

Sub 90 - Acorn Life Path

From: [Ruth Murdoch](#)
To: [Committee, Education & Health Standing](#)
Subject: Submission into discussion paper - Shining a Light on FIFO Mental Health
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Dear Dr Jacobs

Many thanks for your letter dated 4 December 2014 sending me the discussion paper - Shining a Light on FIFO Mental Health.

I spoke with Mathew Bates and was encouraged to provide a submission on what we believe is a gap in the paper - the correlation between financial stress and suicides among FIFO workers.

I am personally aware of four suicides that can be directly attributed to financial stresses and I hope you find our submission and recommendations attached helpful for your paper.

I look forward to hearing the outcome and seeing the final document.

If you require any further information please feel free to give me a call.

Kind Regards

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Submission into Mental Health of FIFO Workers

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Financial Stress – the new name of Mental Health that no-one is talking about

Introduction

Thank you for sending through the report “Shining a Light on FIFO Mental Health”. The report has highlighted the level of complexity surrounding Mental Health and FIFO workers and that there are multiple elements that contribute towards mental health issues and suicides (the two are not mutually exclusive). We can compare this to a major disaster where a sequence of smaller contributing factors lead up to the ‘fatal’ incident.

Much of the research and studies focus on the mental health of the FIFO worker themselves however their mental health is closely linked to the mental wellbeing of their partner. In the overall picture of a mental health wellbeing study, both of these factors need to be considered.

Mental health issues within the FIFO community leading to suicides can follow a similar chain reaction pattern. It is not just the tough roster that will push someone to suicide, nor the long hours, or the sleeping conditions, or the need for peer support. These things may contribute to a varying degree depending on the individual, however what is not generally talked about is the high impact of financial stress on many in the FIFO community. This stress contributes to relationship issues and a feeling of being stuck in the FIFO workforce.

The chain reaction we see goes like this:

Financial stress => relationship stress => anxiety => mental health issues => suicide

I believe "Financial Stress" is the new "Mental Health" issue. It's a silent stressor and no-one seems to be talking about it. Furthermore I believe that the research is not capturing what we are seeing so this piece of the puzzle is not being analysed or combined with other data.

The research from Lifeline WA and Beyondblue mentions anxiety as a contributor to suicides. One of the root causes of people developing anxiety is relationship issues and that is where the research seems to stop. However, the work we have been carrying out takes

this one step further. Over 80% of the FIFO families we assist have relationship issues which stem directly or indirectly from financial stresses. There is no doubt that many of these problems began pre-FIFO, however the higher income often does not take away the money stress and frequently seems to intensify some of the anxiety and feelings around finances in the relationship.

The report, "Shining a Light on FIFO Mental Health", so far has a gap around finances and the true impact this has on mental health issues.

"WA is in the midst of an 'epidemic' of mental health issues, with financial issues being a big contributor". These are the words from Ross Graham, the Director of Business Development for GBF Underground Mining Company. But is this message being heard loudly enough, strongly enough, or by the right people?

This submission seeks to inform the Committee of the experience of Acorn Life Path Pty Ltd who educates and guides FIFO families on finances, relationships, and goal setting.

Who are we?

Acorn Life Path was established in 2011 to specifically help those singles and couples working in the FIFO lifestyle. With a team of five, including two coaches, Acorn has coached hundreds of people who are living the FIFO life on issues relating to stress, depression, anxiety, hopelessness, financial stress, relationship stress, and goal setting to name a few.

There are patterns emerging that will provide valuable insight into the mental health enquiry. These patterns stem from the financial stress some FIFO workers find themselves in.

I recently interviewed a FIFO couple and asked them 'what have you got out of FIFO?' They have been in this lifestyle for five years and their answer was 'debt'.

Another FIFO wife, whose husband is a trade assistant, earning circa \$80,000, said 'we are not highly educated people and we don't know what to do with our money or the best way to look after it'.

Another client told me that he asked his employer for help with his money when he went from earning \$35,000 per annum to then paying \$35,000 per annum in tax. His company, for multiple reasons, did not wish to become involved in providing any financial guidance and he went on to accumulate multiple debts including some at extremely high interest rates.

These are examples of a common thread, where employees are well paid however they do not have the life skills, or a mindset that supports them in managing this money in a way that leads to a strong financial outcome.

The employees are not asking for financial advice – they need “financial education” and they need to learn a different way of thinking about their money. They were not taught about finances in schools, or from their parents, and they are not receiving it from their employers, financial advisors or EAP providers. It is simply not readily available to the FIFO workforce.

Acorn recognised the need to address the lack of financial acumen as part of a holistic approach to helping FIFO families to manage the lifestyle with minimum stress while maximising the long term benefits that the work can bring.

The Issues

The issues we have seen from our FIFO clients are around finances, relationships, poor job security, fatigue, workplace competition of keeping up with the Jones, and a lack of purpose. These issues are complex and multifaceted. There is no one solution to alleviate these problems. The common emotions expressed to us include the feeling of ‘winning lotto’ every time they are paid, having an endless supply of money and feeling like they work hard and deserve to spend. There can be guilt associated with the longer rosters – often from both partners, leading to compensating (or over compensating) for the time away by excessive and unaffordable spending. The over spending and consumer debt that results frequently leads to the family literally running out of money, creating a repetitive pattern of arguments, feelings of guilt, resentment, and the thoughts around ‘is this really worth it?’ This is the trap referred to as the ‘golden handcuff’ (a term used to describe the feeling of entrapment and the need to continue working FIFO to make financial ends meet). Interestingly very few of our clients have heard of the term “golden handcuff” – it seems to be used by industry professionals rather than those working FIFO.

It is extremely common for the partner left at home to take on full responsibility for managing the family finances because it is either not practical for the working partner to do this or because they see their role as earning the money rather than managing it. The problem arises when the partner at home does not have the skills or mindset to manage the money effectively. The partner at home frequently feels guilty and stressed about their financial results and the working partner feels frustrated at not having money to spend or cannot see the family finances moving ahead. This frequently initiates conflict in the relationship.

One FIFO wife confided that as her husband worked away for such long rosters and so hard, that she had made the conscious decision to say 'yes' to any of his financial requests when he came home. The family couldn't afford this, and in order for her to finance this, she applied for a credit card. She then did not want me to let her husband know that she had 'another' credit card for fear it would split the marriage up, as there was some prior history around money leading to this belief.

The issues stem from low financial literacy and a mindset around money that leads to spending and debt rather than saving and investing. The total lack of financial education means that the only financial messages we, and our children are hearing is from advertising, where we see that credit is easy to come by and will make your life better and you deserve it now. Many people we talk with were brought up to think that it is okay and normal to have debt and the concept of living within the income you earn is very foreign to them. It is not unusual to see several credit cards, personal loans, shop cards, hire purchases and car loans. With these debts come the debt servicing costs, which are a huge source of financial stress.

Contrary to popular belief, a lot of FIFO workers are not on huge incomes with many taking home around \$85,000 - \$95,000 per annum. While this seems high to someone on an average locally based job, the debt servicing costs frequently means that they are struggling to cover other day to day expenses. A typical example is a family paying off a \$50,000 car loan at 12% interest, a \$25,000 personal loan at 14% and credit cards totalling \$20,000 at 20%. The actual debt servicing cost of paying these off over four years is around \$32,000 per annum. If they are earning \$85,000 then they have \$53,000 available for other costs. This situation is not uncommon and clearly a family in this situation would struggle to save

for their own home and would be in serious financial strife if the main wage earner lost their job or had to work locally.

One client, who has his own home with a reasonable amount of equity, applied for a personal loan from a second tier lender for \$5,000. He was accepted for this loan at an interest rate of 38%. He didn't know that this was excessive and didn't know what a second tier lender was. Where is the education?

Typically, buying decisions are frequently based on what they can afford to finance without appreciating that they are spending future earnings, which are not guaranteed, or understanding the effect of the repayments on their cashflow. We often hear the statement, 'well the banks wouldn't lend it to me if they think I couldn't afford it'. The bank's system of gathering the actual cost of living is at a low level and they do not go into any depth regarding the ability to repay the loan. The idea of saving is foreign to many people and they have little understanding about superannuation and planning for their retirement. It is rare to see people who have money saved for emergencies or a period of unemployment between jobs.

There is an overall higher expectation of what you should be able to have in terms of cars, holidays, private schooling, housing and personal spending when you work FIFO. We believe that this is influenced by the media as well as peer pressure. The media suggests that because you work FIFO, you have a lot of money so should be able to buy what you want. Peer pressure, both on the person on site (hearing about what colleagues are spending on their break) and the partner at home, encourages spending at a level above what they can afford. This is a situation that we actively work to turn around, by enabling proactive debt reduction, spending management and saving for retirement, emergencies and big ticket spending. The answer is not a budget, as these simply don't work for 95% of people. Often just giving people guidance, tools, a fresh mindset, and a structure for managing and improving their finances leads to a dramatic reduction in stress and an improvement in their happiness and relationship. A side benefit is that the worker is generally happier about their work, more grateful for their job and more productive and stable on the worksite.

A current emerging issue is that some FIFO workers are taking substantial pay or roster cuts. Several of our clients have been stood down on little or no pay for an indefinite period. Whilst we appreciate that the companies must be reactive to market conditions, these changes appear to occur with little practical assistance from the employer to help the employee cope with their reduced money or with the resulting emotional stress on them and their family. Companies are legally obliged to provide a safe workplace for their workforce, however this does not seem to take into the account the stress from unexpected changes in staff incomes.

Case Studies

As a means of illustrating some of the recurring themes we are seeing when working with FIFO families, below is a cross section of case studies. Please note these people are unidentified for privacy reasons.

1. One of our clients came to us knowing they were in financial stress, however they didn't know just how serious their situation was. They were in fact spending \$40,000 more than they were earning and they were financially heading for a fall. In their case one factor was that their mortgage was over \$650K. This was serviceable when both partners worked FIFO, however when she fell pregnant and stopped working their situation changed and they didn't have the education or skills to adapt. They now have their house on the market and are learning to live within their means.

2. Another client earning \$240,000 on a 4/1 roster came to us in financial stress. On the outside he 'looked' successful with a beautiful house in the hills and rental properties. The true picture was grim - he cried everyday before going to work and felt he was just working away to pay the mortgages (and he was). They have since sold one of their houses and he unfortunately lost his FIFO job and the salary that went along with it. This has been a tough time for this family and we have been coaching them through their situation.

3. The HR Manager of a resource company contacted me to help with one of their employees. The employee suffered an injury away from work and was stood down pending a lengthy recovery period. The manager was concerned with this man's mental health. He was in severe financial stress due to saying 'yes' to everything that came along after his money, eg air conditioning, roller shutters, Kirby vacuum cleaner, car loan, personal loan, credit cards and a home mortgage. This man had

previously asked his employer for financial help and they declined as they thought he meant financial advice. They didn't have any programs to help with finances and financial education. Fortunately the HR Manager suggested that he talk with Acorn. Within six months this man has his finances sorted, now has a relationship with his parents and sisters that he has never enjoyed in the past. He has become less stressed at work, is the most motivated man on the worksite, and is making more money as a result.

5. A single mum working FIFO came to see us for help. She had extensive debts and a large house loan with no equity. Saving money had not been important for her until she learnt about mindset and the future for her child. She now has money saved for an emergency.

6. A young man asked for our help when he was unable to make progress paying down his \$17,000, despite changing jobs and doubling his income and giving up smoking. With some education and financial management systems his \$17,000 was paid off and he had \$17,000 saved in the bank within six months. By twelve months he had managed to save over \$50,000 and had almost paid off a near new \$30,000 car. He now states his relationship is the best it's ever been and he is looking towards a brighter future with his new mindset.

7. A couple in their forties came to see us as they were concerned about a debt of \$39,000. It was a seven year loan at a high interest rate which he described as feeling like a 'noose around his neck'. Within eight months he had completely paid off this debt and they are on target to save \$63,000 per annum to purchase their dream home.

8. A couple in their thirties had significant levels of consumer debt spread across various loans and credit cards. By educating them about saving and paying off debt the right way they were able to reduce their interest costs by \$50,000 and cut five years off their mortgage without paying a single cent more each month.

9. In comparison, one FIFO couple wanted more balance in their life and relationship. He was so focused on saving and paying off the mortgage that it was causing problems in their relationship. They had a low mortgage, however his house had started to deteriorate and he wouldn't spend any money to make repairs (everything was being channelled into the mortgage). We helped this couple to plan for the unexpected events that happen in life and to put funds away for 'home maintenance' as well as enjoying some fun times. They now have a happier balanced life and their relationship has improved as a result.

10. We have an indigenous gentleman on our program who said the thing he got out of the FIFO lifestyle was 'debt'. He would like to exit FIFO, however his debts are significant and we are working with him and his fiancé on a debt reduction plan. This starts with identifying their money leakage (a common term we use to describe spending on low value items) and a change of mindset.

11. A FIFO wife came to me in tears saying her husband was suffering from depression and not getting on with the people on his site. She was in fear of him throwing the job in and continuously told him "you cannot leave". This husband was feeling trapped and in fact was suffering from depression and he couldn't see a way out. He was using alcohol as a tool to get him through the stress. After coaching them both on their options, and how to keep him mentally safe from harm, they made the decision together for him to leave that employment. They have their finances planned out, and their regular bills and commitments are all automated and working well, and have a brighter, clearer picture of their future. Their relationship has grown through his experience and they are both happier.

The way forward

The AMA encourages employers to be cognisant of the financial pressures and develop strategies for employees to cope with changing circumstances.

The industry initiatives shown in chapter five of the report mentions twelve programs, however it is not known if any of these have a financial education element. Acorn Life Path is aware of one financially based program run by FMG but has no knowledge of the content, attendance rate, or success rate. We commend FMG on taking the initiative to implement a course for their staff.

The reality is that talking about financial stresses does not come naturally to many of the workers – it is a very personal issue and they do not want others to know what's happening. Other FIFO workers are not consciously aware of the degree of financial stress they are under until it surfaces as a result of job loss, injury, divorce, or other financial stressors. What this means is that on a practical level, FIFO workers and their partners are not getting the support they need to manage the financial stress which accelerates mental stress and mental health issues. Unless organisations provide something that actually works, the problems will continue.

Recommendations

We recommend that companies employing FIFO workers should plan for roster changes and redundancies and provide financial education and support for their staff on how to live within their means, and live on less money. The concept of 'pay yourself first' (this requires putting ten per cent of all income aside for long term financial freedom) should be taught to everyone working FIFO.

The solution is to take a completely new approach to managing the income that comes with the FIFO work. The process we are using successfully provides new systems, education around communication and relationship building, support in developing big picture goals and longer term planning. This is combined with close support and coaching to develop plans and resilience for when things become difficult or changes happen. Having this level of support is a new experience for most of the families but many have testified that they don't know how they would have coped without the assistance provided. Virtually all are seeing vastly improved financial positions, stronger relationships and more positive attitudes – for both the worker and their partner.

Whilst we would not expect all workers and families would want to be involved in the broad programme that our clients undertake, we are convinced that a basic level of financial education and coaching should be offered to all FIFO workers, and this needs to be inclusive of both partners if applicable. This should be either company sponsored or provided at a cost that is not a barrier to uptake. Our recommendation is to include an education around money or a plan for their money as part of the initial induction process into working FIFO. When individuals arrive at a point of realising they need financial education, a suitable program or help should be made available at any time during the employment and not just during the induction.

It has been surprising to see the general lack of financial literacy within our FIFO clients. These range from university educated, to operators, trade assistants, technicians, and engineers to name a few. Qualifications, skills and experience in a field of expertise, does

not equate to financial literacy or wisdom.

As examples, here are some common questions we encounter:

- What does per annum mean,
- How much should we be paying for a car loan or personal loan,
- What does salary sacrifice mean,
- What does percent mean,
- What does interest mean,
- Why should I have insurances,
- How does a mortgage work,
- Should I change cars before it loses value,
- What is an invoice,
- Is it okay to have a balloon payment on a car and what is this.

Acorn Life Path provides an education and mindset program called the Acorn Life Plan. It runs for twelve months and is designed for both partners (if applicable) to learn and implement new skills, systems, values and goals around their relationship, finances and life during and after FIFO.

For further information please refer to the attached information.

About the Founder

Ruth Murdoch is the director and founder of Acorn Life Path Pty Ltd. She holds a Masters in NLP (Neuro Linguistic Programming), as well as nationally and internationally recognised Life Coach qualifications, and graduated from Auckland University with a Post Graduate Diploma in Business Administration. Ruth dedicates her time to helping FIFO families ensuring they gain the maximum enjoyment from the FIFO lifestyle as it can offer rich rewards.

Alan Gow, the business manager of Acorn Life Path Pty Ltd, is an engineer who also works for a contractor with a business based around the mining industry.

Acorn Life Path lives by a principal which is to help FIFO families learn how to “**Live for Today While Planning for Tomorrow**”.