



SOUTH AUSTRALIAN FREIGHT COUNCIL



18 October 2011

Committee Secretary
House of Representatives Standing Committee on
Regional Australia
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

RE: House Standing Committee on Regional Australia Inquiry into the use 'fly-in, fly-out' (FIFO) workforce practices in regional Australia

The South Australian Freight Council (SAFC) commends the inquiry's basic thrust to assess the impact upon communities of increasing FIFO and DIDO workforce demand but takes the opportunity to highlight that these impacts will be felt well beyond the local community and in supplier industries, such as the transport and logistics sector.

SAFC also takes the opportunity to highlight that transport and logistics services are derived demand – that is the demand for transport and logistics services emanates from the demand from user industries and the community. People and companies purchase goods and services – the transport and logistics industry brings it to them. As such the transport and logistics industry impacts upon the functioning of all communities and facilitates the achievement of their goals.

The South Australian Freight Council Inc (SAFC) is South Australia's peak, multi-modal freight and logistics industry group that advises both the Federal and State governments on industry-related issues, and is funded by both governments and industry. SAFC represents road, rail, sea and air freight modes and operations, freight service users, and assists the industry on issues relating to freight logistics across all modes.

SAFC is aware that there is a significant expansion of the mining industry underway and projected for South Australia over coming years and that this represents an unprecedented economic opportunity for the community for the foreseeable future.

The mining sector in South Australia is likely to utilize a mixture of FIFO, DIDO and local labour to satisfy its workforce requirements. No one labour supply model is likely to satisfy the needs of a particular mine or prospective mining region, and it is most likely that, given the embryonic nature of the industry in South Australia and the resultant lack of a local skilled and available workforce, a significant element of FIFO and DIDO workers will be needed for many new ventures.

SAFC takes this opportunity to highlight that FIFO operations in particular represent an opportunity for communities in their own right. FIFO services create economic opportunities through job creation and improve access to services for the local community. Workers flying into a region create jobs at the airport, and create jobs for local suppliers of goods and services, particularly food producers and hospitality and accommodation providers. Guest workers spend some of their hard earned salary in the local community on a variety of goods and services. In addition, the local community's access to services, such as specialist health services available in

capital cities also improves markedly. Moreover, social benefits accrue through the overall improved accessibility, for both local residents and visiting family and friends.

However, despite efforts by SAFC and others to gain an insight into the extent of FIFO and DIDO demand, most emerging mining ventures in this State are not yet progressed to the point where they are able to confidently forecast their FIFO and/or DIDO demand. This situation creates difficulties in several areas including, but not limited to:

- the ability of airport operators and air service operators (at both origin and destination), to confidently make investment decisions to accommodate demand for FIFO services;
- the ability of road and rail infrastructure providers (State and Local Governments) and service operators (at both origin and destination), to confidently make invest decisions to accommodate demand for DIDO services; and
- The ability of freight service operators to confidently invest in equipment and facilities to accommodate the general freight needs of communities. The extent of facilities and services are impacted by:
 - 2 way demand emanating from the major job generating activities themselves (eg: the mine operations);
 - 2-way demand emanating from the size of the local community (requiring regular deliveries of basic staples); and
 - 2-way demand emanating from the size of the "guest workforce" which drives additional demand for goods and services.

These factors are further complicated when the actual make-up of the workforce, particularly the specific skills required, is also not known. This information can help in determining whether a suitably skilled workforce is in the vicinity of the operation, or needs to either relocate or utilise FIFO or DIDO services.

The transport and logistics industry is characterised by large and "lumpy" investment in infrastructure, facilities and equipment. This necessitates lengthy consideration of the costs and benefits associated with this investment, including protracted consideration by financial backers (the banks). The necessary long lead times mean that the transport and logistics industry, whilst recognised as being highly responsive to customer demands, may be hampered in its ability to respond in a timely manner. Similarly, in the absence of detailed information and demand scenarios Governments, both Local and State, will also be hampered in their ability to provide necessary public infrastructure such as roads and airport terminals, schools and health facilities, in a timely manner.

SAFC would be happy to expand upon any points that we have raised if the Committee requires. Please liaise with me on the numbers listed below should you wish to discuss any matter.

Yours sincerely

Neil Murphy
Chief Executive Officer