

Our Ref: GRL150415
Your Ref: A491765



Ms Lucy Roberts
Principal Research Officer
Education and health Standing Committee of
the Legislative Assembly of Western Australia
By email to: laehsc@parliament.wa.gov.au

15 April 2015

Dear Ms Roberts

**RE: QUESTIONS ON NOTICE FROM EDUCATION & HEALTH STANDING COMMITTEE
HEARING ON 16 MARCH 2015**

Thank you for your letter of 21 March 2015 requesting further information relating to our appearance before the Committee on 16 March 2015.

Before addressing your questions, Fortescue wishes to advise the committee that, subsequent to our two submissions and appearance before the committee, a decision has been made to alter the FIFO rosters of direct employees across our operations. Fortescue has undertaken a thorough organisational review and as a result will bring rosters across its operations into line with the standard rosters worked in the Pilbara iron ore industry, including by our major mining contractors at Christmas Creek and Solomon. This decision comes only after a sustained period of addressing costs through productivity and efficiency improvements since 2012. The decision has been taken in order to further improve productivity due to ongoing instability in the iron ore market caused by threats of oversupply.

Fortescue's main operational roster will move from predominantly an eight days' on and six days' off FIFO roster (8:6) to predominantly a two weeks on and one week off roster (2:1). There will continue to be a range of rosters worked across the business as outlined in our submissions and testimony. Opportunities for internal transfers for those displaced by the roster change will be fully explored to minimise the impact on Fortescue employees. It is anticipated that the new roster will be in place by 30 June, 2015.

While Fortescue would prefer not to have to change what has been a successful and differentiating roster, we are taking steps to ensure our business is sustainable in response to the threat of oversupply in the market over the medium term. Fortescue took a disciplined decision to cut its capital expansion budget last year and defer additional capacity in our system, but it is the threat of oversupply in the medium term by our competitors that is causing ongoing damage to our industry, all companies in it and to the state and national economies.

Our key focus during the transition to the new rosters is the safety, health and wellbeing of our people and we will be consulting with everyone affected during the process.

In answer to the questions posed by the committee in writing, please find following our considered responses:

1. Fortescue pioneered the 8:6 FIFO roster, which applied to the majority of Fortescue team members, on the basis that it struck a family friendly balance in ensuring families had every second weekend together. While the trade-off was lower total remuneration than alternative rosters with longer site-based swings, the 8:6 was well-received and had been adopted by other companies, although the majority of mine sites (14) in the Pilbara remain on 2:1.

Factors to be balanced in decisions relating to roster selection include:

- Health, Safety and Wellbeing
- Productivity including workforce planning, rates and utilisation
- Employee attraction – including FIFO lifestyle interaction with family life
- Employee retention – including FIFO lifestyle interaction with family life

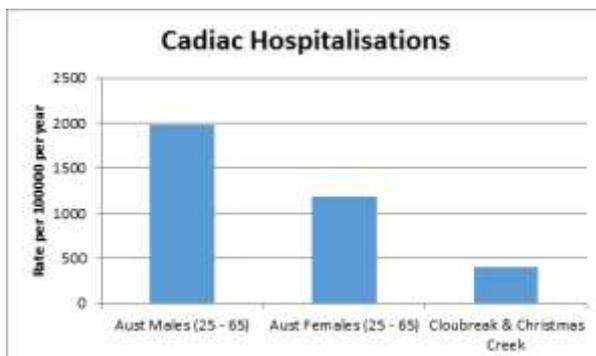
2. The Fortescue Chaplaincy service commenced in 2011 servicing the Port and Rail expansion out of Hedland. On 1 January 2012, the Fortescue Chaplaincy went live across the entire T155 expansion project providing support at all sites.

By September 2012, full coverage of all operational and project sites was achieved by the Fortescue by Chaplaincy.

Fortescue has based the chaplaincy on a preventative model rather than reactive. To do this, the Chaplains' role is to build face-to-face relationships at all levels in their area of responsibility. By doing this, each individual Fortescue team member has a face they know and whom they can relate to when and if necessary to seek support for themselves or their work mates.

Fortescue's Chaplaincy is a dedicated pastoral care service program available to everyone in the Fortescue Family. Fortescue has six full time Chaplains and one relief Chaplain providing face to face pastoral care coverage across all sites 24/7. We have Chaplains based in Perth, at each mine site and at Port Hedland covering Rail and Port operations. The Chaplains are available 24 hours a day for Fortescue team members, contractors and their families. Our Chaplains offer empathy, support and caring to others and their service can be as simple as listening, encouraging and empowering people during difficult times and with day-to-day life decisions. They are also available to support families at home and when Fortescue team members are on site.

3. Cardiovascular issues against age groups for the period June to December 2013:



4. The percentage of women employed at the end of February 2015 is set out below:

| Department | Female % |
|--|-----------|
| Development | 45 |
| Operations | 14 |
| Cloudbreak | 14 |
| Christmas Creek | 12 |
| Solomon | 16 |
| Port | 13 |
| Rail | 6 |
| Health & Safety | 46 |
| External Relations | 42 |
| Fortescue People | 36 |
| Finance | 41 |
| Information Services | 24 |
| Shipping | 47 |
| Corporate Services | 59 |
| Sales and Marketing | 38 |
| Chairman's Office | 50 |
| CEO Office | 33 |
| Total Operations & Admin | 16 |
| Total Projects | 35 |
| Total FMG | 17 |
| Leadership roles (Supervisor & above) | 11 |
| Board | 30 |

Should you have any queries regarding this or need further information, please contact me on (08) 6218 8508.

Yours sincerely

FORTESCUE METALS GROUP



TIM LANGMEAD

Director, External Relations