



MINERALS COUNCIL OF AUSTRALIA,

Submission to the

**HOUSE OF REPRESENTATIVES
HOUSE STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS**

on the

**INQUIRY INTO
REGIONAL SKILLS RELOCATION**

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EXECUTIVE SUMMARY

The Minerals Council of Australia (MCA) is pleased to have the opportunity to submit to the House Standing Committee on Employment and Workplace Relations Inquiry into Regional Skills Relocation.

The MCA represents Australia's exploration, mining and minerals processing industry, nationally and internationally and through its Northern Territory and Victorian Divisions represents the interests of members operating in those jurisdictions.

This submission focuses on minerals sector operational requirements, and does not consider the substantial skilled labour demands of the construction industry in its response to the proposed major projects in the broader resources sector.

Minerals sector set for further expansion...

Australia's minerals sector is well-positioned to respond to an emergent global recovery. Robust export volumes through 2009 sustained production and allowed companies to restart projects. This renewed investment activity has helped lay the foundations for future expansion. Firm demand from China and recovery in other Asian markets has seen minerals prices rebound from the lows of early 2009. Supported by additional supply capacity, production is expected to grow solidly in 2010.

Over the medium term, the underlying fundamentals of global commodity demand remain sound – checked but not compromised by the Global Financial Crisis (GFC).

In a world awash with mineral resources, key policy platforms need to be right if Australia is to maintain and enhance its competitive position in global markets. With the economy gathering steam, an immediate challenge is to avoid the mistakes of the past when domestic capacity constraints – including chronic skills shortages– resulted in a loss of market share to aggressive international competitors.

Outlook is bright, but capacity constraints will limit opportunities...

The minerals industry is a significant source of new employment opportunities in Australia, especially in regional and remote areas. Wages, workplace training and skills development expenditure are all higher than the national average. While the minerals sector workforce suffered a decline in employment numbers as a result of the GFC, official data for February 2010 show that workforce numbers have recovered to 97 per cent of the peak 2008 level. The medium outlook is also strong.

Work commissioned by the MCA in 2008 found that an additional 86,000 workers would be required by 2020 to ensure Australia simply maintained market share given projected growth in global mineral commodity demand. The greatest demand is expected to be in skilled trades with an additional 31,000 workers required. Demand for skilled operators will increase by 30,000 and demand for mining industry professionals will grow by 9,000 on current numbers by 2020.

In order that the skills needs of the Australian minerals industry in remote and regional Australia can be included in a national response to labour force mobility from region to region it is important that the national workforce development strategy proposed by the National Resources Sector Employment Taskforce is developed and implemented.

Along with initiatives to encourage people to relocate to remote, regional and rural Australia, there is a need to ensure that people already living and working in these areas are encouraged to stay.

Minerals sector contribution to growing the pool of skilled labour is substantial...

The minerals sector has a strong record of playing its part in building a skilled workforce and a strong training culture is a hallmark of the minerals sector. Whilst data is limited, the most recent figures indicated that training expenditure in the minerals sector is three times the national average.

The minerals sector is engaged in a number of initiatives to attract workers to employment in the industry in remote and regional Australia, including from groups that are not fully engaged in the sector's workforce, such as women and Indigenous, unemployed and under-employed Australians.

The primary strategy to attract more unemployed and under-employed people to the industry, including many Indigenous Australians, is for Governments to continue to focus on programs to improve language, literacy and numeracy; and foundation and work readiness skills.

Lack of an industry recognised national entry-level qualification for plant operators and drivers occupations is a concern for the industry.

Reforms to the education and training sector...

As global commodity demand recovers, significant reforms to Australia's education and training system will be necessary if minerals sector is to avoid the re-emergence of debilitating skills shortages and Australia is to fully capitalise on the opportunities provided by sustained commodity demand.

The minerals industry has consistently moved away from the publicly funded VET sector due to its inability to meet the needs of the industry. However, a variety of successful education and training models developed by the minerals sector to meet its particular needs, including establishment of centres of excellence for training in the minerals industry are worthy of further development in the broader skills shortage context.

Barriers to up-take of Government education, training and employment initiatives and incentives have resulted in a very low up-take of these programs by the minerals sector. However, these initiatives can be tailored to respond to the strategies required to encourage workforce mobility.

A number of positive Government policy interventions have led to welcome reforms in the education and training system in recent years. However, there is much that remains to be done.

Policy settings to promote labour mobility.....

While there is significant *job* mobility within the Australian workforce, there is a much lower degree of *regional* mobility.

There are some key factors which militate against mobility to areas of minerals sector operation, including housing affordability and availability, limited regional social infrastructure; schooling and childcare availability; and concerns or lack of knowledge about family and social impacts of intra/interstate migration or a FIFO lifestyle.

The availability of meaningful, valued jobs for women and Government improvements in soft infrastructure, particularly childcare and education and training, is critical to strategies to attract people to remote and regional Australia.

Transition training programs to equip skilled workers who lack the confidence to seek mineral sector employment are required to promote relocation or a move between industry sectors.

FIFO will continue to be a response to local skills shortages. The high proportion of FIFO workers is due to a number of factors, including the lack of suitably skilled local people; lack of family accommodation either available in the local community or provided by companies; and the desire of many mine personnel and their families to live in areas with greater amenity or family connection.

Given the significant growth occurring in remote and regional Australia, it is imperative that there be a balanced approach between FIFO and local community development.

The minerals industry does not see the need for a significant increase in the resources of Government to be directed towards the industry, but rather a more focussed and accessible approach to the partnership.

This submission makes a number of recommendations to enhance a Government/Industry partnership and lead to sustainable outcomes to increase regional labour force mobility and thereby to assist industry to meet the skilled labour needs of the future.

The key recommendations we make are that:

1. The national workforce development strategy proposed by the National Resources Sector Employment Taskforce is developed and implemented in order that the skills needs of the Australian minerals industry in remote and regional Australia are included in a national response to labour force mobility.
2. The Australian Government improve soft infrastructure, particularly in the areas of childcare and education and training. The availability of meaningful, valued jobs for women in mining towns is critical to strategies to attract more people to remote and regional Australia.

3. Governments continue to focus on and expand programs to improve language, literacy and numeracy and foundation and work readiness skills of Indigenous peoples as the primary strategy to attract more Indigenous Australians to the minerals industry. It is also important that the Australian Government, in partnership with industry, actively resource and implement its MoU with the MCA on Indigenous Employment and Enterprise Development.
4. The Australian Government works with industry to establish a local or regional industry-endorsed national entry level qualification for plant operator and driver occupations in the minerals sector with clear identification of employability attributes required.
5. Governments partner with industry to establish further centres of excellence for education and training in the minerals sector based on the successful MEEA, RESA, and MISC models so that these centres can provide a quality brokerage services to link enterprise workforce development plans with appropriate Government and mainstream training programs and competent RTOs.
6. The Australian Government develop and implement appropriate training programs to assist displaced and unemployed jobseekers to transition to regional areas and jobs in the minerals sector.
7. To address the consistent failure of the publicly funded VET sector to meet the needs of the minerals industry, Governments drive reform to ensure we have a system that is responsive to enterprise demand for skills including skills sets, rather than a rigorous funding regime that can only deal with qualifications. We also need a system that produces quality training outcomes that are universally accepted by industry as meeting an agreed standard.
8. The Government simplify and target appropriate education, training and employment initiatives for the minerals industry in remote and regional Australia so as to encourage the industry to engage in the these programs. The minerals industry does not see the need for a significant increase in the resources of Government to be directed towards the industry, but rather a more focussed and accessible approach to the partnership.
9. Governments (Australian, State and Local) provide hard and soft infrastructure to attract workers and their families to regional and remote Australia.
10. Governments work with industry to improve the attractiveness of FIFO through measures including attention to family needs; and to collectively gain a better understanding of the fundamentals associated with FIFO workers such their origins, family status, longevity in the industry, etc. to ensure that effective strategies to address the issues that arise can be developed.

1 INTRODUCTION

The Minerals Council of Australia (MCA) is pleased to have the opportunity to submit to the House Standing Committee on Employment and Workplace Relations Inquiry into Regional Skills Relocation.

The MCA represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society. Through its Northern Territory and Victorian Divisions MCA represents the interests of members operating in those jurisdictions. MCA member companies produce more than 85 per cent of Australia's annual mineral output.

The Inquiry terms of reference are very timely for the minerals industry and we encourage the House Committee to actively pursue all options when examining the applicability of government employment policies to address the skills shortages in regional Australia, with a focus on opportunities to support the relocation of unemployed workers from areas of high unemployment to areas experiencing skills shortages.

This submission focuses on minerals sector operational requirements; we have not considered the considerable skilled labour demands of the construction industry in its response to the proposed major projects of the broader resources sector.

We have structured our submission to:

- a) Identify the need for skills, i.e. to consider the importance of identifying the jobs in demand and where they occur;
- b) Examine the issues of attracting people to the jobs and growing the pool of skilled labour;
- c) Discuss the issues associated with training the potential employees so that they have the necessary skills and employability attributes for the actual jobs in demand; and finally
- d) Consider the policies required to either encourage people to relocate or to engage in fly-in fly-out (FIFO) work arrangements,

in the context of minerals industry jobs, including the industry's policy response to the skilled labour shortages. In addition, we discuss the industry's recruitment processes as it is important for potential employees and their advisors to understand the processes associated with the jobs in demand.

2 THE AUSTRALIAN MINERALS SECTOR

2.1 Contribution to Australia

The minerals sector is forecast to contribute 8 per cent of Gross Domestic Product (GDP) in 2009-10, and to contribute \$111.5B or 48 per cent of Australia's export revenues in 2009-10¹ (up from less than 33 per cent just six years ago).

Mining has been the powerhouse of Australia's economy since the turn of the current century, yet on account of capacity constraints to growth, income surged more than production during the most recent boom. The Global Financial Crisis (GFC) had a dramatic impact on commodity prices. Production levels declined to a lesser extent than prices with some high production cost mines closing. Exploration declined and many development projects were put on hold. However, the GFC has been a brief respite from the pressure of capacity constraints to growth in the minerals sector and, as economic recovery continues, minerals production is rising.

Uninformed comment regarding the likely development of a 'two speed' economy is simplistic and shows little understanding of the contribution the minerals industry makes to the broader national economy. Treasury has examined the pre-GFC mining boom and found that growth in New South Wales and Victoria was almost 1 percentage point faster than in the pre-boom period. Households in those states also enjoyed significantly faster growth in real disposable incomes due to the boost in mining-related national income.

While there may be 'first-round' two-speed effects from increased mining activity, the benefits quickly wash through the interconnected national economy and spread well beyond the sectors and regions most closely linked to the minerals sector.

2.2 Commodity Growth Forecasts

After falling 4 per cent in 2008-09, the Australian Bureau of Agricultural and Resource Economics (ABARE) expects production of metals and other minerals (non-energy) to increase by 5 per cent in 2009-10. Higher production of iron ore and gold are forecast to be the main drivers, with production of a number of other commodities expected to decline or remain flat. Following growth of 4 per cent in 2008-09, energy mineral production is forecast to climb 8 per cent in 2009-10 underpinned by solid growth in coal production².

Black coal and iron ore together account for more than half of Australia's total mining production by value (excluding oil and gas) and two thirds of minerals exports. An improved economic outlook in major coal markets and strengthening global steel demand are expected to underpin further growth in coal and iron ore production in the period ahead.

Metallurgical coal production fell by an estimated 9 per cent in 2008-09 as a number of higher cost producers reduced production, but is forecast to grow by 21 per cent in 2009-10.

After a rise of 10 per cent in 2008-09, thermal coal production is expected to grow by 4 per cent in 2009-10.

ABARE expects iron ore production to be at, or close to, capacity throughout 2010 with major capacity expansions in Western Australia positioned to sustain production increases in coming years.

After declining in the past two years to a 20 year low, gold production in Australia is forecast to rise strongly in 2009-10. A high gold price is expected to encourage increased production from a number of existing facilities with new production capacity, especially in Western Australia also coming on stream.

For Australia just to maintain market share, production of iron ore and coal would have to increase three times as much by 2020 as it did between 2002 and 2007.

This projected growth highlights one of the central challenges Australia faces – that is, ensuring capacity constraints that hobbled the industry's supply response in the previous period of rapid demand expansion (when market share was lost across key commodities) are overcome.

However, we continue to make a simple point – comparative advantage in natural resource endowment is no guarantee of competitive strength.

¹ Minerals Council of Australia. *The Australian Minerals Industry and the Australian Economy*. March 2010. www.minerals.org.au

² ABARE (2010), *Australian Commodities*, vol 16, no 4, December quarter 2009.

2.3 Minerals Sector Labour Profile

In 2008 the minerals sector workforce comprised 36 per cent tradespersons and related workers; 35 per cent semi-skilled workers (principally plant operators and drivers); 10 per cent professionals; 9 per cent labourers; 5 per cent technicians and 5 per cent managers and administrators³. Over recent years the greatest growth has been in the technician and trades category.

National Centre for Vocational Education Research (NCVER) 2007 data shows that around 30 percent of minerals sector employees hold a diploma or above qualification (around 20 per cent have a bachelor degree or higher); 28 per cent held a Certificate level III or IV qualification; 5 per cent hold a Certificate I or II level qualification; and 37 per cent had no identified qualification⁴.

The majority of employees work full time, and their median age is 40 years compared with a median age for all industries of 37 years. Coal sector employees are older on average than those in the metalliferous mining sector.

Women comprise around 18 per cent of the workforce compared to a national participation rate of 46⁵ per cent. However, women only represent 3 per cent of all employees at mine sites and minerals processing operations.

The minerals industry is the largest private sector employer of Indigenous people, with 5 per cent of its direct workforce identifying as Indigenous. Most operations in remote and regional locations prefer local workers and are committed to increased employment of local Indigenous people who can meet their employability requirements. However, many Indigenous people located in these areas have low levels of literacy, numeracy and fitness for work attributes which precludes them from taking up training opportunities.

Whilst the minerals industry has a preference for employing locally, in many remote and regional areas the local population is simply not large enough to meet the skilled labour needs of the industry. However, a number of policy initiatives are required to encourage new entrants to the industry to 'take the plunge' in terms of relocation or joining the FIFO workforce.

Anecdotally, employee turnover in the minerals sector is high. At some FIFO sites the turnover was as high as 30 per cent at the height of the mining boom. The ABS found that 12 per cent of mining workers in February 2008 had changed their employer in the previous 12 months. Unfortunately, data on the amount of labour "churn" as compared to labour moving to other industries or out of the workforce is very limited.

2.4 Minerals Industry Recruitment Processes

The minerals industry uses traditional recruitment processes for most positions, although the specific process varies according to the level of the job and its location. For example, professional and corporate positions are usually recruited through recruitment agencies, national newspapers and on-line job boards. Trades people are recruited via on-line jobs boards, local newspapers, word of mouth and local presentation at operational sites. Whereas, plant operators and unskilled entry level positions are generally filled by word of mouth or direct application at the site.

The industry recognises well established qualifications as entry level qualifications for many occupations such as relevant university degrees for professional occupations, VET Diplomas for technicians, and Certificate III level qualifications for the traditional trades. However, the lack of a recognised minerals industry entry-level qualification for plant operator, truck driver and other semi-skilled and unskilled occupations is of concern to many. MCA is aware of many instances of uninformed or unscrupulous training providers offering inadequate or inappropriate training for semi-skilled and unskilled jobs on the basis that completion of the course will equip graduates with the skills required by the minerals sector. Unfortunately, this is not the case.

The industry is seeking to formalise the required skills and employability attributes at a regional level as discussed later.

In addition, workers transitioning from other industry sectors, including qualified tradespeople, need to gain an understanding of the minerals industry work environment, work practices, induction standards and safety culture.

³ NILS (2008). The Labour Force Outlook in the Australian Minerals Sector: 2009 to 2020.

⁴ NCVER (2007). Mining: Industry & Training 2007; exploring the relationship between industry and the VET system.

⁵ ABS (November 2009). 6291.0.55.003. Labour force Australia.

3 CAPACITY CONSTRAINTS TO GROWTH

Australia is once more facing the prospect of capacity constraints to growth choking off its supply response to growing minerals demand. The challenge is to avoid the mistakes of the last phase of rapid expansion in global mineral demand. Between 2002 and 2007, export bottlenecks, skills shortages and other capacity constraints saw Australia lose global market share in eight key minerals commodities, including coal and iron ore.

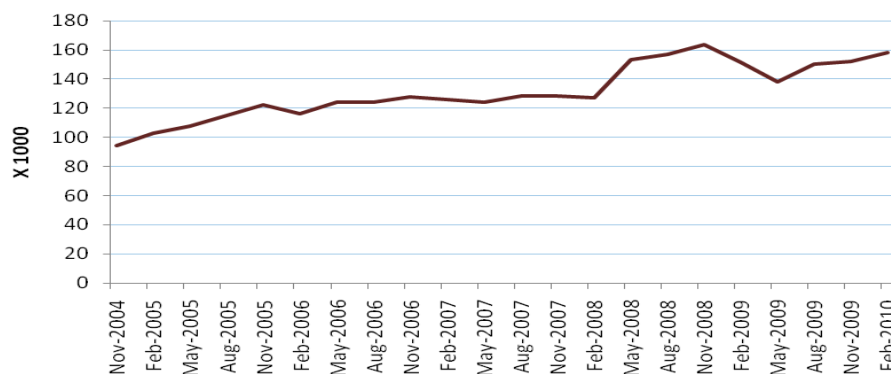
Remote and regional communities are suffering from decades of under-investment in social and physical infrastructure, which is hampering growth opportunities, including in the minerals industry. Poorly funded education and health services, chronic housing shortages, and inadequate transport and communication links severely disadvantage many communities and act as a major deterrent to workers and their families locating in these communities. To make up the funding gap, the minerals sector has often been required to become a de facto provider of basic public services. This is despite the significant contribution made by minerals operations to employment and wider economic activity in these communities, and to governments directly through taxes and royalties.

3.1 Skilled Labour Capacity Constraints to Growth

The minerals sector is a major source of new high-wage employment opportunities in Australia, especially in regional and remote areas. Wages, workplace training and skills development expenditure are all higher than the national average.

The minerals sector workforce suffered a decline during early 2009 from the peak of 163,800 in November 2008 (ABS), reaching a low of 138,200 in May 2009. ABS figures for February 2010 show that workforce numbers have recovered to 158,300 or 97 per cent of the peak 2008 level. Indications are that this trend will continue. While there are a number of projections of future labour demand for the minerals sector⁶, the industry remains confident that a 2008 National Institute of Labour Studies (NILS) projection of overall growth in employment in the minerals sector of 68 per cent between February 2008 and 2020⁷ is accurate if Australia is to maintain market share in the global commodities trade.

EMPLOYMENT TREND MINING 2004-2010
(EXCLUDING OIL AND GAS)



Source: ABS 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, February 2010.

The NILS report found that an additional 86,000 workers above the February 2008 level would be required by the minerals sector in 2020 to ensure Australia simply maintained market share at projected growth in global mineral commodity demand. The greatest labour demand is expected to be in skilled trades with an additional 31,000 workers required. Demand for skilled operators is projected to increase by 30,000 and demand for mining industry professionals to grow by 9,000 (70 per cent) on 2008 numbers by 2020. The bulk of projected growth in labour demand for the minerals sector under this scenario is in Western Australia (46,700 or 55 per cent of the total growth); and Queensland (23,000 or 27 per cent of total growth).

A recent Chamber of Minerals and Energy of WA State Growth Outlook Study⁸ has identified that the minerals sector in Western Australia is projected to grow significantly in the period 2008-2014, and that the direct labour demand is expected to peak in 2012 at 38,000 with the highest growth regions being the Pilbara, Goldfields/Esperance and the Mid-West.

⁶ NCVET (2010) Update of minerals industry training data: Final report.

⁷ NILS (2008). Molloy & Tan. The Labour Force Outlook in the Australian Minerals Sector 2008 to 2020.

⁸ Chamber of Minerals & Energy, Western Australia (2009). Developing a Growth Outlook for WA's Minerals & Energy Industry.

With the minerals sector leading the recovery of the Australian economy, and with prospects of strong long-term commodity demand in the coming decade, the risks of widespread skilled labour shortages again acting as a capacity constraint are acute, and a collaborative strategic approach between government, industry and training providers is an inherent need for the nation.

3.2 Minerals Industry Response

Contrary to historical stereotypes, minerals sector jobs are highly skilled jobs, as identified above. Apprentice and traineeship commencements increased considerably from 480 in 2002 to 4,300 in 2008⁹, falling slightly at the height of the GFC. However, 51 per cent of mining sector employers expect to increase apprenticeships and traineeships in the next three years¹⁰. In the highly specialised occupations of the minerals sector there is a high correlation between qualification gained and jobs.

A strong training culture is a hallmark of the minerals sector. Whilst current comprehensive data is not available, the most recent figures indicate that training spend in the minerals sector is three times the national average. NCVET 2009 statistics¹¹ show that 63 per cent of minerals sector employers engaged with the publicly funded Vocational Education and Training (VET) sector, compared with 57 per cent for all industries; 67 per cent of minerals sector employers report providing unaccredited training (compared with 53 per cent for all industries) and 62 per cent report providing informal training (compared with all industries 77 per cent).

MCA member companies collectively continue to directly fund minerals-related higher education programs through MTEC. MTEC was established by the MCA in response to the discussion paper "*Back from the Brink*" (1998)¹² that concluded the delivery of education in Australia's universities had to change to ensure an adequate supply of quality of technical professionals to enable the industry to maintain and grow its international competitiveness.

Since 2000, industry funding exceeding \$20 million has been allocated by MTEC to select partner universities for collaborative programs that build capacity through the joint development and delivery of industry-relevant courses. MTEC's programs have delivered increased graduate numbers and many minerals related departments have been able to retain the capacity to teach quality courses. In so doing, the minerals industry has contributed to the ongoing financial viability of the university departments it has supported.

In addition, the minerals sector has developed a number of initiatives to help grow the pool of skilled labour in regional and remote Australia, including:

- collaborative projects with the agriculture sector ;
- Indigenous training programs;
- programs to increase the participation of women in the sector;
- career focussed projects such as the miningcareers.com and peopleforthefuture.com websites, industry sponsored career advisors tours and career focused conferences; and
- establishment of centres of excellence in schools, such as the Queensland Mineral and Energy Academy (QMEA);
- establishment of industry training brokers such as the Mining, Energy and Engineering Academy (MEEA) in South Australia and Queensland's Mining Industry Skills Centre (MISC).

⁹ NCVET (2010). Op cit.

¹⁰ NCVET (2009). Survey of Employer Use and Views of the VET System.

¹¹ NCVET (2009) Op. cit.

¹² Minerals Council of Australia National Tertiary Education Taskforce. (1998) Back from the Brink: reshaping minerals tertiary education: Discussion paper.

4 MINERALS INDUSTRY DEMAND FOR SKILLED LABOUR

It is clear from the discussion above that, to meet the future skilled workforce needs of the minerals industry, a degree of national labour mobility is required. However, to achieve the appropriate policy settings required to ensure that labour mobility is focussed where it is needed for the minerals industry, it is important that the current and future skills needs of the industry are included in a national workforce development strategy so that all Australians, including those in areas of high unemployment, are able to participate.

4.1 Identifying the Skills Needs of Industry

Lack of consistent and comprehensive data on projected education and training needs has been a key issue in the past for policy makers and those with responsibility for purchasing VET sector training. Each State Training Authority has a unique model for establishing demand and investment in education and training and these must be aligned.

The Government's labour market forecasts of the minerals industry have consistently underestimated the skills shortages of the sector, particularly in some specialised small number occupations, such as mining engineering, with consequent inadequate policy responses to the recent commodities boom. Reliable and transparent labour market data for the industry is required.

Accurate data on current and future skills needs of the minerals sector can only be obtained from enterprises that have completed and maintained current, comprehensive workforce development plans, taking into account current and future activity.

A successful workforce development strategy must be developed from the ground (enterprise level) up. SkillsDMC has made significant inroads into trialling workforce development plans at mine sites. This program has had significant success in gaining employer buy-in, identifying skills gaps and using a small allocation of Productivity Places Program (PPP) positions to fill the identified skills gaps.

This is a truly enterprise-driven workforce development model, which provides the fundamental building blocks for the development of an industry-wide workforce development strategy.

The minerals industry has consistently advocated a demand driven purchasing model with strong industry involvement rather than the provider supply driven approach that has been the key element of past purchasing models. However, and above all, it is critical that a holistic demand driven purchasing model is implemented, but not at either the expense of the quality and consistency of education and training outcomes; or improved flexibility and responsiveness of education and training providers.

Recommendations:

In order that the skills needs of the Australian minerals industry are included in a national workforce development strategy it is recommended that:

- ***Australian and State Governments work together to develop an integrated national workforce development strategy for the resources sector using data provided by enterprises as an outcome of the National Resources Sector Employment Taskforce (NRSET)***
- ***Australian Government provide incentives for enterprises to develop comprehensive workforce development plans using a consistent national model, e.g. the SkillsDMC model;***
- ***Governments and the minerals sector partner in establishing further centres of excellence in teaching/training for the minerals sector utilising established models, including those of MTEC, MEEA, QMEA, and MISC; and***
- ***Governments develop a consistent national approach to government training purchasing contracts, particularly in relation to education and training in regional and remote Australia.***

4.2 Meeting Future Skills Needs

Enterprises operating in remote and regional Australia should be able to expect that someone coming out of the local schooling system has equal capacity with school graduates in metropolitan areas. This is not the case for many who complete schooling in remote and regional Australia, particularly Indigenous people. Many mining companies that have operations co-located with Indigenous communities invest a substantial amount in providing programs to develop the foundation skills of their Indigenous workers. These programs range from in-house tailored programs to recognised formal programs delivered by external education providers through to Workplace English Language and Literacy (WELL) programs.

Enhanced provision of science, technology, engineering and mathematics (STEM) subjects in schools, particularly in the middle and senior years, is also a major priority.

To overcome these inconsistencies MCA sees that the key roles for the Australian Government are:

- to co-ordinate a national strategic approach to drive through reforms to the VET system, to put industry skill outcomes and employment as the measure of success, that is, to complete the reform from supply-side to demand driven training;

Similarly, the key roles for all Governments are to:

- ensure the quality of training providers, particularly in regard to the rigour of training delivery and assessment; use off-site standard equipment and appropriate job hazard analysis. Whilst the Australian Quality Training Framework (AQTF) provides a framework for assessing the systems and processes carried out by Registered Training Organisations (RTOs), it has not yet driven the quality improvements that would engender industry confidence in the VET product;
- provide publicly available information on RTO performance is required to assist enterprises in purchasing quality training. For example, when approached by RTOs for letters of support, SkillsDMC requires evidence of a systemic approach including a competency profile, contextualisation, training needs analysis, an overview of learning activities, and the RTO needs to engage in ongoing evaluation and periodic progress updates as required. This approach, coupled with a mechanism to include industry input into the assessment of training providers, is required; and
- implement a national schools' curriculum with enhanced capacity in language and STEM subjects, and consistency between jurisdictions that will remove some of the barriers for children whose family re-locates to follow employment and career opportunities

State Governments, as the owners and employers of the TAFE system, have a role in managing the TAFE system to deliver outcomes responsive to the needs of industry and the economy.

It is imperative that Governments and industry work together to ensure that publicly funded training for skills is focused on areas that contribute most to the national economy and that lead to sustainable and meaningful employment rather than supporting 'popular' or low cost community courses not directly related to national productivity.

The role of industry in the schools system is largely undeveloped in Australia. It is clear from the Australian Government's 'My School' initiative that not all schools and teachers are operating at levels acceptable in the 21st century. Improved undergraduate intakes of teachers, post-qualification professional development, especially in STEM subjects leading to improved scientific and general literacy and numeracy outcomes for students, will benefit not only the minerals sector, but the nation.

Recommendations:

To ensure that all Australians, including those in remote and regional Australia, are able to participate in the minerals industry workforce it is recommended that:

- ***Governments and industry work together to ensure that publicly funded training for skills is focused on areas that contribute most to the national economy and that lead to sustainable and meaningful employment rather than supporting 'popular' or low cost community courses not directly related to national productivity;***
- ***Governments continue to focus on expanding programs to improve language, literacy and numeracy and work readiness skills of school leavers and the disengaged;***

- **Governments drive the implementation of new School-Based Apprenticeships and Traineeships by states in collaboration with industry, relevant to skill shortage occupations in the minerals sector; and**
- **While there are thin student markets within remote and regional Australia, it is important that regional higher education providers are supported through more responsive regional loading.**

4.3 Demand for Labour and Skills

In addition to encouraging people to relocate, there is also a need to ensure that people remain in remote, rural and regional communities.

The minerals sector represents less than 1.5 per cent of the national workforce. Despite common perceptions, not everyone wants to work in the minerals sector. An example of the labour market in action in regional Australia is the number of people who see the minerals sector as a valuable source of off-farm income, particularly during times of drought or other economic downturn in the agriculture sector.

Whilst many skilled local people will choose to work in the minerals sector for a short time, there will always be people who prefer to work in other industry sectors and many who will transition in and out of the minerals sector as their personal situation and/or economic circumstances dictate. Ex-mining industry workers bring new skills into their new employment, not least of which is the minerals industry's strong commitment to workplace health and safety.

Cross-sectoral collaboration to grow the pool of available skilled labour for industries in regional Australia is an avenue to address current and looming skills shortages. For example, both the mining and agriculture industries work principally in rural and regional areas of Australia, and often compete for people with similar skills.

The MCA has a Memorandum of Understanding (MoU) with the National Farmers' Federation (NFF) and the Australian Government to work collaboratively to grow the pool of skilled labour available to the two industries in regional and rural Australia. The recently completed Australian Regional Agriculture and Mining Skills (ARAMS) Project Report¹³ made a number of recommendations aimed at achieving this goal. MCA and NFF are currently implementing the recommendations, including development and implementation of a common training program for entry level workers in the two industries, the aim being to facilitate movement from one industry to the other during local cyclical downturns.

Skills shortages exist across a number of key industries. Therefore, skills shortage responses in any one industry are doomed without a strategic focus *across industries*. Demonstrable examples include electrical tradespeople and diesel fitters, both skill sets in chronic shortage for many years in all relevant industries.

Incentives to encourage local people to remain in regional Australia and to encourage jobseekers to relocate to obtain employment would assist in growing local populations and thus the pool of skilled labour available to all industry sectors in the region.

Recommendations:

Along with initiatives to encourage people to relocate to remote, regional and rural Australia, there is a need to ensure that people already living and working in these areas are encouraged to stay. Therefore, it is recommended that:

- **Governments support the development of cross-sector training programs to grow the pool of skilled labour and contribute to regional sustainability; and**
- **Governments through COAG develop strategic approaches to skills development across industries impacted by shared skills shortages in regional Australia.**

¹³ Australian Government. Department of Education, Employment and Workplace Relations, National Farmers' Federation and Minerals Council of Australia. *Australian Regional Agriculture and Mining Skills Project (ARAMS) Final Report*. 2009.

5. GROWING THE POOL OF SKILLED LABOUR

An increased pool of skilled labour is required to meet not only the needs of the minerals sector, but also other sectors that benefit from the local and regional flow through effect of mining operations. Whilst some of this skilled labour will come from local communities, as highlighted earlier, many remote and regional populations are not large enough to fully meet the needs of the minerals sector. A number of initiatives, both at local level and nationally, are required to grow the pool of available skilled labour.

The minerals industry is engaged in a number of initiatives to attract workers to employment in the industry and to grow the pool of available skilled labour available to the industry in remote and regional Australia. These initiatives include:

- programs to increase the participation of women;
- programs to increase the participation of Indigenous Australians from neighbouring communities;
- programs to keep older employees in the workforce;
- programs to attract younger people to the industry; and
- programs to attract unemployed and underemployed people to the industry, both locally and from areas with an excess of labour.

To attract workers to the minerals industry, which operates in all jurisdictions, a national framework for provision of careers advice is necessary.

Many of the occupations within the minerals sector, particularly the traditional trades occupations, are common with other industries and transition between sectors generally requires a small amount of industry-specific training.

As outlined above, other mechanisms to promote transition between industry sectors include development of common cross-sector entry level training programs and the availability of transition training programs for people wishing to move to the minerals sector.

5.1 Increasing Participation by Women

In many of the remote and regional areas where the minerals sector principally operates there are women who are unemployed or underemployed and lacking the skills to enter the minerals sector workforce. There are a number of structural and cultural barriers to attracting women into the industry's workforce¹⁴. These have been identified principally as the work arrangements, location and the industry's culture of long work hours. In addition, for many women, lack of relevant education or lack of local education and training opportunities significantly reduces their ability to gain the skills needed for the minerals sector workforce. The *Australia to 2050* report¹⁵ also indicates that one of the major causes of lower rates of participation among women is the problem of accessing affordable childcare.

Skills and skills shortages correlate strongly with the liveability of the communities in which member companies operate. The 'liveability' of resource communities is a key priority area for industry. Social services and infrastructure such as health, education, child care, emergency services, and housing are crucial to enhancing the sector's capacity to attract and retain a skilled workforce, as well as maintaining the sector's social licence to operate. The availability and accessibility of work for women is also a critical factor attracting families to mining regions.

The minerals sector has developed a number of initiatives aimed at increasing participation of women, including:

- MCA continues to highlight the diversity of occupations within the minerals industry through all of its attraction strategies, including the miningcareers.com website; The Chamber of Minerals & Energy, Western Australia (CME) also addresses this from a Western Australian perspective in its peopleforthefuture.com website;
- Queensland Resources Council's (QRC) Women in Resources Action Plan (WRAP) activities including: raising the profile of high achieving women and QMEA students through annual industry supported Resources Award for Women (RAW) Awards, networking and mentoring activities in association with universities, QMEA and the Queensland Office for Women, and support for Women in Mining and Resources Queensland (WIMARQ). CME also has a Women in Resources awards program;
- Preparation and dissemination of role model case studies of women working in the minerals industry; and use of images of female workers and inclusive language in reports and other communications to reinforce the diversity of the workforce;

¹⁴ Australian Government Office for Women (2007) for the Minerals Council of Australia. *Unearthing New Resources: Attracting and Retaining Women in the Australian Minerals Industry*.

¹⁵ *Australia to 2050: future challenges*. Circulated by The Hon. Wayne Swan MP, Treasurer of the Commonwealth of Australia. January 2010.

- Promotion of 'women in mining' networking activities;
- Many minerals sector enterprises provide parental leave benefits beyond legal requirements;
- Provision of Scholarships for women studying in non-traditional roles such as engineering;
- Provision of awards recognising the contribution of women to the minerals sector; and
- Development of leading practice toolkits for attraction and retention of women¹⁶.

Recommendations:

The availability of meaningful, valued jobs for women in mining towns is critical to strategies to attract more people to remote and regional Australia. Therefore, it is recommended that:

- ***State Governments improve soft infrastructure in remote and regional areas, particularly in the areas of childcare and education and training to enhance women's opportunities to gain skills and take up employment with local mining operations;***
- ***Australian Government mentoring initiatives to assist women entering the workforce to be rolled out in minerals sector communities and towns;***
- ***Government assistance at the enterprise level with programs to identify and disseminate leading practice in enterprise culture; and***
- ***Government agencies formally support industry-led national and state initiatives to raise the profile of the resources sector with women in a structured program of engagement.***

5.2 Increasing Participation of Indigenous Australians

Whilst the minerals sector is the largest private sector employer of Indigenous Australians (ABARE's 2002 estimate was 4.6 per cent of the minerals sector workforce), employment levels within the minerals industry remain relatively low and the vast majority are employed in entry level or low level support jobs due to their lack of qualifications and foundation skills. Mining Industry Skills Centre (MISC) (2008) identified a number of barriers to Indigenous participation in training and employment in remote locations, including poor foundation skills, Indigenous and enterprise cultural issues, health and drug and alcohol issues¹⁷.

Career advancement for Indigenous workers is dependent on their having access to appropriate training opportunities to develop and enhance their skills. Very few have the opportunity to advance due to their limited literacy and numeracy skills. There is a critical need to advance these workers to trades, supervisory and management roles. However, this will require a significant effort for companies and Governments to achieve.

With more than 60 per cent of mineral operations neighbouring Indigenous communities, the minerals industry has considerable scope to draw from Indigenous communities to meet its workforce needs. In May 2009, a renewed partnership between the minerals industry and the Australian Government was agreed in the form of an MoU on Indigenous Employment and Enterprise Development, representing a further step towards closing the gap on Indigenous disadvantage. Substantial government investment and targeted reforms are needed if sustainable gains are to be realised. Priorities include: substantial new funding for literacy and numeracy education; work readiness initiatives; and a commitment to a collaborative approach to Indigenous employment, education and training by Government, industry and the Indigenous community.

The MCA and the Australian Government MoU, which builds on a partnership commenced in 2005, will improve the socioeconomic wellbeing of Indigenous Australians by expanding access to employment and business development opportunities available to Indigenous people and communities in mining regions.

Mentors play a critical role in maintaining and developing Indigenous participation by promoting mutual understanding of Indigenous cultural issues and the culture of the workplace. The availability of suitably qualified mentors is also a critical aspect of workforce development strategies. The MCA is currently working with SkillsDMC in a project funded through an Industry Training Strategies Program grant from the Department of Education, Employment and Workplace

¹⁶ Queensland Resources Council (2009) Leading practice principles for the attraction and retention of women in the minerals and energy sector. 4th ed.

Reflective Practice for the Chamber of Minerals and Energy Western Australia (2008) Attraction and retention of women in the Western Australian Resources sector report and toolkit.

¹⁷ Mining Industry Skills Centre (2008). Identifying opportunities for enhanced training pathways in remote Indigenous communities in the Northern Territory. Report prepared for the Minerals Council of Australia.

Relations (DEEWR) under the Indigenous Regional Project Program to advance the understanding of the role of mentors, identify the skills they require and to develop a suitable training program for mentors in the minerals industry.

The MCA Northern Territory Division, in association with local mining enterprises and Territory and Australian Governments, is developing an innovative training program for Indigenous people in communities co-located with mining operations. The residential program will simulate mining operations and rosters, providing a pre-vocational program that equips graduates with foundation employability skills and the basis on which to build further qualifications and career pathways.

A draft joint Statement setting out the minimum requirements expected for jobseekers to be considered for entry-level jobs in mining or construction settings has been developed in Queensland. The Statement covers general requirements relating to behavioural and attitudinal attributes of jobseekers, along with core competencies regarding issues such as functional literacy and numeracy, safety awareness, medical fitness to work and the ability to drive a vehicle. Feedback is currently being sought about the draft Statement, which will then be used during engagement with Indigenous communities. The Statement will also assist those working with Indigenous jobseekers to identify what they need to do in order to become 'work-ready'.

Recommendations:

Indigenous Australians are under-represented in the national workforce, particularly in remote and regional Australia. Therefore, to facilitate more Indigenous Australians entering the minerals industry it is recommended that:

- ***Governments continue to focus on expanding programs to improve language, literacy and numeracy and foundation and work readiness skills of Indigenous peoples particularly in remote and regional Australia;***
- ***Government integrate the training and employment programs relevant to Indigenous people in consultation with industry and Indigenous people to ensure meaningful and sustainable employment outcomes in the minerals sector;***
- ***Government mentoring initiatives (including funding for such) that assist Indigenous people to enter the workforce to be rolled out in mining enterprises;***
- ***Ongoing industry support for current initiatives aimed at increasing Indigenous workforce participation;***
- ***Australian Government, in partnership with industry, actively resource and implement its MoU with the MCA on Indigenous Employment and Enterprise Development; and***
- ***Maintenance of the Australian Government "Closing the Gap" initiative to overcome Indigenous disadvantage;***

5.3 Increasing the Participation of Young People

For young people to consider a career in the minerals sector they must first be aware of the careers and career paths available in the sector. The MCA provides extensive careers information for the minerals sector through its miningcareers.com website. Both CME and QRC also have extensive careers information available via their websites. The minerals sector has also developed a comprehensive careers pathways chart that outlines occupations and training required to progress through the sector.

A key plank in the national framework for careers advice must be the provision of clear, current and focussed careers advice in schools. The demise of Careers Advice Australia and elimination of the National Industry Careers Specialist roles has left a gap in careers advice nationally.

The minerals sector provides opportunities for globally transferable employment, employment in globally recognised companies, a strong inclusive culture, and some of the great policy challenges of the day, for example, around climate change and energy security. These messages are attractive to many young people and need to be promulgated by all stakeholders, not just the sector itself.

Successful completion of science, technology, engineering and mathematics (STEM) courses at school level are a pre-requisite for tertiary education and training in many resources sector occupations. It is critical that the decline in uptake of STEM courses in schools is reversed to enable young people to take up careers in the minerals sector.

Teachers are a critical influence on the career choices of young people. Improved teacher entry standards are necessary, coupled with ongoing professional development, particularly for careers teachers and teachers of STEM subjects. Good teachers deserve to be paid well and on performance, and to have ongoing access to professional development, if they are to remain active and enquiring advocates of career choices to young people.

Barriers to participation of young people in courses relevant to the minerals sector include:

- Lack of STEM capability in many schools, and the quality where it does exist
- Lack of foundation STEM ability in many school leavers;
- Lack of a recognised entry level qualification for the minerals sector;
- Lack of foundation work readiness skills, including literacy and numeracy for many young people, particularly in remote and regional Australia;
- Careers teachers' lack of broad understanding of the skills requirements of the minerals sector and the career pathways available;
- Lack of quality local education and training; and
- The need to relocate away from home to participate in tertiary education and training, particularly for higher education and trades training.

The current Trade Training Centre initiative provides an opportunity for school students to understand the requirements of VET training at an earlier stage. Close affiliation with industry, including links to school-based apprenticeships, can ensure that the training provided is industry-relevant and lead to meaningful job outcomes.

As an industry response to this issue, QMEA together with industry sponsors runs engineering camps on minerals and energy sector sites, where young people aspiring to engineering careers are selected from QMEA schools along with teachers to be inducted and work on special week long projects to resolve engineering issues identified by site personnel. Larger QRC member companies have funded these camps over and above their QMEA sponsorships.

Recommendations:

Arguably, the most mobile group in the Australian workforce are young people. Therefore, to attract more young people to the minerals industry in remote and regional Australia it is recommended that:

- ***Governments ensure that trade training centres are in schools affiliated with industry and linked to school based apprenticeships;***
- ***The Australian Government ensures that the qualifications for minerals sector occupations are reflected within the selection criteria and list on the Trade Training Centres website (www.deewr.gov.au/Schooling/TradeTrainingCentres);***
- ***Governments and industry support establishment of centres of excellence in training for the minerals sector using models including MEEA and QMEA; and***
- ***Government and industry develop initiatives to better inform careers teachers in schools.***

5.4 Increasing Participation by Unemployed and Under-employed People in the Minerals Sector

Barriers to employment in the minerals sector for many unemployed and underemployed people include lack of foundation language, literacy and numeracy skills; lack of employability skills such as communication skills, teamwork, problem-solving, planning and self-management; and lack of fitness for work, that is: health, drug and alcohol free, etc.

In addition, many unemployed and underemployed people lack the confidence to seek employment in the minerals sector, particularly if this involves moving from another location or from work in another industry sector; and there remain financial and housing barriers to relocation to remote and regional areas.

The minerals sector culture of full-time work and long hours also impacts on its ability to attract unemployed and underemployed Australians to the industry.

Lack of a recognised national entry-level qualification for the minerals sector also impacts on the ability of would be employees to identify pathways into the sector, resulting in countless examples of training undertaken by job seekers that is not recognised by the industry, and therefore, with no meaningful and sustainable job outcome. This creates frustration for jobseekers and employment service providers alike. A clear understanding of the way minerals sector enterprises operate, its skills needs and its recruitment practices is necessary to ensure that Job Services Australia provides a service that meets the needs of the minerals sector and job seekers alike.

The minerals sector has developed a number of initiatives to promote increased participation by unemployed and underemployed Australians, including:

- A consortium of stakeholders together with SkillsDMC has developed Certificate I and II level Resource Industry Operations pathways for schools. The success of these programs has been their development and implementation in close consultation with local resource sector operations. They have the potential to be developed into pre-employment programs and provide a pathway to new, more flexible adult apprenticeships and traineeships;
- The collaborative initiative with the National Farmers' Federation to develop common entry level training programs for the two industries that will equip graduates with the skills to work in either industry and to move between them as seasonal and economic cycles and their personal circumstances dictate;
- The Goal 100 Program in South Australia, a flexible, industry responsive program for the pre employment training of both unemployed and underemployed individuals, with a focus on Indigenous people, via a unique, joint partnership between Industry, unions, State and Australian Government and Training Providers;
- Development of innovative residential pre-employment training program for Indigenous youth in the Northern Territory, which will simulate mine and shift conditions; and
- A Statement that identifies the minimum requirements expected for jobseekers to be considered for entry-level jobs in mining or construction settings has been developed in Queensland. The Statement covers general requirements relating to behavioural and attitudinal attributes of jobseekers, along with core competencies regarding issues such as functional literacy and numeracy, safety awareness, medical fitness to work and the ability to drive a vehicle.

Recommendations:

Unemployed and underemployed people across Australia are one of the primary sources of skilled labour required to enable the minerals sector to grow. Along with initiatives to encourage these people to relocate, it is recommended that:

- ***Governments support the development and implementation of an industry-endorsed national entry level qualification for the minerals sector with clear identification of employability attributes at regional level;***
- ***Governments continue to focus on expanding programs to improve language, literacy and numeracy and foundation and work readiness skills of the disengaged, particularly in remote and regional Australia;***
- ***Government develop initiatives to improve career advice for jobseekers and greater awareness of career pathways in the minerals sector for job service providers;***
- ***Government and the minerals sector partner in establishing further centres of excellence in teaching/training for the minerals sector utilising established models, including those of MEEA, QMEA, MTEC and MISC and Goal 100;***
- ***Governments provide employment and training programs in areas of high unemployment oriented to equip displaced and unemployed jobseekers to transition to regional areas and jobs;***
- ***Governments provide incentives for workers to relocate to take up employment in remote and regional areas of Australia;***
- ***Government initiatives to promote communication and partnerships between enterprises and job services providers to enhance job service providers' service provision and ensure that jobseeker training is linked to real job outcomes; and***
- ***Creation and promotion of new skilling pathways that lead to minerals sector employability.***

6. POLICY RESPONSES TO THE SUPPLY SKILLED LABOUR

6.1 Education and Training Sector Reform

The Australian education and training system has consistently failed to meet the needs of the minerals sector. Reforms undertaken in recent years are welcome, but we remain concerned about systemic weaknesses in a range of areas:

- The absence of strategic attention to the importance of the resources sector *across all learning areas* within the national and state curricula;
 - The quality, flexibility and responsiveness of the VET sector;
 - The outsourcing of VET sector reform to the states through transfer of the vast majority of PPP funding to the State and Territories to administer. Each State and Territory has different training purchasing and delivery arrangements and there has been little appetite for major VET sector reform in most jurisdictions in the past ;
 - The complexity of Government training and employment programs;
 - Underfunding by government has forced the industry to subsidise minerals-related higher education courses to the tune of more than \$20 million over the last decade; and
- Low levels of literacy and numeracy in many parts of remote and regional Australia continue to act as a significant constraint on employment opportunities in the minerals industry.

Whilst it is acknowledged that in some areas publicly funded training providers, including TAFE, are attempting to improve, overall the education and training sector has failed the minerals sector in terms of flexibility and responsiveness. In response, some mining companies have built their own internal capability, often in the form of Enterprise RTOs, only tapping into education and training externally for highly specialised smaller areas.

Minerals sector enterprises have often expressed their frustration over communication with VET sector providers, many of whom focus only on selling the product that they have already created (supply side) rather than seeking to understand and address the needs of the enterprise (demand side). The driver for education and training effort should be an *industry demand focused* approach rather than an *institutional supply focused* model.

Industry and the economy demand a system that can provide training at a time and place and in a manner that contributes most to productivity; and one with consistent regulatory, governance and delivery regimes that enhance training outcomes and the transferability of skills.

The availability and quality of VET sector provision in remote and regional Australia are issues critical to the minerals industry, however, publicly funded education and training in remote and regional Australia is not always of the same quality nor does it provide the same options as are available in metropolitan areas. Low population density results in 'thin markets' in remote areas and in many cases the public VET provider (TAFE) is the only local provider. However, in the past the publicly funded TAFE system has largely proved unable to respond to the needs of the minerals sector for quality and flexibility. In response, minerals sector employers have largely moved away from publicly funded VET provision, preferring to privately fund training effort, either through direct employment of RTOs, both private and TAFE on a fee for service basis, or by establishing their own enterprise RTO.

The inability of the publicly funded VET sector to respond to the needs of the minerals sector is the result of a number of factors, including systemic constraints on the capacity of the VET providers, such as funding rates and, for TAFE providers, workforce employment arrangements. The capacity in VET workforce in both technical and educational skills also remains an issue.

The MISC has demonstrated that where Government forms genuine collaboration with industry, bypasses its bureaucracies, removes RTOs from control and allocation of training funds, and invests directly in skills outcomes of employer companies, industry will play its part.

While recent State and Australian Government initiatives to increase quality and responsiveness through increased competition within the publicly funded VET sector may be successful in raising quality of VET provision in metropolitan areas and large regional centres, they are far less likely to be successful in remote areas where there is little competition and small numbers of students.

The proposed establishment of a national VET regulator is welcome, provided it has the capacity to deal effectively with lack of quality and poor provider performance; and does not become mired in bureaucratic processes and captured by the system.

VET sector qualifications for traditional trades at Certificate III level and above are universally accepted as meeting an agreed national standard. However, lack of consistency in training and assessment for other qualifications has led to

significant concerns about their quality and validity, and a lack of confidence in the system. Examples such as a Certificate IV level qualification in mines rescue delivered in 2 days and a Certificate II in Metalliferous Mining being delivered without graduates even visiting a mine highlight this concern.

It is imperative that education and training effort is directed to improving the skills of job seekers and others seeking to transition to the mineral sector in areas that will lead to real jobs and sustainable employment, rather than training for the sake of meeting government targets. This can best be achieved by linking education and training to workforce development plans, for example through models such as use of the SkillsDMC *Skills Maximiser* tool which links funding for PPP training to enterprises' workforce development plans.

Recommendations:

The VET sector is a critical component of any strategies to increase labour mobility. The publicly funded VET system has consistently failed to meet the needs of the minerals industry and is in urgent need of reform. It is recommended that:

- ***Governments drive real reform of the VET sector to meet the needs of the minerals sector;***
- ***Governments seek advice from industry to build capacity in the TAFE sector including a move from institutional to industry- based training;***
- ***Governments support the role of the national VET regulator;***
- ***Governments develop a national strategy to raise the skills of the VET sector workforce;***
- ***Governments reform the schools-based apprenticeships and traineeships, including greater school uptake and alignment to skills shortage occupations;***
- ***Governments fund training in skills sets that meet the minerals sector's needs;***
- ***Development of nationally consistent training and assessment models for qualifications other than traditional trades; and***
- ***Governments develop initiatives in collaboration with industry and education and training providers to improve communication between enterprises and RTOs.***

6.2 Access to Government Programs

A common theme identified in a number of reports prepared for the MCA is the lack of uptake of Government education, training and employment initiatives and incentives by minerals industry employers.¹⁸ A number of barriers to uptake have been identified, including:

- the difficulty employers have in sourcing information about the programs that are available;
- the difficulty in identifying which initiatives are appropriate to their needs;
- the amount of red tape involved in applying for, managing and reporting on these initiatives; and
- the difficulty in sourcing training appropriate to the needs of their enterprise.

Whilst the Government initiatives are to be applauded, many are being overlooked or are too administratively complex for employers to consider. It is also critical that such initiatives, to be fully effective, are linked to real job outcomes, and not just training to meet Government and Government agency performance targets.

In addition, it is critical that Government incentives are appropriate to the needs of the employers in the highly technical trades required in the minerals sector and, where programs have a finite number of places, to industries that contribute most to the economy.

Work is required to make these programs more readily accessible, so that they are taken up by the minerals sector. We do not see the need for a significant increase in the resources of Government, but rather a more focussed and accessible approach to the partnership.

¹⁸ Mining Industry Skills Council Report. Op cit. ARAMS Report. Op.cit.

Models such as MEEA and the brokerage model established by the MCA Northern Territory Division in partnership with SkillsDMC to assist minerals sector enterprises to access and manage appropriate government programs are an appropriate mechanism to achieve better outcomes from Government incentives.

Recommendations:

The minerals sector has developed and implemented numerous successful employment, education and training initiatives around Australia, often in conjunction with Government. The industry does not see the need for a significant increase in the resources of Government, but rather a more focussed and accessible approach to the partnership. Therefore, it is recommended that:

- ***Government simplify and target education, training and employment initiatives for minerals sector workers in remote and regional Australia;***
- ***Government and industry sponsor industry brokerage models to link enterprise workforce development plans with appropriate Government and mainstream training programs and competent RTOs; and***
- ***Government examine appropriate incentives to foster transmigration to regional and remote areas.***

7. LABOUR MOBILITY AND FIFO

7.1 Labour Mobility

The minerals industry is an active participant in seeking skilled personnel from regions with high numbers of job seekers, although, often with little success.

A recent study has concluded that labour demand in the resource-rich states of Queensland and WA over the next several years could only be met through increased population growth. However, while there is significant *job* mobility within the Australian workforce, there is a much lower degree of *regional* mobility. Net interstate migration data shows that it is highly unlikely that Western Australia and Queensland will be able to meet the resources industry labour needs without overseas skilled migrants.

Many unemployed and underemployed people lack the confidence to seek employment in the minerals sector, particularly if this involves moving from another location or from work in another industry sector. There remain financial barriers to relocation to remote and regional areas.

This is borne out by MCA experience of its 2008 'Now Hiring' Campaign with the goal of directly engaging and provoking responses from skilled trades and professional employees working outside of the Minerals Industry, particularly in areas with high percentages of displaced workers affected by major company closures, including Geelong, Wollongong and Adelaide. Despite receiving over 20,000 website hits and over 800 expressions of interest, no tangible job outcomes were realised, principally due to applicants lacking the appropriate skills and/or lack of willingness to relocate away from family and metropolitan infrastructure.

Dedicated public awareness campaigns are required to raise awareness of lifestyle, job and career opportunities in the minerals sector, especially in Western Australia where east to west migration is problematic. However, there are some key factors which militate against mobility to areas of minerals sector operation, including housing affordability and availability, limited regional social infrastructure; schooling and childcare availability; and concerns or lack of knowledge about family and social impacts of intra/interstate migration or a FIFO lifestyle.

The need for mobility by apprentices undertaking training requires additional infrastructure and on-site support, particularly for young apprentices working away from home. In addition, apprenticeship training models must be structured to take account of rosters and travel while maintaining the requirements of on and off-the-job training within operational imperatives of enterprises.

Recommendations:

Labour mobility and in particular, programs to encourage workers to relocate to minerals industry jobs in remote and regional Australia are at the heart of the current Inquiry. It is recommended that:

- ***Australian Government provide transition training programs in areas of high unemployment with skills sets and 'orientation' to equip skilled workers to transition to regional jobs;***
- ***Australian Government examine appropriate incentives for workers to relocate to take up employment in remote and regional areas of Australia;***
- ***Enterprises provide enhanced induction programs and mentoring for workers transitioning from other locations or industry sectors;***
- ***Australian Government work with industry to develop strategies to reduce the need for excessive travel by apprentices in industries operating in remote regions of Australia to undertake training at regional or capital city locations; and***
- ***Governments and communities ensure that provision of hard and soft infrastructure is appropriate to attract workers to regional and remote Australia.***

7.2 The Role of Fly-in, Fly Out

Whilst there is a strong business case for mining companies to employ local labour, FIFO employment is likely to be an increasing feature of resource sector operations. The high proportion of FIFO workers is due to a number of factors, including the lack of suitably skilled local people; lack of family accommodation either available in the local community

or provided by companies; and the desire of many mine personnel and their families to live in areas with greater amenity or family connection.

Historically, mining operations employed a township model. In the mid 1980s FIFO began to emerge as a cost-effective way to address skills shortages, to increase efficiency, and to avoid some of the social problems that can arise from developing a 'mining town'. The growth of the minerals sector since that time and the attendant pressure on local housing supply has led to an increasing reliance on long-distance commuting.

It must also be recognised that FIFO provides opportunities for jobseekers living in non-mining communities where there are few local employment opportunities, thus contributing to the economy of those communities as well as the communities at the mine sites. FIFO is also appropriate for construction and expansion projects that initially require large numbers of people for defined periods of time.

FIFO is also driven by the economics and safety of the Australian aviation industry, supported by a cultural change in society's attitude and propensity to use air travel for multiple purposes. Government policies supportive of the growth of safe, low cost air travel will continue to support FIFO operations.

About 50 per cent of the mining operations in Western Australia use FIFO. In Queensland and New South Wales, drive-in drive-out (DIDO), where employees typically live in a larger regional centre with attendant infrastructure and amenities, is equally common.

FIFO rosters can vary but common patterns are two weeks on, one week off, or nine days on with five days off. Domestic commute rosters are typically 2 days, 2 nights and 5 days off. 12 hour shifts are the common practice.

Whilst many workers enjoy FIFO and the benefits it brings, there is also a higher than normal turnover in the FIFO workforce as some workers find the lifestyle difficult to maintain as family commitments increase. However, a recent study conducted by Susan Clifford of the University of Western Australia¹⁹ found that the affects of the FIFO lifestyle are surprisingly positive. Clifford found that FIFO workers were at least as healthy, if not healthier than daily commute workers; use of recreational drugs was broadly in line with daily commute workers and the wider community; and long and short term stress levels of FIFO workers were largely the same as for other workers and the community.

FIFO will continue to be a response to local skills shortages. In reality, even if the issues relating to increasing participation of all unemployed and underemployed people, including women, Indigenous people, and older workers, are addressed, many remote and regional areas where the minerals sector operates do not have a large enough local population of working age to meet the needs of the minerals sector. In a nation with a diversity of regional growth, it is imperative that there be a balanced approach between FIFO and local community development.

Information provided by resource sector companies, supported by a number of research projects and unpublished information, indicates that non-resident workers (FIFO and DIDO, as well as emerging variations such as bus-in bus-out) will continue to play a role in minerals sector workforces into the future. Full FIFO and DIDO operations are expected to continue, often due to geographic isolation or other factors.

Recommendations:

Long distance commuting for employment in the minerals industry offers options for workers in areas of low employment to enjoy the benefits of participating in the minerals industry in remote and regional Australia. Therefore, to improve labour mobility via FIFO, it is recommended that:

- ***Industry improve the long term attractiveness of FIFO through measures including attention to family needs, such as counselling and family visits to mine sites, that is, "pastoral care";***
- ***Government research the fundamentals of FIFO (source, retention, issues etc.) and develop strategies to address the issues identified;***
- ***Government understand the economics of the aviation industry supporting FIFO for policy solutions that enable further FIFO refinement, while retaining a safe, low cost means of workforce attraction and transportation; and***
- ***Governments, communities and enterprises to partner in initiatives to address social and physical barriers to FIFO, including mine site hard and soft infrastructure.***

¹⁹ Clifford, University of Western Australia (2009). The impacts of Fly-in/Fly-out commuting on employee's stress, lifestyle, relationships and health.

8 CONCLUSIONS

In considering the policy initiatives associated with improving labour mobility from areas of low employment to regions of Australia experiencing skills shortages it is important that a holistic approach is taken. That is, it is important to:

- a) Identify the need for skills, that is, to consider the importance of identifying the jobs in demand and where they occur;
- b) Examine the issues of attracting people to the jobs and growing the pool of skilled labour;
- c) Discuss the issues associated with training the potential employees so that they have the necessary skills and employability attributes for the actual jobs in demand; and finally to
- d) Consider the policies required to either encourage people to relocate or to engage in FIFO work arrangements,

In addition, it is necessary for potential employees and their advisors to understand the industry's recruitment processes.

8.1 The Demand for Skilled Labour

In developing an understanding of the minerals sector workforce requirements and developing recommendations to meet the sector's skilled labour needs, it is essential that workforce development plans are built from the enterprise level up and aggregated to prepare State and national plans.

In order that the skills needs of the Australian minerals industry in remote and regional Australia can be included in a national response to labour force mobility from region to region it is important that the national workforce development strategy proposed by the National Resources Sector Employment Taskforce is developed and implemented.

Therefore, to ensure that all Australians, including those in remote and regional Australia, are able to participate in the minerals industry workforce it is important that Governments and industry work together to ensure that publicly funded training for skills is focused on areas that contribute most to the national economy and that lead to sustainable and meaningful employment rather than supporting 'popular' or low cost community courses not directly related to national productivity.

Along with initiatives to encourage people to relocate to remote, regional and rural Australia, there is a need to ensure that people already living and working in these areas are encouraged to stay. Therefore, there is a need to ensure that Governments continue to support the development of cross-sector training programs to grow the pool of skilled labour and contribute to regional sustainability.

8.2 The Supply of Skilled Labour

The minerals industry is engaged in a number of initiatives to attract workers to employment in the industry and to grow the pool of available skilled labour available to the industry in remote and regional Australia. These initiatives include:

- programs to increase the participation of women;
- programs to increase the participation of Indigenous Australians from neighbouring communities;
- programs to keep older employees in the workforce;
- programs to attract younger people to the industry; and
- programs to attract un-employed and under employed people to the industry, both locally and from areas with an excess of labour.

To attract workers to the minerals industry, which operates in all jurisdictions, a national framework for provision of careers advice is necessary.

Many of the occupations within the minerals sector, particularly the traditional trades occupations, are common with other industries and transition between sectors generally requires a small amount of industry-specific training.

The availability of meaningful, valued jobs for women in mining towns is critical to strategies to attract more families to remote and regional Australia, as is the need for the Australian Government to improve soft infrastructure, particularly in the areas of childcare and education and training.

The primary strategy to attract more Indigenous Australians to employment in the minerals industry is for Governments to continue to focus on and expand programs to improve language, literacy and numeracy; and foundation and work

readiness skills of Indigenous peoples. It is also important that the Australian Government, in partnership with industry, actively resource and implement its MoU with the MCA on Indigenous Employment and Enterprise Development.

Arguably, the most mobile group in the Australian workforce are young people. But to attract more young people to the minerals industry in remote and regional Australia it is important that accurate, interesting careers information is available to schools and via Government and industry web sites.

Unemployed and underemployed people across Australia are one of the primary sources of skilled labour required to enable the minerals sector to grow. However, it is important that Governments recognise that to engage this cohort requires:

- a local or regional industry-endorsed national entry level qualification for the minerals sector with clear identification of employability attributes at a regional level;
- programs to improve language, literacy and numeracy and foundation and work readiness skills of the disengaged;
- career advice and awareness of career pathways in the minerals sector for job service providers;
- the establishment of further centres of excellence in teaching/training for the minerals sector;
- transition employment and training programs to equip displaced and unemployed jobseekers to transition to regional areas and jobs; and
- incentives to relocate to take up employment in remote and regional areas of Australia.

8.3 Policy Responses to Skills

It is imperative that education and training effort is directed to improving the skills of job seekers and others seeking to transition to the mineral sector in disciplines that will lead to real jobs and sustainable employment, rather than training for the sake of meeting government targets. This can best be achieved by linking education and training to workforce development plans, for example through models such as use of the SkillsDMC *Skills Maximiser* tool which links funding for PPP training to enterprises' workforce development plans.

The VET sector is a critical component of any strategies to increase labour mobility. However, the publicly funded VET system has consistently failed to meet the needs of the minerals industry and is in urgent need of reform.

We need a national education and training system that is responsive to enterprise demand for skills including skills sets, rather than a rigorous funding regime that can only deal with qualifications. We also need a system that produces quality training outcomes that are universally accepted by industry as meeting an agreed standard.

Minerals industry employers have consistently moved away from the publicly funded VET system and consistently avoid engagement in Government education, training and employment initiatives and incentives. A number of barriers to uptake have been identified, including:

- the difficulty employers have in sourcing information about the programs that are available;
- the difficulty in identifying which initiatives are appropriate to their needs;
- the amount of red tape involved in applying for, managing and reporting on these initiatives; and
- the difficulty in sourcing training appropriate to the needs of their enterprise.

There are numerous Government education, training and employment initiatives that can be tailored to respond to the strategies required to improve labour force mobility. However, to achieve this in an industry with little or no involvement in Government programs will require:

- simplification and targeting of the relevant education, training and employment initiatives; and
- sponsorship with industry of brokerage models to link enterprise workforce development plans with appropriate Government and mainstream training programs and competent RTOs; and

The minerals industry does not see the need for a significant increase in the resources of Government to be directed towards the industry, but rather a more focussed and accessible approach to the partnership.

8.4 Labour Mobility

Labour mobility is a serious issue for the Australian minerals industry as experience shows that while there is significant *job* mobility within the Australian workforce, there is a much lower degree of *regional* mobility.

Many unemployed and underemployed people lack the confidence to seek employment in the minerals sector, particularly if this involves moving from another location or from work in another industry sector. There remain financial barriers to relocation to remote and regional areas.

Governments (Australian, State and Local) can play a significant role in improving the mobility of labour from regions of low employment to the emerging remote and regional minerals industry operations. The areas that require government intervention include:

- The development and implementation of transition training programs to equip skilled workers in the transition to regional and jobs;
- The examination of appropriate incentives for workers to relocate to take up employment in remote and regional areas of Australia;
- Provision of hard and soft infrastructure to attract workers and their families to regional and remote Australia; and
- Assist industry and training providers to structurally change the training regime for apprentices required to travel excessive distances for training.

Another significant method of achieving labour mobility from region to region is via long distance commuting. FIFO employment is an increasing feature of minerals sector operations. The growth in the numbers of FIFO workers is due to a number of factors, including the lack of suitably skilled local people; lack of family accommodation either available in the local community or provided by companies; and the desire of many mine personnel and their families to live in areas with greater amenity or family connection.

FIFO will continue to be a response to local skills shortages. In reality, even if the issues relating to increasing participation of all unemployed and underemployed people, including women, Indigenous people, and older workers, are addressed, many remote and regional areas where the minerals sector operates do not have a large enough local population of working age to meet the needs of the minerals sector. In a nation with a diversity of regional growth, it is imperative that there be a balanced approach between FIFO and local community development.

Long distance commuting for employment in the minerals industry offers options for workers living in areas of low employment to enjoy the benefits of participating in the minerals industry in remote and regional Australia. However, there is a need for the industry to improve the attractiveness of FIFO through measures including attention to family needs. In addition, a better understanding of the fundamentals associated with FIFO workers such their origins, family status, longevity in the industry etc is required so that effective strategies to address the issues that arise can be developed.

Governments also have a role to ensure that the policy and infrastructure required to support safe, low cost transportation services can meet the growing demand.

8.5 Key Recommendations

The key recommendations we make are that:

1. The national workforce development strategy proposed by the National Resources Sector Employment Taskforce is developed and implemented in order that the skills needs of the Australian minerals industry in remote and regional Australia are included in a national response to labour force mobility.
2. The Australian Government improve soft infrastructure, particularly in the areas of childcare and education and training. The availability of meaningful, valued jobs for women in mining towns is critical to strategies to attract more people to remote and regional Australia.
3. Governments continue to focus on and expand programs to improve language, literacy and numeracy and foundation and work readiness skills of Indigenous peoples as the primary strategy to attract more Indigenous Australians to the minerals industry. It is also important that the Australian Government, in partnership with industry, actively resource and implement its MoU with the MCA on Indigenous Employment and Enterprise Development.
4. The Australian Government works with industry to establish a local or regional industry-endorsed national entry level qualification for plant operator and driver occupations in the minerals sector with clear identification of employability attributes required.
5. Governments partner with industry to establish further centres of excellence for education and training in the minerals sector based on the successful MEEA, RESA, and MISC models so that these centres can provide a quality brokerage services to link enterprise workforce development plans with appropriate Government and mainstream training programs and competent RTOs.

6. The Australian Government develop and implement appropriate training programs to assist displaced and unemployed jobseekers to transition to regional areas and jobs in the minerals sector.
7. To address the consistent failure of the publicly funded VET sector to meet the needs of the minerals industry, Governments drive reform to ensure we have a system that is responsive to enterprise demand for skills including skills sets, rather than a rigorous funding regime that can only deal with qualifications. We also need a system that produces quality training outcomes that are universally accepted by industry as meeting an agreed standard.
8. The Government simplify and target appropriate education, training and employment initiatives for the minerals industry in remote and regional Australia so as to encourage the industry to engage in the these programs. The minerals industry does not see the need for a significant increase in the resources of Government to be directed towards the industry, but rather a more focussed and accessible approach to the partnership.
9. Governments (Australian, State and Local) provide hard and soft infrastructure to attract workers and their families to regional and remote Australia.
10. Governments work with industry to improve the attractiveness of FIFO through measures including attention to family needs; and to collectively gain a better understanding of the fundamentals associated with FIFO workers such their origins, family status, longevity in the industry, etc. to ensure that effective strategies to address the issues that arise can be developed.

ENDS

APPENDIX 1: LIST OF ACRONYMS

ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
AQTF	Australian Quality Training Framework
ARAMS	Australian Regional Agriculture and Mining Skills
CME	Chamber of Minerals & Energy, Western Australia
DEEWR	Department of Education, Employment and Workplace Relations, Australia
DIDO	Drive-in, Drive-out
FIFO	Fly-in, Fly-out
GDP	Gross Domestic Product
GFC	Global Financial Crisis
MCA	Minerals Council of Australia
MEEA	Mining, Energy and Engineering Academy
MISC	Mining Industry Skills Centre
MoU	Memorandum of Understanding
MTEC	Minerals Tertiary Education Council
NCVER	National Centre for Vocational Education & Research
NFF	National Farmers' Federation
NILS	National Institute for Labour Studies, Flinders University
PPP	Productivity Places Program
QMEA	Queensland Minerals and Energy Academy
QRC	Queensland Resources Council
RAW	Resources Awards for Women
RCC	Recognition of Current Competency
RESA	Resources and Engineering Skills Alliance of South Australia
RPL	Recognition of Prior Learning
RTO	Registered Training Organisation
STEM	Science, Technology, Engineering and Maths
VET	Vocational Education and Training
WELL	Workplace English Language and Literacy
WIMARQ	Women in Mining and Resources, Queensland
WRAP	Women in Resources Action Plan