

# “Manpower Needs of the Mining Industry: Strategies to Meet Future Requirements”

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# Current Situation



- Shortage of skilled and professional labour with us for the foreseeable future;
- Australian Mining Sector has projected need for 90,000 new jobs by 2020. The Philippines has predicted at least 30,000 required by the 24 priority projects;
- All mining countries are reporting shortages in experienced skilled technicians and professionals for their local mining sectors;
- The true nature of the shortages in terms of skills and numbers required is not well known;
- Developing countries have a relatively weak institutional framework for developing the necessary skill base required to meet the short term future demands of their mining industries.
- Developed countries have the necessary institutional capabilities but the skilled workforce is more likely to head towards professions such as IT, Finance etc.

# Current Situation Cont'd



- Skilled Asian labour is on the move especially to projects in developed countries.
- It is expected that there will be a continued increasing shortage of engineering, construction and operations personnel of all types as long as China and India continue to grow at the rates we have seen over the last few years.
- In Dubai there is over a \$1 trillion in construction underway utilising 24% of the worlds construction cranes and employing over 150,000 Filipinos as well as all the other nationalities. This is increasing every year.
- Wages for lower-level staff are also rising quickly, increasing by 14% in Indonesia last year, 11% in India and 8% in China—well above the rates of inflation in each country.
- A high staff-turnover rate helps to force up wage costs, and turnover-rates can exceed 30% a year in some places in Asia.

# Consequences of Shortage - Sector level



- Labour is moving overseas to developed countries.
- Government departments can't retain their people.
- Weakened government mining departments are causing major delays in getting approvals .
- Cutting corners can lead to environmental, social and OH&S mishaps which cause negative feelings towards the sector.

# Consequences of Shortage - Operational Level



- Cost of labour rapidly rising.
- Traditional recruitment processes no longer as effective.
- Employees being “poached”.
- Turnover rates are doubling.
- Projects behind schedule or production performance down relative to plan.
- Structural attempt to do more with less, i.e.: shared technical services, outsourcing.
- Continuing investment in technology to reduce dependence on people, utilizing technology remote trucks, in-situ leaching, etc.

# Consequences of Shortage - Individual level



- Individuals are working long hours on site and during breaks.
- Senior personnel seem to be perpetually recruiting, resulting in their eye being taken off the day to day.
- Senior personnel so stretched that they don't get to the recruiting activity and miss out on talent that was available.
- No time for personal development.
- Safety and Health compromised.
- Increased stress and personal toll.

# What Can Be Done?

## - Planning



- Each country needs to undertake a comprehensive manpower review of the mining sector reaching out at least 10 years.
- That manpower review needs to be fully shared between industry, national governments and academe/training providers.
- A corresponding review of training capabilities needs to be undertaken to ensure that the country and/or region is capable of producing the required skills.

# What Can Be Done?

## - Promotion



- Once the manpower needs are understood they need to be communicated to the community.
- Promotion starts in the high schools.
- Targeted promotion should occur close to areas impacted by mining activities.

# What Can Be Done?

## - Lobbying



- Governments, government associations and development organisations need to be involved in creating the solution to the skills shortage.
- Developed countries can support the training effort in the ASEAN region through sharing curriculum, providing scholarships etc
- Developed countries need to cooperate with developing countries to try and ensure that skills taken abroad are not in excess of the skills that they have directly helped create. i.e. Don't drain the talent pool!

# What Can Be Done?

## - Lobbying



The ASEAN Mining Sector should consider a program of lobbying to their own governments and government associations to:

- Develop regional training institutions that will provide better economies of scale as compared to each country trying to create their own. For example investigate the creation of an ASEAN Mining Technical College
- Develop regional training standards that will allow easier movement of professionals and technicians within the region to supplement skills requirements as they rise and fall in different countries
- Monitor cross border skills movements to ensure equitable sharing of skills
- Provide tax incentives for companies who train people.

# What Can Be Done?

## - Sector level



The mining sector in each country should:

- Develop an accurate forecast of future skills requirements set against current skills availability and economic projections;
- Develop a sound understanding of remuneration levels and movements tracked on a 6 monthly basis;
- Become a 'sector of choice' through effective promotion;
- Cooperate to effectively utilise the training infrastructure available within the country or region
- Organise Job Fairs open to all companies

# What Can Be Done?

## - Operational level



- Need to develop more robust recruitment and retention strategies
- Undertake comprehensive Human Resource Planning
- Become an 'employer of choice'
- Advertising – Press, Internet, Journals, Educational Institutes etc.
- Develop effective pathways for personnel development and advancement.
- Understand effective use of contract labour.

# Does your HR Team have it under control?



- Probably **NOT**.
- According to a recent survey of HR Executives in Australia: HR are at best reacting.
  - 60% have no recruitment plan.
  - Most have no idea why people would choose to work for them.
  - 70% do not measure the effectiveness of what they do.
  - Only 30% know how much recruitment costs.
- Put the pressure on your HR team and recruitment resources to maximise their effectiveness.

# Good HR Practices -

# Candidate Attraction



From our experience candidates looking for employment will:

- Seek companies that have a reputation in the market place. For example:
  - well known product brand
  - specific cultural characteristics
- Others have a more technical/operational focus. They will target companies that have:
  - solid exploration budget
  - Cutting edge project
  - Career growth prospects

## QUESTIONS:

- What is the image of your company?
- Do people outside your company have the same view?
- Have you developed a good 'selling proposition'?

# Good HR Practice – Candidate Retention

In Asia, surveys reveal that similar initiatives have been employed to retain employees with mixed success, ranked below from most to least successful:

1. Increased Training.
2. Mentoring System.
3. Personal Development Plans.
4. Higher than market wages.
5. Subsidised education and schooling.
6. Stock based compensation.
7. Delayed bonus payments.
8. Increased health care.
9. Employees networks.
10. Provide gadgets to staff (PDA's, laptops, etc).
11. Flexible working hours.
12. Increase staff rotation.
13. Pay more than required to pension.

## QUESTIONS:

- What is your current turnover?
- Do you have a strategy for reducing it?

# Conclusion



- The global shortage of professionals and skilled labour in the mining sector will continue.
- There is increasing demand for skilled/professional labour in ASEAN countries.
- All stakeholders need to work in a coordinated way to develop a sustainable outcome
- Companies need to develop clarity about who you are and what you offer an employee.
- Need to improve traditional HR management strategies and develop creative solutions to both **FIND** and **MIND**.

# Thank you



Resource Advisors is a professional services company offering a range of consulting services to mining sector clients in Australia and Asia.

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