

Money can't buy me love... or loyalty... or an end to the skills shortage

There is not an area of the sector which doesn't have boots to fill

We have all heard the numbers many times.

Over the next decade, the Australian resources sector will be in need of an additional 75,000 workers as major oil and gas developments in Western Australia, gas and coal developments in Queensland, and iron ore expansion projects in WA worth more than \$200 billion are undertaken.

The skills shortage creates a bigger headache for resource company executives than any other issue. The MRRT seems unlikely to create the massive impost once thought and the carbon tax appears manageable, but where the extra 75,000 workers are going to come from is a problem less easily solved and a war that cannot be won and lost through PR spin.

While it is the big ticket projects – such as the Browse Basin gas projects, Wheatstone

and Barrow Island – which will take the vast majority of any additional workers, the smaller end of town is facing shortages which are just as crippling. Indeed, for the smaller players, unable to compete with the big salaries of the oil and gas and iron ore majors, simply acquiring and retaining a workforce is challenge enough.

Added to this is the changing face of employment with wages rising and employees emboldened with a new sense of how work and lifestyle should be balanced.

In the mainstream media, the skills shortage is most usually associated with tradespeople, but in the mining industry, technical professionals are just as scarce.

It was only 15 years

ago when there seemed to be more geologists sitting in courier vans than there was sitting on drill rigs but today it is a profession in demand. Similarly mining engineers and metallurgists are sparse on the ground.

The GFC bought everybody a bit of breathing space, not just in wage pressures but in finding solutions to the overall problem.

Government, industry and the education system all seem to be blaming each other for the lack of solutions while unions are for the most part using it as an opportunity to ramp-up pressure.

What cannot be denied by any of these groups is that their inability to offer creative, sustainable solutions is failing their constituents, employees, students

Workforce requirements for resources sector are expected to reach a peak of almost 119,500 in 2012

and members.

"The simple truth is there are not enough workers to meet the demands of our projected industry growth," Deloitte Australian mining leader, Tim Richards said in a recent report, *Tracking the Trends*, into the mining sector.

"The report predicts capital expenditures in the Australian mining sector are likely to reach \$55.5 billion for 2010-11, before rising to \$73.7 billion in 2011-12. Globally, it's estimated to reach \$US113 billion in 2011, 50% above the previous year. Given the acute shortage of key talent, delivering on all these projects may prove impossible.

"Each year, the skills gap extends to a wider range of functions – from capital project designers and mining geologists to truck drivers and machine operators. It's time for mining companies to tackle this issue in a more systematic fashion and pursue longer-term, farther-reaching and perhaps less conventional solutions or they risk the chance of imminent operational disruptions."

Such solutions will involve more than bigger pay packets and better conditions. With the vast majority of resources employees operating on FIFO rosters, many experts are starting to ask whether more attractive regional centres could be an answer in encouraging more workers to commit to the sector in the long-term.

"Our biggest mines are located in more remote regions and the industry needs to find a way to give these locations more family appeal. There are many workers who are prepared to fly in/fly out of a mine site for a period of time, but most won't be prepared to do it forever. As our recent discussion paper, *Where is your next worker?*, suggested that if the industry starts working with these remote communities to provide things like schools, hospitals, reasonable housing and the infrastructure families need and expect, they are more likely to achieve a stable workforce," Richards said.

The WA State Government has already begun making strides towards this with its Pilbara Cities policy but further studies are needed.

Another Deloitte report, *A New Immigration Paradigm*, also suggested that if governments and business were to address the skills shortage, they needed to seek out innovative solutions that moved beyond their own borders and engaged foreign governments, such as the introduction of a skills visa.

While big picture planning is desperately needed to provide long-term solutions, the acute shortages currently being experienced mean immediate, practical action is needed.

The likes of Rio Tinto Ltd, BHP Billiton Ltd and Chevron can increase salaries and lavish their HR departments with big budgets, but small- and medium-sized resources companies are finding it increasingly difficult to

compete, requiring more homespun innovation.

Steve Heather, chief executive of resources recruitment specialists Mining People International, believes it is achievable, starting with the type of candidate a company aims to recruit.

"Companies have got to take more of a view to recruit a person with the right attitude, aptitude and physical ability. It is more important that a new employee fit in with the culture of the company and have the right attitude than

It is estimated that over the period to 2020, an additional 30-50,000 people will be employed in other related industries

tial candidates dramatically."

When it comes to salary, smaller companies again struggle to compete. Heather said that while the drain towards the big dollars

available in the oil and gas sector had receded, companies still had to come up with innovative reward structures to ensure wages were not disproportionately impacting on cost pressures.

"Wage pressures eased off when the GFC hit and although we haven't seen them increase at the same rate as previously, if the trend of labour shortages continues, wages will start to rise again. Many companies can't afford to pay more and that is where they have to think. There is a strong move towards better rosters and more liveable camps. Staff are looking at lifestyle now when it comes to job selection.

"Some companies have already bumped up their superannuation contributions as an enticement and in anticipation of the government-imposed changes. Better rosters, new equipment, refurbishing old plants and camps and paying employees to travel in their own time can all provide an advantage."

The debate over the importation of labour was one that raged throughout 2011. Heather said even in the white collar space there was a need to look overseas for talent.

"On the professional/technical side, there is a willingness to look at offshore because it is essential to fill the gaps. Previously, companies looked primarily at sponsorship (457 visas), but now they are looking at labour hire agreements. That essentially gives them a trial period in which they can see if the employee is a good fit."

The rise of social media, in particular sites such as LinkedIn, has been hailed as a new paradigm in recruitment, but Heather does not see any significant impact as yet.

"The jury is still out on how effective social media is in recruitment, the industry has not got its head around it yet and how it can work for them. It is similar to when online job boards first started appearing and companies felt they could do all the recruitment themselves, but quickly found out that wasn't the case."

Heather's advice provides solutions for individual companies in the short- to medium-term, but even he admits that long-term solutions can only be achieved through a concerted effort from all sides. Otherwise, shortages in the workforce will be the biggest restriction in the growth of the resources sector.

– Dominic Piper

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them meeting all the criteria set out in the job description," Heather told *Paydirt*. "If you get the right person you will find that generally people are trainable.

"Some companies want this, this and this from a candidate but more often than not, that candidate doesn't exist and if they do, you will have to pay more for them. A lot of candidates meet six out of 10 technical traits the company is looking for but if they have the right attitude it will only take six months to get them up to speed. You will also get loyalty out of people whom you invest in. They are more likely to stay for 3-5 years as opposed to others who may be looking for other opportunities from the start. If you're not fixated on fitting all the criteria, you can open up your pool of poten-

