



Alcoa of Australia Limited
ACN 004 879 298

Corporate Office
PO Box 252
Applecross, WA 6953
Australia
Tel: (08) 9316 5111
Fax: (08) 9316 5822

Committee Secretary
Select Committee on Jobs for the Future in Regional Areas
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Via email

30 August 2019

Dear Committee Secretary

Thank you for the opportunity to respond to the Select Committee inquiry into Jobs for the Future in Regional Areas.

Alcoa of Australia Limited (Alcoa) has operated in Australia since 1963. Our operations represent one of the world's largest integrated bauxite mining, alumina refining and aluminium smelting systems. Our two bauxite mines and three alumina refineries in Western Australia produce almost 45 per cent of Australia's alumina. Alcoa Portland Aluminium Smelter in Victoria produces approximately 13 per cent of the nation's aluminium.

Alcoa has been investing in Australia for more than 55 years. Our contribution to Australia's sustainability objectives includes royalties, jobs, community investment, and investment in research and development to reduce environmental impacts and conserve natural resources. Each year, more than 65 per cent of our total revenue stays in Australia through wages, local purchasing, taxes, royalties, capital investment and dividends to Australian shareholders.

Alcoa Key Statistics 2018:

- 4,250 permanent employees, most of whom live in regional Western Australia and Victoria
- AU\$668 million annual wages and benefits
- Approx. AU\$2.4 billion per annum in expenditure, 76% of which is local content spend
- Approx. \$690 million paid to local, state and federal governments

Looking to the future

Alcoa is proud of the work of its Global Centre of Excellence (COE) for Alumina Refinery Technology which is based in Kwinana, Western Australia. In 2018, Alcoa launched a new COE workstream, "Refinery of the Future", which is aimed at preparing Alcoa for developments in smart manufacturing through the digitisation and connectivity of machines.

In particular, our work on the Refinery of the Future focuses on advances in data science, robotics and digital connectivity and how these can be integrated into our refinery operations. The expected outcomes of that work include:

- a "connected workforce" that allows real-time, actionable information about employees' location, status and their physical environments through wearable technology;

- greater use of drones and semi-autonomous vehicles to remotely manage tasks, including in the automation of repetitive, hazardous or error prone tasks;
- reduction in scale and wear of operational parts through the use of new materials;
- improved data capture and analytics to optimise the refining process and enhance the ability to predict outcomes to minimise production downtime;
- “smart” sensors which deliver better insight into the refining process; and
- augmented reality to support efficient training, design, work management and trouble-shooting.

These technologies will make our operations safer, cleaner and more efficient and also drive demand for next-generation knowledge and skills. This has potential to support new industries and employment opportunities in regional Australia where our operations are located.

Committed to tomorrow’s workforce and leaders

While Alcoa looks to the future of its operations, we remain committed to future workforce planning to ensure that when those technologies become mainstream, we have supported people through education and qualification to be prepared for our next-generation of jobs.

As part of Alcoa’s strategic focus on the workforce and leaders of tomorrow, we invest in a range of community partnerships and training opportunities, which covers in-school enrichment, transition to tertiary education, traineeships and apprenticeships. Alcoa invests AU\$4.2m each year in the communities in which we operate. Since 1963 more than 2,000 apprentices have received training at Alcoa’s operations in WA and Victoria. This represents a significant investment in the local community and directly supports the development of trade skills.

Our Apprenticeship Program trains people to become qualified in a particular trade. Experience is gained in a variety of tasks via on-the-job training at our operational sites. The three and four-year programs also involve up to 36 weeks off-the-job training. At completion, participants receive a nationally recognised trade certificate.

Regional Australia in our supply chain

We strive to add value to the local economy by using local suppliers, helping local suppliers to do business with us and by encouraging suppliers to employ local labour. Within our guidelines of safe, ethical and competitive business practices, we will:

- invite capable local business to bid on locally supplied or manufactured goods or services;
- give preference to local business in a competitive situation;
- work with local business interest groups to identify and utilise local suppliers; and
- where possible, structure bids to enable local supplier participation.

Alcoa was one of the first Australian companies to sign up to the Australian Supplier Payment Code, a voluntary, industry-led initiative launched by the Business Council of Australia in May 2017 to affirm the importance of prompt and on-time payment to small business suppliers. This builds on our existing Local Community Policy which supports eligible local suppliers operating businesses in communities local to our regional operations with, amongst other things, 30-day payment terms.

We look forward to the outcome of this inquiry later this year.

Yours sincerely

Joanna McKenzie

Vice President, Government Affairs – Asia Pacific
Alcoa of Australia