

16 April 2015

Mr Matthew Bates
Principal Research Officer
Education and Health Standing Committee
Parliament House
PERTH WA 6000

Dear Mr Bates

Inquiry into mental health impacts of FIFO work arrangements (Inquiry)

I note that the Education and Health Standing Committee (Committee) has provided terms of reference for the Inquiry and wish to provide this submission to specifically address the first and third terms of reference:

- a) the contributing factors that may lead to mental illness and suicide amongst FIFO workers;
- b) the current legislation, regulations, policies and practices for workplace mental health in Western Australia [not addressed]
- c) current initiatives by government, industry and community, and recommend improvements

The second terms of reference has not been addressed in this submission, as my experience (personally, as a developer and entrepreneur) in the Pilbara is directly relatable and relevant to the first and third only.

1. MACRO Realty Developments (MACRO)

Since 2008 I have been developing residential property, predominantly for Fly-In-Fly-Out (FIFO) workers and their families. MACRO and its related entities operate in Port Hedland and Newman, where we have developed the Pilbara's first modular apartment complex (the 4-storey Port View Apartments: www.hickory.com.au/projects/port-view-apartments) and the largest private, residential subdivision (www.newmanestate.com.au).

With over a team of 30 people, MACRO has successfully raised over \$100m in capital for projects, sold over 350 properties in the Pilbara and is delivering developments with a gross realisation value in excess of AUD\$1.3 billion.

Uniquely, MACRO has been the pioneer for the Pilbara property market through its innovative domestic managed investment schemes; wide scale success in raising capital for its developments from offshore investors, and establishment of extensive sales and capital raising channels to offshore property investors as well as financial planning institutions (being a qualified financial planner myself and holder of an Australian Financial Services License).

Personally, I am Pilbara born and bred. As a daughter of a FIFO worker; I was born in Karratha and then later married to a FIFO worker, I have spent many years living and working in the Pilbara. The breakdown of my parents' marriage and the challenges my own family, friends, colleagues and employees have experienced as part of the 'FIFO phenomena' that is the Pilbara, has given me a deep and personal insight to the contributing factors that lead to mental illness and suicide amongst FIFO workers. Specifically, we have shed the tears, consoled the families, experienced suicidal behaviour and watched the physical and mental deterioration of FIFO workers in the Pilbara which has included my own family members and several of our friends.

Working collaboratively with indigenous groups, local authorities and the State Government (particularly the proponent of the Royalties for Regions initiative, the Honourable Brendon Grylls MP), to date I have not reflected much on the mental health issues and 'managing the situation' but rather, have made a business out of 'changing the landscape' through carrying out major residential property developments. I have become known as the person who is able to introduce capital to Pilbara projects, where many other developers have tried and failed, and consequently I have been invited (by town planners, council members and members of parliament) to facilitate the development of several new, green field development sites. All of which we intend to realise, but have constraints that could be addressed and removed with the implementation of my following recommendations.

MACRO continues its innovation today, having become an Australian Financial Services Licence holder and establishing Australia's first real estate investment trust ('REIT') for residential property in the Pilbara, we will enable Australians to invest in portfolios of newly built real estate in the Pilbara from low entry prices and through their superannuation funds if they wish; the ideal vehicle for property investment in an emerging market as investors who are not seeking a return for 10 to 40 years can be targeted. Recently, MACRO has been recognised with my nomination for Ernst & Young's Entrepreneur of the Year (2015) award, and participation at the Virgin Unite Entrepreneur Summit at Necker Island, British Virgin Islands hosted by Sir Richard Branson.

2. Commitment to Reinvest in the Pilbara Community

For myself and my team at MACRO, our drive to deliver on the government's vision for 'Pilbara Cities' goes beyond a profit motivation, particularly given my background and relationships with people in the Pilbara. This is clearly evident with our not-for-profit community services and our personal reinvestment in the community with both time and capital.

We have for example, opened and maintained 'Hedland Business Centre' as a business incubator and serviced office facility to assist new Pilbara businesses to establish in the region, as they often require assistance with sourcing and funding the necessary office space and staff when first getting established. We have also taken it upon ourselves to provide the necessary sponsorship required by 'This FIFO Life', a mental health resource developed for FIFO workers and their families, which received initial funding from the WA Mental Health Commission.

The State Government's plan for 'Pilbara Cities' implemented in 2009, along with 'Royalties for Regions' has seen investment into the region for making key service areas 'development ready' (as Brendon Grylls described in an interview with me, which can be seen at our website: <http://www.macrorealty.com.au/category/video>).

Delivery of the Pilbara Cities plan is ultimately what will make workers' lives 'liveable' in this region, through providing the sort of accommodation, lifestyle and amenities that one can expect in any first world country, so my proposals and recommendations are to effectively; speed this up.

3. Our Experience of the Mental Health Issues of FIFO Workers

It is very clear that the living conditions in most of the Pilbara are currently having people exist like factory hens with tens of thousands staying in dongas, shipping containers, shared caravans, and mining camps that look and feel a lot like concentration camps (rather than hen cages). With little choice but to live apart from their loved ones and families because of the lack of suitable accommodation and amenities in the region, there is no question that this is depressing; none at all. In fact it only takes a short drive through the town centres (such as Port Hedland and Newman) and to ask the question 'could you live here?' for the average person to exclaim; certainly not! The depressing, isolated living conditions combined with next to no local amenities to look forward to enjoying after work hours, will naturally result in an increased rate of suicides.

So how bad is it really? You really need to be a 'local' or be close to a local resident or FIFO worker to fully understand, but here are a few quotes from conversations that I have had. Upon my asking one fly-in-fly-out worker (a friend) who regularly commutes to various construction sites in the Pilbara and is provided accommodation in 'mining camps', if he would send me some photos of the accommodation, he was not willing to do so as "people have been sacked for taking photos on site before" he told me. Sitting on a plane next to one FIFO worker, a colleague and myself were told that he 'couldn't live there', referring to the town of Newman.

He said to us that "you're treated like a criminal", we clarified that he was referring to his role as a FIFO worker and that he stayed in a mining camp during his four weeks 'on'. "My sister has lived there for 20 years though and she loves it" he proceeded to tell us, and explained that she lived permanently in the town as she has a government job. Another conversation with a FIFO worker regarding a suicide victim he knew of, lead to me asking 'why do you think they do it' (commit suicide), he replied 'probably because of the bullying or the missus left him'. "Which one do you think is more likely" I probed; "probably because of the missus leaving".

A lethal combination of harsh working and living conditions, little privacy, amenities, recreation options or time with friends and family plus bullying by managers, is enough to upset anyone and potentially see them 'lose the will to live'. Particularly if they are in a position where they feel like they cannot change the situation or do not have a 'light at the end of the tunnel'. For many FIFO workers; they are literally counting down the days until they can leave their job or until it is their week 'off' to return home; existing rather than living - suicide actually offers a 'shorter shift'. I have learned several of the associated jingles that the workers sing in relation to getting to the end of their shift, but will not quote them here as the language is coarse.

Personally, like many other people who service the Pilbara, I also choose to now live in Perth for a better lifestyle. On the weekends in Perth for example, I have several options for entertainment that is family friendly and which my friends are interested in joining me for. In the Pilbara, and even the town centres that have been earmarked by the government to become cities (and where we develop real estate), there is virtually nothing for us to do on the weekend or places to shop and spend money.

4. Contributing factors that may lead to mental illness and suicide amongst FIFO workers

The 27 November 2014, *Shining a Light on FIFO Mental Health* discussion paper laid on the table of the Legislative Assembly, makes sobering reading and is in line with my own personal experience of living and working in the Pilbara. In particular, I note for FIFO workers:

- a) Social isolation and disconnection from family are major problems
- b) The accommodation facilities are often substandard and not conducive to supporting positive mental health
- c) Economic imperatives for miners and mining services companies often trump what is best for their workers

Social isolation and family disconnection

The nature of FIFO rosters necessitate long periods where workers are 'removed' from their social environment and usual community and emotional support network. While this is not a significant problem to many workers, the breakdown of my parents' marriage can be directly traced to the fact that my father was not 'part' of the family in a true sense of the word – rather a transient figure who struggled to connect with his children and ultimately his wife. This scenario has been repeated many times in the lives of other family and friends, and in these situations we know to 'watch out' for the telling signs that we have seen before; signs that a friend is not coping and could be in real trouble (at real risk of suiciding).

'Better' amenities, anti-bullying measures onsite and FIFO induction programs are commendable however none of this – including the mantra of 'but what about the money' (and now this trend is reversing) – can negate the reality; FIFO workers sacrifice social and family connection as a condition of their employment.

Substandard accommodation facilities

While the Roy Hill temporary workers accommodation (TWA) facilities may be arguably 'world class', this cannot be said for many other TWA facilities in the Pilbara. In particular, the Kurra Village less than 1km from the main street of Newman is more reminiscent of an illegal migrant detention centre (complete with barbed wire fencing) than a quality facility to house more than 1,000 FIFO workers.

It is my understanding that many of the substandard accommodation facilities are those closest to urban centres such as Newman and Port Hedland, with this being the case due to many of the remote TWA facilities being built over the last five years as a result of 'boom expansion' in the Pilbara and done so to a high standard in order to attract labour in a very tight market. TWA facilities in urban centres appear largely to have been constructed on budget rates prior to the commencement of the 'mining boom'.

Economic imperatives

The February 2013, *Cancer of the bush or salvation of the cities?* report to the Federal Government's Standing Committee on Regional Australia noted "disturbing reports that existing residential workers were being forced onto FIFO contracts, despite a desire to remain as

residential employees” (Section 3.135). On 18 April 2012, Fortescue Metals Group (Fortescue) claimed that it would save “\$33m each year if it switched its 330 residential workers in Port Hedland to fly-in fly-out workers” and that “on average it costs Fortescue \$100,000 more to employ a person who lives in the Pilbara, than to employ a person FIFO” (www.smh.com.au/business/flyin-flyout-workers-100k-cheaper-20120417-1x5kl.html).

I have personally seen this economic imperative imposed on workers in the Pilbara to move as many as possible, either through carrot incentives or stick unspoken (or spoken) threats, to FIFO contracts. Whether this imperative is economically or morally justified, it is important to note that the property markets (full of “greedy landlords” as Fortescue once described them: www.watoday.com.au/wa-news/greedy-landlords-force-up-resource-costs-20120417-1x584.html) has dramatically changed. Today, rents are actually in line with or less than, the mining camp ‘room rate’ so surely today the economic argument of FIFO workers being ‘too expensive’ to house in local residential accommodation; does not wash.

5. Current initiatives by government, industry and community, and recommend improvements

While I am aware and a keen supporter of the work of This FIFO Life and FIFO Families, I have seen little ‘material’ positive impact to the quality of life FIFO workers experience in the Pilbara. What however has made a significant change to the region has been the millions in dollars invested under the Royalties for Regions initiative, which has seen Karratha truly turn from the ugly, backwater town I once knew to the liveable and ‘viable’, if not attractive, option for workers and their families to live.

I believe the strong momentum and focus this inquiry (following several others) is bringing to the mining sector and the goodwill and responsible corporate leadership of the miners and mining service companies will lead to significant improvement in remote TWA facilities and the quality of FIFO workers’ mental health and, one would assume, a reduction in the distressingly high suicide rates. The reality of the Pilbara is that FIFO workers are, at times, necessary due to the remoteness of mining sites.

The reality however also remains that there are numerous FIFO workers forced into accommodation, often substandard, in urban centres like Port Hedland, Newman and Karratha when there are better quality residential accommodation options available – and at a cost or at least on par with the cost of FIFO accommodation. Why? Convenience, control or just a lack of consideration perhaps.

6. Recommendation: Closure of TWA Facilities in Urban Centres

Closing of TWA facilities in urban centres is now viable and morally required. I firmly believe the best and most effective way for the mental health of FIFO workers to be improved, is for the closure (forced, if necessary) of TWA facilities that operate within or near urban centres. While a firm believer of capitalism, free markets and enterprise, I believe that the State has a crucial role to play in the unique situation – akin to its health and safety legislation, regulation and obligations for several reasons:

a) The absolute number of FIFO workers has risen exponentially

As at the end of 2014 there were over 55,000 workers in the Pilbara representing more than a 350% increase on the approximately 10,000 workers in 2004 (according to the DMP

Resources Safety Division AXTAT Reporting System). Memories of FIFO workers in my childhood are of large, burly and roughed men who would come to the 'wild lands' of the Pilbara for work.

In my Dad's words, they were 'tough' and broadly unique in their personality and coping mechanisms. Today, there are tens of thousands more men and women who make up the Pilbara workforce and the demographic. I would have to say the, 'mental fortitude' of the workforce has changed.

While this may not sound politically correct, I do not believe that after more than 20 years of c8,000 to 10,000 people living in the Pilbara you can suddenly find another 40,000 workers able to easily cope with living disconnected from their family and social networks, toiling away in 40 degree heat while living in TWA facilities. A material number are struggling and, in all reality, are just not 'cut out' to be a FIFO worker and the naïve lure of the 'dollar' has destroyed relationships, families and taken lives.

b) **The 'perilous' FIFO work environment necessitates the intervention of the State**

Reading the various submissions from the miners and industry groups like the Chamber of Minerals and Energy of Western Australia, it is clear that they would like a continuation of the status quo 'light touch' involvement by all levels of government. However, the clear message of the remaining submissions to this Committee is that the 'status quo' is definitely not working. Given the status quo has existed for nearly the last decade, the time has now come for the State Government (and other levels of government) to step in and address the perilous situation in which many FIFO workers find themselves.

While there are many possible solutions, it is now no longer morally acceptable for the State Government to stand by idly and watch as parents, children, brothers and sisters, and friends to continue to bury FIFO workers due to suicide. Nor for marriages and relationships that would have most likely, in other circumstances, not crumbled in the face of the FIFO demands.

In intervening, the State Government must look at the most reasonable, practical and effective solutions.

7. Closing TWA facilities in urban centres changes 'everything'

The mandated closure of TWA facilities in Port Hedland, Newman and other Pilbara towns is by far the most reasonable, practical and effective solution to address the mental health of FIFO workers in these regions (which is likely some 20-25% of all FIFO workers, if not more). The significant reduction in rents now dismisses the misplaced economic argument of miners and mining service companies that it is just 'too expensive' to have residentially based workers in urban areas.

The State Government has numerous levers to pull in closing TWA facilities, including the non-renewal of Crown leases, levying of special charges for TWA facilities, and legislation. The closure of TWA facilities will not impose an unreasonable (if any) cost burden on miners and mining service companies, while dramatically improving the lives and mental wellbeing of workers previously FIFO. Single workers or those truly happy with FIFO type conditions can live in shared or single bedroom accommodation, while others can bring their partners and families into 'town' minimising their social isolation.

8. Renewal and investment in urban areas must continue

It goes without saying that the investment into urban areas in the Pilbara under the Royalties for Regions and other government initiatives must continue. While Karratha is now a 'respectable' and liveable city, the same cannot really be said for Port Hedland and definitely for smaller towns such as Newman. The revitalisation of these towns makes them attractive for the partners and families of current FIFO workers to relocate and establish themselves as part of the local community.

Drought of funding has severely constricted residential development. The development of new estates and apartment complexes came to an abrupt halt more than a year ago challenging the establishment of two more liveable 'Pilbara Cities' (in Newman and Hedland). A wide spread funding drought has occurred, cutting of vital funds for residential developments and the continuation of this will greatly stem, if not reverse, the growth in Pilbara town populations. The construction of new residential dwellings is required to facilitate population growth and this can only happen if funding becomes available.

I believe that MACRO is alone in being able to secure (from offshore sources) major debt facilities such as for the fully completed and titled 244-land lot / 466 dwelling 'Newman Estate', in Newman. This is the last private estate that is likely to be built in the Pilbara without a very material change in the funding environment.

9. Recommendation: Mandate superannuation investment into growth regions such as the Pilbara

As a developer who has also obtained an Australian Financial Service License and established a residential REIT, I have had the opportunity to gain an understanding of the vast pools of superannuation funds that exist in Australia. Superannuation funds that continue to grow at near double digit rates due to compulsory superannuation guarantee.

It is time for both State and Federal Governments to put a portion of these funds to work in growth regions such as the Pilbara. This can be done by:

a) Government employee superannuation schemes investing in the Pilbara

State and Federal Governments mandating that their employee superannuation schemes place a set percentage of funds into Australian growth regions. To this end, the Western Australian Government should lead the way with an immediate announcement that its employees superannuation funds will invest in the Pilbara.

b) Private funds over a threshold investing in the Pilbara

The Federal Government mandating the private sector funds over a certain threshold invest in growth regions. Such a threshold would be say over a \$1bn or some other level that such a mandate would not impose an unreasonable cost burden on the superannuation funds.

c) Investment in the form of residential REITs

Specific investment into long term REITs that purchase new, completed residential stock in the Pilbara

d) Investment in the form of venture capital

Specific venture capital investment into Pilbara based businesses and entrepreneurs

MACRO

REALTY DEVELOPMENTS

I would welcome further discussion around the ability for MACRO to introduce significant construction funding to the Pilbara, as well as the licensed Pilbara REITs and venture capital funding models that we already have in place, which could be adopted and expanded.

Yours sincerely



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