

'Resourcing the Future'

The Australian Workers' Union

Submission to

**The National Resources Employment
Taskforce**

April 2010

Executive Summary

The Australian Workers' Union (AWU) welcomes the opportunity to support the consultation by the National Resources Sector Employment Taskforce

On 1 September 2009, the Rudd Government established the Taskforce to address the workforce needs of major resources projects over the next five years and beyond.

Working with an Industry Reference Group and a Skills Reference Group, the AWU is participating on the Taskforce which is examining ways of meeting the resources sector's increasing demand for skilled labour. Around 80 major new projects are proposed to commence operations in Australia by 2015.

It is estimated that these projects will lead to an increase of around \$100 billion in real GDP and create direct and indirect jobs across Australia. These offer vital opportunities for unemployed young people, older workers, retrenched workers and job seekers with the necessary skills.

This submission addresses the public discussion paper released by the Taskforce titled *Resourcing the Future*¹ about ways to address the workforce needs of major resources projects.

The AWU has been selective in addressing issues contained in the discussion paper. These include the importance of accurate information on the nature of resource sector operations and skills needs; tripartite solutions to up skilling; impacts on other industries; the value of older workers; and the importance of establishing a future major city centred in the Pilbara region of Western Australia. The AWU has recommended strategies building on its experience with Skills DMC in identifying skill needs and training opportunities and the Queensland Government's Experience Pays Awareness Strategy regarding deployment of older workers.

There are a range of related matters which will be raised by other unions and the ACTU which are shared in principle by the AWU and which are therefore not repeated at length in this submission. These include the merit of establishing a tripartite body covering major resource projects charged with overseeing the development needs of the resources sector; a commitment to local training and the possibility of a training levy; and maximising local content both upstream (eg steel and aluminium) and in downstream metals fabrication offering opportunities for local skills development and future apprentices.

The AWU congratulates this consultation undertaken by the Rudd Government and the Chair of the Taskforce, the Hon Gary Gray AO MP, Parliamentary Secretary for Western and Northern Australia. The AWU looks forward to the report to the Government by mid 2010 with initiatives to address the resources sector's workforce needs which maximize returns to Australia in particular to Australian workers and their families. The AWU welcomes the Government's commitment to close dialogue on these vital issues.

Introduction

The Australian Workers' Union (AWU) has reviewed the Taskforce Discussion Paper and offers the following brief submission for consideration.

In doing so, we acknowledge there are a range of issues addressed by the paper and the Questions for Consultation. However, we have decided to confine our submission to provide key recommendations which we strongly believe go to the heart of the task ahead of the Industry and the Taskforce.

In particular these deal with the extraction of workforce information from Industry and developing a more predictable inventory of local skill needs and availability based on tripartite models; the impact on other industries through resources demand; increased older worker participation as a way to Increase the supply of labour in the short term and the merit on establishing a major city in the Pilbara serving as a magnet for skilled workers and families. These are addressed below:

Questions for Consultation

1. Resources Sector Operations

The discussion paper is designed to gather information about resources companies' specific skills needs. The AWU strongly endorses this goal and trusts that companies will be forthcoming with specific information.

Determining future labour needs for short and long term projects relies on information supplied by companies. However, it is our experience that requests for detailed information are often treated with silence.

It is vital that Industry labour needs as a whole are accurately quantified and qualified. In this respect, Skills DMC has a head start in understanding the needs of industry and could assist in coordinating information and advice.ⁱⁱ The Skills DMC cooperative model could be expanded and supplemented to develop a comprehensive resources sector strategy with coverage over major projects.

The AWU supports tripartite approaches to consider options to address skills shortages in addition to other industry development challenges. This model can be extended to all major projects such that the future skill needs of the planned pipeline of projects can be assessed. This would give greater predictability to skills needs and allow for preparation and planning, matching these needs with local skill availability. It would also allow for early identification of local procurement opportunities maximising local content in the supply chain conducive to future skills formation in consultation with various industry innovation councils.

Recommendation

As a first step in developing stronger tripartite arrangements, the Taskforce invites Skills DMC to take up the lead role and, working with the appropriate Industry Skills Councils, engage with employers and unions and relevant organisations to develop an all embracing workforce development plan for major resource projects.

In addition, the Commonwealth should provide purpose funding and support services to Skills DMC and the Industry Skills Council Group.

2. The demand for labour and skills

An appropriate role for the Australian Government, state governments and industry associations in skills formation and labour retention is to encourage enterprises and projects to work closely with Skills DMC and the Industry Skills Council Group. Tripartite models can serve an important window on future resource needs and industry opportunities.

Recommendation

The Taskforce invites Skills DMC and the Industry Skills Council Group to prepare a strategy plan in cooperation with government, unions and employers which would include issues contained in Question 5 i.e. positive and negative impacts on demand for labour and skills in other industries.

Increasing the supply of labour

Question 7: Workforce Participation by Older Workers

The recent Intergeneration Report has highlighted the plight of the ageing population in Australia. Most of us are aware that this issue does not affect Australia only but unlike Australia however many of these countries have adopted pro-active policies to deal with the issue in an attempt to improve productivity and living standards.

There is no 'magic bullet' or one single effort that will address the ageing population and the issues it raises, however encouraging employment of, or ongoing employment participation of older workers will be critical in terms of:

- Maintaining a healthy level of productivity from this age group; and
- Lessening the impact on the public purse from fewer early retirements resulting in fewer pensions paid

The AWU has for the past 3 years been actively involved in the Queensland Government Experience Pays Awareness Strategy (EPAS). The objective of this strategy has been to make employers aware of the ageing population, promote the benefits of older workers (those over the age of 45 years) to employers and to debunk the myths that have for many years surrounded older workers and their work abilities as they get older.

This strategy has been very successful in working face to face with employers in terms of selling the message of the ageing population and the importance of recruiting, retraining/redeploying and retaining older workers. Prior to the GFC inroads had been made throughout Queensland and we were starting to see a change in attitude from many industries and employers towards older workers.

It must be said that some of this may have been due to the low unemployment rate pre-GFC, however even anecdotally we were aware that the attitude was starting to change and the value of older workers skills and life experiences were being more valued in the workplace.

There is currently discussion around skill shortages and the need to bring into Australia workers to fill these shortages. There needs to be discussion around what constitutes a skill shortage and what constitutes a labour shortage.

This issue also pertains to **Question 13 on the role which immigration plays in meeting the skilled labour needs of the resource sector.**

In terms of options for resource companies looking to use overseas workers to fill skill shortages, the AWU understands the Department is encouraging companies to use the 457 visa; in contrast to the shorter 456 visa.

On this basis, resource companies requesting overseas workers to fill skill shortages will need to apply to become 'sponsors' under the 457 program.

The AWU is advised the final measures of the 457 visa reform agenda - the introduction of training benchmarks - is now being implemented. This means all companies need to demonstrate they are committed to, and have invested in, training Australian workers before the Department will approve them to sponsor overseas workers. The AWU expects this to be rigorously enforced such that overseas workers are last resort rather than preferred employment pathway for the supply of skilled labour to the resources sector. ⁱⁱⁱ

As one alternate pathway, there are many skilled or able local older workers who are very keen to secure employment, but many employers would still prefer cheaper or younger labour (in addition to overseas workers) even if they are less qualified or able. This situation needs to change.

There is merit therefore in considering the application of a training levy for skills development which could address skills gaps as experience with 457 visas is reviewed.

Recommendations

Recruitment

A national awareness campaign should be implemented by the Federal Government to ensure employers are aware of the benefits of older workers. The Experience Pays Awareness Strategy campaign has been successful in changing the attitudes of employers with the result that the participation rate of older workers increased considerably during the EPAS campaign. The additional benefit of such a campaign was the increased confidence of unemployed or under-employed older jobseekers.

Retraining/Redeployment

A larger number of PPP places should be set aside for unemployed jobseekers over the age of 45 to ensure they have the opportunity to up skill and compete in the job market. Part of these should include technology training as this seems to be a major criticism of employers, yet research has indicated if taught correctly older people can quickly and easily pick up computer skills. It should be remembered that baby boomers are one of the biggest users of the internet.

As well as this, employers need to be encouraged to train or retrain individuals as necessary to ensure they don't lose their skills and corporate knowledge. Through our experience with EPAS it would seem that this is an area of particular vulnerability for employers who don't plan ahead and engage in ongoing communication with their older workers to redeploy them to another area of the company, rather than just lose the skills and value of that employee.

Retention

Retaining older workers where possible through a variety of flexible options and ongoing communication with the individual is critical to the productivity of this country. Many older workers will stay in the job if the conditions are suitable, for example, reduced hours/weeks, reduced responsibility, mentoring, additional training, redeployment to a more appropriate area of the organisation and most importantly working in a culture in which they feel valued.

Many organisations are keen enough to do this, however many of the smaller and medium organisations simply don't have the experience or skills to know how to do this with their employees and many don't have the luxury of a Human Resources area to assist them. The government should become involved in this, as EPAS confirmed that by working closely with industry that it did make a difference in many organisations that otherwise would certainly have lost employees through lack of planning and internal people skills.

This may require some government policy changes, and certainly requires funding however it would build on the existing work done in Queensland by a small team of skilled and enthusiastic workers who now have the information and knowledge to assist employers to maintain capacity within their workforce through older workers.

Question 10: Fly-in fly-out (FIFO) to meet the resources sector's needs

Employment attraction and retention would be promoted through improving the liveability of our regions through better infrastructure and service provision, and addressing other key barriers to semi - permanent workforce arrangements, for resource related projects, otherwise dependent on fly-in, fly- out arrangements in places like the Pilbara in Western Australia.^{iv}

Australia has developed a workplace fly-in-fly-out culture in a number of remote centres characterised by extreme heat and distance from major centres including resource-dependent oil, gas and iron ore projects in the Pilbara region in Western Australia.

At the same time, if suitable facilities and amenities were available, workers would be far more receptive to relocating their families to these centres.

Refurbishing the Pilbara iron ore town of Pannawonica in north-west Western Australia is an example of what can be achieved.^v These efforts could be complemented by greater investment by Federal and State Governments investing in triple bottom line of economy, environment and people, **improving the quality of life for families** in regional and remote areas. These issues were discussed in more detail in the AWU's submission to Infrastructure Australia.^{vi}

It could also be possible to supplement these investments by leveraging foreign investment to improved infrastructure, skills and secure jobs by establishing an Australian Endowment Fund to which sovereign wealth funds and state trading enterprises investing in the resources sector contribute. The AWU's National Secretary Paul Howes spoke on this idea at the National Press Club in February 2010.^{vii}

These investments generate higher levels of national productivity by supporting workers directly, and accommodating their needs, including proximity to support networks and family members. These models serve as useful guides as to what may be able to be achieved in partnership with federal and state governments' and the private sector on a larger scale.

Recommendation

Commission a feasibility study on establishing a major city in the Pilbara.

Conclusion

The AWU welcomes this opportunity to participate in the Taskforce review. There are a range of issues which are vital to improving the availability of skills to the resources sector. Our submission has drawn attention to the importance of a clear understanding of actual skills needs; strategies for supplying more skills to major projects in partnership between industry, unions and government; impacts on other industries; sources of potential skills including older workers and strategies for maximising these; and the benefits of a permanent City of the Pilbara attractive to skilled workers and to their families over the long term.

There are also a range of other matters which warrant careful scrutiny, including the efficacy of a training levy on the resources sector and promotion of local procurement opportunities conduce to skills development and retention. An overarching consultative framework to coordinate workforce and industry development in the resources sector could build on existing models such as industry innovation councils and draw on the work of Skills DMC.

Endnotes

ⁱ **RESOURCING THE FUTURE**
National Resources Sector
Employment Taskforce
Discussion Paper
March 2010

ⁱⁱ The National Industry Skills Council (SkillsDMC) was officially formed in April 2004. It includes stakeholders from each of the following industry sectors:

- Coal Mining
- Civil Infrastructure
- Quarrying (Extractive)
- Drilling
- Metalliferous Mining

SkillsDMC maintains an open dialog with our stakeholders in each of the five sectors. Each of the five sectors is represented by a Director, Alternate Director and Union, who oversee the Sector Standing Committee and Training Package Working Party.

SkillsDMC is a not-for-profit organisation with the primary role of facilitating the education and training needs of all stakeholders operating to these industry sectors.

They are a national organisation charged with the responsibility to develop and implement an education and training structure with the flexibility to meet the range of industry needs, and rigorous enough to satisfy educational and regulatory requirements across Australia.

ⁱⁱⁱ Also see AWU's **Submission to Department of Education, Employment and Workplace Relations and Department of Immigration and Citizenship on the Migration Occupation Demand List and its impact on Australia's Future Infrastructure Requirements, September 2009**

^{iv} **Australia's Future Infrastructure Requirements**
Submission to Infrastructure Australia
By The Australian Workers' Union
October 2008

^v <http://www.abc.net.au/news/stories/2008/09/23/2371880.htm?site=northwestwa>

^{vi} http://www.awu.net.au/136_5.html

^{vii} **Speech by AWU National Secretary Paul Howes to the National Press Club on 17 February 2010,**
http://www.awu.net.au/421947_5.html