TIME TO FLY

The resources boom has been built on flying employees into jobs and flying them out again. But it's a rough landing for many councils and communities that sit on pay dirt. **Paul Hemsley** examines why.

[spotlight.]

The plane ride to and from work has become a way of life for many employees working in the resources sector but there are few cheers for the practice from those living on the ground in the shadow of Australia's mineral wealth.

Gone are the days when a mining boom created new towns overnight, replaced by highly mobile companies and workers that have become the burning issue for cash-strapped local governments hoping for a share of the spoils.

As councils watch camps and closed communities spring-up around them, they necessarily ponder their own futures against the context of miners that don't pay rates or deliver other local government revenues that are the lifeblood of essential community services like health and education.

The phenomenon has been dubbed the "FIFO" economy because of the thousands of transient workers that literally "fly-in, fly-out."

To a sector that must compete on a global stage and is dependent on huge capital investment and high productivity around-the-clock, it's a logical and necessary mode of operation in an economy with comparatively high labour costs.

It's also no secret that for many skilled and semi-skilled workers, the mining industry offers a once-in-a-lifetime opportunity to get ahead economically in a relatively short space of time for those prepared to travel and work hard.

The dilemma for many regional communities is that they need the people to put down roots as well as take the jobs. To buy a burger, a beer, a car, a house and attend schools.

The issue for many is that as porta-cabins and converted, air-conditioned shipping containers known as 'dongers' spring-up in self-contained mobile communities the money once spent in communities never touches main street.

However an attempt by companies to cut costs by not having workers set up residence in remote towns in regional Australia has given companies an opportunity to save a sizable chunk of that revenue by engaging in an airborne means of transport for its workforce.

The FIFO business model has been practiced by the Australian resources and minerals sector for more than 25 years and is now entrenched in regional Australia.

Ironically, labour shortages in the regions created the demand for non-resident workforces to be flown into worksites in remote areas for a set time, then flown home. It became a matter of 'rinse and repeat'.

Just how prevalent the practice has become in the minerals sector, especially in Western Australia is astounding. There, the Australian Centre for Excellence in Local Government (ACELG) has estimated 52 per cent of all employees in the Western Australian mining sector were flown in and out in 2011. This is expected to climb to 57 per cent by 2015.

But such high level winged workers make the potential social, economic, environmental and infrastructure impacts for communities too big to ignore.

While mining sector activity in the Australian regions has been hugely beneficial to state and federal revenue receipts, it's also left individual towns at risk of falling behind on delivering essential services because of the revenue and funding models for communities that rely on state and federal grants and council rates to meet the needs of residents and local businesses.

Consequently, councils are short of funds to administer their local government areas and replace their infrastructure.

The level of socially harmful effects from FIFO now hitting regional areas and local governments has not gone unnoticed. The ACELG released a scoping study on FIFO titled *Impact of Fly-In Fly-Out/Drive-In Drive-Out Work Practices on Local Government* in May 2012 and the observations are as telling as they are vivid.

Importantly, the scoping study has garnered the perspective of local governments acting as "host" cities or communities for mining companies and has identified gaps in understanding about FIFO impacts in Western Australia and Queensland.