763 workers to 7,767 (13% of the total workforce) over the 5 year period -

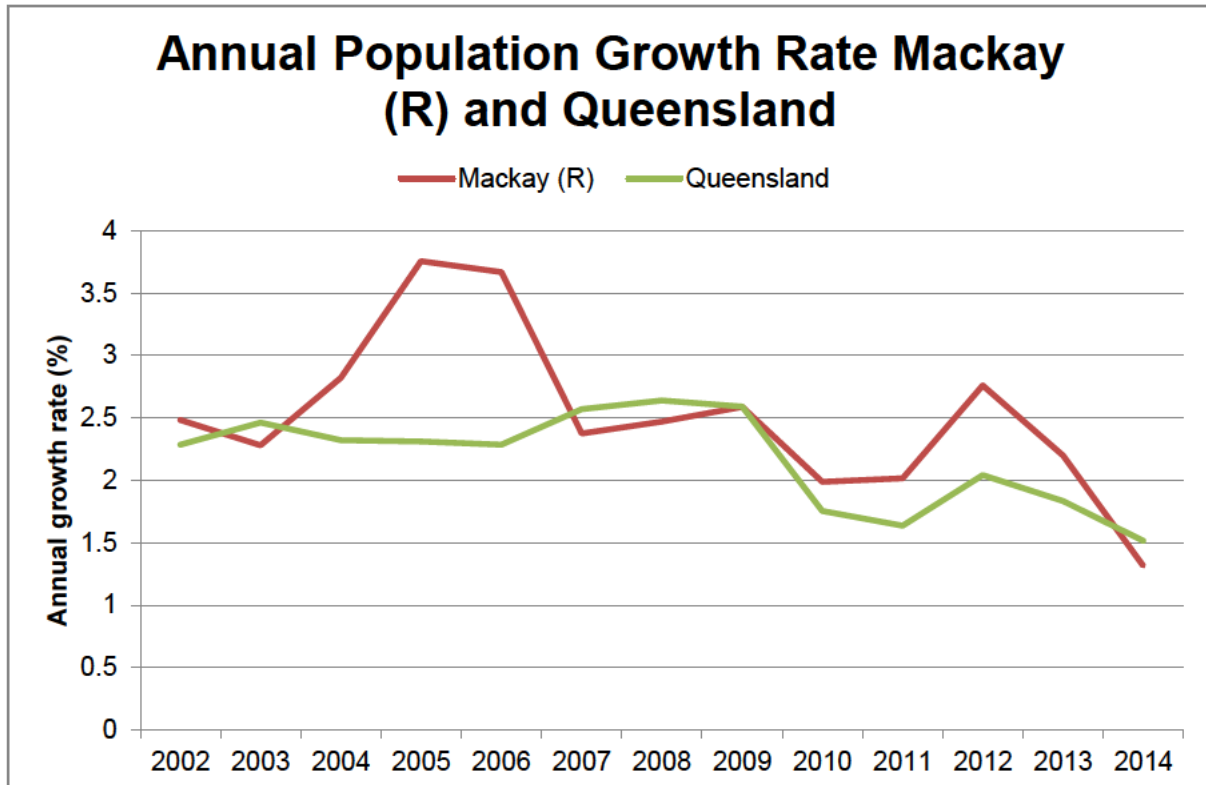
	Work in Mackay (SD) live elsewhere Census 2006			Work in Mackay (SD) live elsewhere Census 2011		
	Jobs	%	Rank	Jobs	%	Rank
Mining	1,078	28.70%	1	3,557	45.80%	1
Construction	758	20.10%	2	1,453	18.70%	2
Manufacturing	207	5.50%	5	356	4.60%	4
Total	3,763	100.00%		7,767	100.00%	

Source: ABS Census Data, Journey to Work 2006 & 2011 (Provided by REMPLAN)

This is historically in work locations within the Bowen Basin mining industry.



Mackay has demonstrated above average population growth of 2.2% between 1911 and 2011, above the Queensland growth of 2.0% and Australian growth of 1.6% over the same period. The latest trends however are showing a sharp decline in population, a decline in excess of the Queensland average statistics. This decline is emphasised by the statistics of median rental prices, number of residential building approvals, and median sale price for residential dwellings.



Source: ABS 3218.0, *Regional Population Growth, Australia, 2013-14*.

Median rent of three bedroom house, Mackay Regional Council LGA and Queensland (1)

Refer to

Source



Number of residential building approvals, Mackay Regional Council LGA and Queensland (1)

Source:

Median value of residential dwelling sales, Mackay Regional Council LGA and Queensland (1)

Refer to

Source

Accepting the normal 'cycles' that Mackay has weathered along with all other communities, the latest trends show a worsening in comparison with Queensland as a whole, with the gap in some cases between Mackay and Queensland at an all-time high.

A major contributing factor to this is the readjustment in the mining industry on the back of a downward trend in coal prices. Mackay is feeling this economic shift more so than other areas given regional capital role played in being the support hub and key residential location for mining workers and services.

Infrastructure

From an infrastructure provision point of view, Mackay has invested heavily not only in hard engineering infrastructure (often with the support of State and Federal Governments with funding assistance), but also in community infrastructure, to support the level of growth demanded via the recent mining 'boom'. It is critical that Mackay retains the level and mix of



population to continue to contribute to the upkeep of such infrastructure, otherwise Mackay is left unfunded and deteriorating community assets. This level of infrastructure also provides a key benefit to the wider regional community. Also key is the inability to count FIFO workforce numbers in cases to support infrastructure provision, despite the fact that there will always be a level of reliance on local infrastructure.

Of particular interest is medical and associated support infrastructure. Whilst 100% FIFO sites plan to be fully contained, at least for major emergency situations it is likely that the existing medical facilities in centres such as Mackay will be called upon to assist. Also, given the historical service of these types of facilities and services, a level of mining specific knowledge has been built-up in the medical fraternity to be able to cater for mining specific matters.

Social

The flow on effect from a drop in population is not only the economic aspect, but also the social aspect. The availability of lifestyle shifts that see an element of downtime at place of residence lends itself to participation in a number of activities such as sporting, and community volunteering.

Family choice is also very important. The very fabric of any community is family and family life. The ability to choose the appropriate life structure based around working needs is critical to a healthy, functional community, rather than a prescribed point of pick-up arising from a failure of choice.

In centres such as Mackay support networks are built-up to assist with the absenteeism associated with the required mining work. Such arrangements are well understood and appreciated in a community such as Mackay, whereas such networks, support and understanding will not necessarily be available in all communities.

Safety

It is recognised that a controlled 100% FIFO arrangement for any site has the advantage of control of travel and commute, meaning the ability to address safety issues associated with driving and fatigue. However, it is suggested that the various options are available and can be controlled by employment policy. With bus options, and mandating the inability to self-drive over certain distances and drive times related to shift rosters, the aspects of safety and fatigue can be managed.

In fact, communities such as Mackay would again welcome the opportunity to act as 'distribution hubs' for transit centres and the like to service such arrangements. In this way the workforce regains full choice which could involve living in another locality and transporting to Mackay as the distribution point, or living in Mackay and presenting to the same point. Workforce who live closer to the point of employment and within acceptable drive distance could simply present at the worksite, or accommodation site if required.



Key Principles

Choice & Balance

It should be highlighted that it is not being argued that all employees within the mining sector, and its support service industry, should live and work within the local community, or any specific community for that matter, rather the choice to do so must be available and a balance is needed.

In fact, it is recognised that most local communities do not have the infrastructure to cater for the cyclical impact from employment numbers required therefore it is not suggested that FIFO should be totally removed. FIFO has its place, and a percentage of the required workforce will always be employed under a FIFO arrangement.

The position being presented is that there needs to be choice given to the workforce, which will also provide the ability for the market to balance and be flexible enough to adapt to changes and opportunities.

Perception

Noting that an element of FIFO as an operating model in workforce employment will always be needed, the very option to operate under a 100% FIFO arrangement provides at the minimum a perception of disadvantaging certain communities and centres. Where Mackay is currently in terms of economic vitality in reality is viewed as linked to a shift in labour as a consequence of lack of choice under a 100% FIFO option. Without the option for 100% FIFO, this perception is removed and centres are left to structure and develop their communities in a general market demand and supply environment, without the perceived handicap of 100% FIFO.

Perception is a critical matter, and noting that in the overall employment statistics it will no doubt be presented that the 100% FIFO employment numbers, and those employed from certain locations, are fairly low as a percentage, but it is the perception that could easily be removed by a change in policy and removing the ability to argue an impact from 100% FIFO.

Summary

In summary, Mackay recognises that FIFO is needed for the workforce employed in the mining and mining support industries. However there needs to be a balance and just as 100% local employment is not possible, the option for 100% FIFO should not be supported.

The ability for Mackay to smooth out this cyclical aspect has been and is 'handicapped' by the inability for workers employed under the 100% FIFO conditions to choose to base themselves in Mackay. Conditions around pick-up points for flights etc at locations such as Cairns nullify the ability for workers to make freedom of choice regarding their place of residence. It is considered that support for employment processes which centred around places such as Cairns were an attempt to help stimulate those economies, and at a time when centres such as Mackay were under growth pressures and associated cost of living



pressures, however such measures do not allow the general market to adjust and adapt to the opportunities now available in centres such as Mackay.

Mackay believes that any support for activities that allow the dictation of place of residence counter the ability for the market generally to self balance and adapt to opportunities. It is argued that currently Mackay presents a very attractive residential location for workers employed in the Bowen Basin particularly, given the number of local services available as a major regional centre, but also the financial advantages available via decreasing housing costs and thus overall cost of living.

100% FIFO arrangements no doubt have their place in very remote situations where it is not possible to operate under another model. However that is not the case in the Mackay Isaac Whitsunday Region, nor probably many other like areas.

The position presented by Mackay is that of choice. The freedom for the workforce, subject to meeting necessary conditions related to safety and fatigue, to choose their own residence. In so doing it is believed that the market will dictate where these employees reside, and overcome the perception of handicapping certain centres.



Reference

(1) - Queensland Regional Profiles: Resident Profile for Mackay Regional Council Local Government Area, Queensland Government Statisticians Office, Queensland Treasury