



South Australian Mining and Resources Sector: Covid-19 Impact

A snapshot of the impact of Covid-19 on SA Supply Chain Companies

Introduction

As we move into the fourth month of the Covid-19 Coronavirus pandemic, RESA has partnered with Global Maintenance Upper Spencer Gulf, to undertake a targeted supply chain survey to identify the current and emerging challenges for South Australian supply chain operations. This briefing provides a snapshot of the direct impact of Covid-19 restrictions and the first hand challenges identified by a sample of industry suppliers.

Covid-19 Impact Survey Results



Regional Participation

SA distribution of survey respondents:

Adelaide **62%**

Coober Pedy and Outback **15%**

Yorke Peninsula & Clare Valley **15%**

Whyalla & Eyre Peninsula **8%**

Industry Sectors

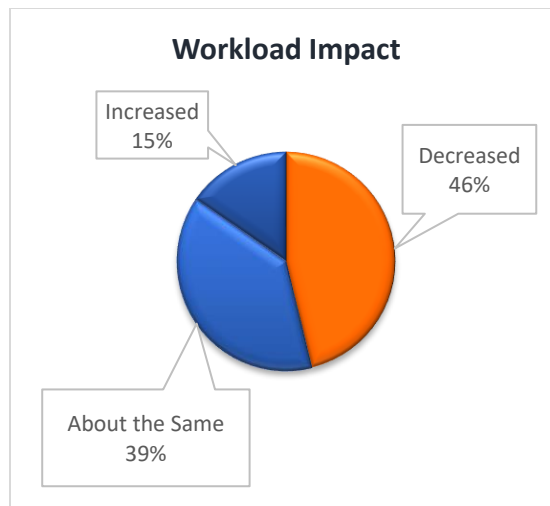
The industry sectors represented include:

15%	Engineering / Engineering Management	8%	Metal Manufacturing
	Construction		ICT
	Mechanical / Metal		Equipment Operation
	Quality / Safety & Health		Business Development / Services
			Equipment Manufacturing

% of overall respondents in this category

Operations Impact

Companies indicated whether their workload has increased, decreased or remained about the same.



54% of respondents indicated their workload has **increased** or remained **about the same**.



54% indicate workload has **increased** or is **about the same**.



75% indicate **increased** or **about the same** workforce

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A joint project with:



Increases were mainly attributed to:

- Extensive work undertaken to diversify prior to Covid-19
- new (manufacturing and distribution) opportunities presented by Covid-19 response measures
- unscheduled site maintenance work
- ongoing refurbishment services (that also supplied work to other small businesses in associated industries)

Decreases in workload were attributed to:

- lost contracts as prospective clients delay or cancel work packages.
- decreased capital sales and service work
- decreased sales service and training activity.

Respondents also noted the impact of additional stress on staff resulting from:

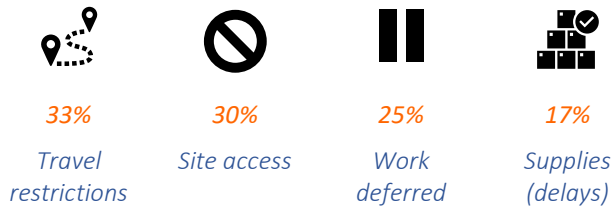
- initial confusion when the pandemic began,
- transitioning to working from home arrangements
- the impact of restricted travel to clients.

Operational Challenges

Current

Respondents highlighted the greatest challenges to their business resulting from the pandemic.

The greatest challenges identified by more than one respondent were:






Individual companies also identified challenges associated with:




- Social distancing
- Decrease in workload
- Contacts working from home (difficult to contact)
- Closing deals (delays in commitment to future works).
- Establishing contact with potential clients.

Forecast



The operations challenges identified by respondents as restrictions are lifted are:

-  Delays in imports
-  Equipment and spares supply (including logistics)
-  Increased competition


Respondents indicated that larger companies (not local) may seek to expand SA operations and compete for work opportunities, which will potentially push smaller businesses out of the market – this could have severe impacts for local employment.

-  Delays in clients releasing and/or commencing work packages and investing in cap ex type projects
-  Access to site
-  Global trend - impact on local operations



Respondents recognized that clients with global operations may be impacted by changes and tensions in international markets which will have flow on effects for local operations, resulting in a reduction and further delays in work opportunities.

-  Servicing accelerated work packages fast tracked by governments
-  Cost and availability of flights

Respondents indicated there are staff ready and willing to work who normally FIFO to South Australia, but the lack of flights mean are unable to get to SA or they have to take 2-3 flights and overnight somewhere making the cost prohibitive.

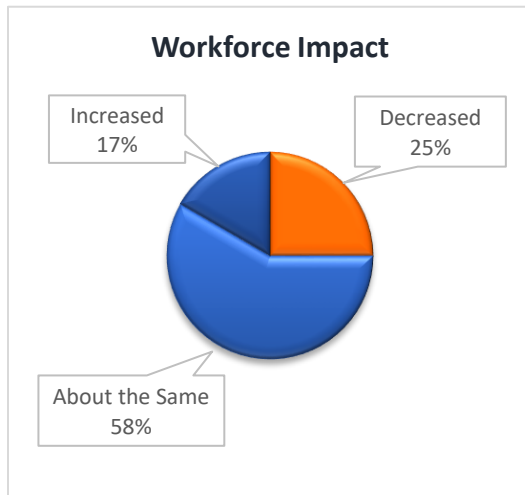
-  Impact of national IR debate

Respondents expressed some uncertainty in relation to the ramifications of the recently announced industrial relations review.

-  Cash flow issues within the operation and for clients.
-  Maintaining workflow capability

Workforce Impact

Companies indicated whether their total workforce has increased, decreased or remained about the same.



25% of respondents indicated a **decrease** in their workforce. This has included redundancies and, as an alternative to job losses, a reduction in staff hours.

17% of respondents indicated **increased workforce** in maintenance trades and health and safety roles.

Workforce Challenges

Current

The current workforce challenges reported by respondents reflected people and operational concerns.

The people centred concerns identified included:

- fears for personal/family safety
- mental health impact for vulnerable employees
- anxiety as job security is threatened
- inability to work due to government and client Covid-19 response measures restricting travel and site access
- maintaining engagement as meaningful work activity declines.

The operational workforce challenges identified included:

- maintaining a fully operational workforce able to mobilise at short notice following restrictions
- retaining workforce with reduced hours
- ensuring available workforce when there is currently no work to be done
- scheduling service work for field technicians amid restrictions
- inability to travel interstate.

25% of respondents did not identify any workforce challenges.

Forecast

The workforce challenges forecast as restrictions are lifted reflected responses to reduced work activity and preparedness for increased activity.

Forecast challenges *in response to reduced work activity*:

- reduced opportunities resulting from diminished sales, confidence and cashflow
- (defence) projects adversely affected by international border restrictions affecting supply chains
- employees seeking more secure opportunities.

Forecast challenges *in response to increased work activity*

- managing increased workloads
- uncertainty of timeframes for gearing up
- cost of / access to flights
- ongoing Covid-19 risk and response management
- uncertainty of ongoing *essential traveler* status for FIFO workforce.

50% of respondents were either **uncertain** of future challenges or did not report future challenges. There is uncertainty around the impact on clients and flow on affects of this in the supply chain.

Assistance Packages

The assistance packages accessed by respondents were:

Job Keeper **62%**

Cash Flow Support **31%**

Increased Instant Asset Write-off **31%**

Backing Business Investment **15%**

Apprentice Wage Subsidy **8%**

Safe Work Australia Guidelines **8%**

15% of respondents were not sure of the suitability of assistance packages for their operation.

Summary

Key features of companies with sustained operations throughout the first stages of Covid-19 response have been:

- diversity in operations
- flexible work force responses and
- adaptability to capitalise on new opportunities.

Supply chain operations have demonstrated a commitment to human capital in recognizing the challenge and stress of uncertainty and work restrictions on their workforce.

A sense of uncertainty pervades all responses in relation to operational and workforce challenges with industry largely focused on remaining ready to capitalise on opportunities as they become available.

Respondents were generally sympathetic to the challenges to clients and the impact of the global economic climate on the implementation of projects and other contracted work activity.

Challenges associated with retaining/accessing a skilled workforce ready to meet the requirements of operations as Covid-19 response measures are lifted and contract work is resumed is emerging as a key challenge in the supply chain. This will be exacerbated by restricted access to flights and increased costs.

Resources and Engineering Skills Alliance

Supporting jobs and opportunities for South Australians

At RESA we believe that a coordinated approach to connecting individuals with opportunities will assist to:

- maintain confidence in the sector
- assist industry in filling priority occupations
- assist individuals from other affected industry sectors to fill job opportunities in the sector.

We encourage stakeholders to contact us to share insights into skills and workforce priorities throughout these challenging times.

Contact Us

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Support for South Australian Businesses

Commonwealth and SA Government Industry Response Packages

The State and Commonwealth governments have introduced a broad range of assistance packages for businesses affected by the Covid-19 pandemic.

For further information go to: www.business.sa.gov.au

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