



3 February 2012

Senator Chris Back
Chair
Senate Education, Employment and Workplace Relations References Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Senator Back

RE: Inquiry into the shortage of engineering and related employment skills

Thank you for the opportunity to provide this submission to the Senate Education, Employment and Workplace Relations References Committee's inquiry into 'The shortage of engineering and related employment skills'.

The Association of Mining and Exploration Companies (AMEC) is the peak industry body for mineral exploration and mining companies within Australia. The membership of AMEC comprises over 360 explorers, emerging miners and the companies servicing them.

AMEC's strategic objective is to secure an environment that provides certainty and clarity and fosters mineral exploration and mining in Australia in a commercially, politically, socially and environmentally responsible manner.

It is in this context that AMEC provides its response to this Inquiry into the shortage of engineering and related employment skills.

AMEC recognises and acknowledges the general skills shortage across the Australian workforce and that particular sectors are experiencing it more acutely than others. This Inquiry recognises that one of the areas where there is an acute skills shortage is in engineering. There are undoubtedly many reasons for this, although the sustained growth of the resources industry and the demand for engineers has been a contributing factor. However, the growth of the resource industry has possibly highlighted a number of underlying weaknesses in the engineering professions ability to meet demand for its skills. For example, a relative decline in the number of graduates, an aging workforce, an trend from generalist engineers to specialists which restricts career options and mobility of engineers and a decline in public sector opportunities for Graduates starting their careers.

AMEC supports initiatives that address the shortage of engineering skills in the Australian workforce. However the initiatives will need to take a holistic approach and address short, medium and long-term needs. In AMEC's view some current Government policy is hindering the mineral exploration and mining industry's ability to fill skills gaps, including engineering.

Association of Mining and Exploration Companies (Inc)

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For example, an issue that will likely affect engineering skills supply in the short term is a review by The Treasury is the Living Away From Home (LAFH)¹ concessions policy. LAFH concessions are allowances afforded to temporary foreign employees in recognition that they are maintaining a residence in their home country whilst also maintaining a residence while they are employed in Australia. The proposed change has the potential to significantly impact the ability for companies to fill engineering skills shortages in the short-term to medium term by increasing costs to employers. This change to the policy is a perfect example of a policy change in isolation without consideration of the broader ramifications. AMEC has raised this issue in a submission to The Treasury.

Another Government policy which impacts on the ability to meet engineering skills shortages is in the newly established area of enterprise migration agreements (EMA's). Following recommendations made by the National Resources Sector Employment Taskforce, the Federal Government implemented EMA's to address the increasing labour shortages being experienced in the resources sector. In doing so, it also introduced a \$2 billion threshold in which to determine which resource projects are eligible to access EMA's.

AMEC considers that EMA's should be made available to all mineral resource projects, irrespective of their value or size, there should be no \$2 billion threshold. Furthermore, EMA's should apply to all phases of mining projects, not just the project construction phase. Information received from AMEC's membership base suggests that smaller projects are facing similar skilled and unskilled labour shortages to "larger" projects, and that shortages are being experienced (or likely to be experienced) throughout all project phases.

AMEC look forwards to the Senate report and its recommendations. Should you require clarification on any of AMEC's comments please do not hesitate to contact me. AMEC is also available to attend public hearings should the Committee require.

Yours sincerely

Simon Bennison
Chief Executive Officer

¹ http://www.treasury.gov.au/documents/2235/PDF/CP_FBT_LAFH_Benefits.pdf