



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

PROOF

ADJOURNMENT

Tasmania: Mining Industry

SPEECH

Tuesday, 21 August 2012

BY AUTHORITY OF THE SENATE

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Date Tuesday, 21 August 2012
Page 67
Questioner
Speaker Urquhart, Sen Anne

Source Senate
Proof Yes
Responder
Question No.

Senator URQUHART (Tasmania) (19:31): There are Tasmanians doing it tough. The downturn in the forestry and manufacturing industries and in pockets of the agriculture industry has hit Tasmanian workers and their families hard. Our economic growth rate is not high enough, our workforce participation rate is too low and our unemployment rate is too high. There is a net loss to Tasmania, particularly a loss of skilled workers, because of the mining boom. These workers leave behind established communities for dongas in the desert. We, as the state of Tasmania, educate and train many workers who are then lost to the interstate mining industry. But not all highly skilled workers from Tasmania can get mining jobs. I hear of too many Tasmanians who are facing tremendous difficulties in securing jobs in the mining industry in the states of WA and Queensland.

People often say that there is no hope left in Tasmania, that all the jobs are drying up and that they have to try and move interstate and find work. As to that, I point to the record \$4.5 billion worth of private sector investment, growing at a faster rate than any other non-mining state, and I highlight that local businesses have invested more than \$1.4 billion in machinery and equipment over the past year at a growth rate more than double the rest of the nation.

Tasmanians have the desire, the skill and the courage to move our state forward. This is why I wanted the government caucus Spreading the Benefits of the Resources Boom subcommittee to hear from Tasmanians. The subcommittee, established through the hard work of my colleague and comrade Senator Doug Cameron, is tasked with investigating the serious challenges faced by government in seeking to spread the benefits of the mining boom. With our resolve to weather all storms, it was vital for the subcommittee to visit Tasmania.

As a part of its national consultations, the subcommittee came to Hobart. We met with representatives from the mining industry, employer and union representative groups, as well as state and local government representatives and the community sector. There are five major mine sites in Tasmania: Mount Lyell, which mines copper and gold, has been operating for over two centuries and has recently discovered extensions; Henty Gold, which has been operating since 1996; Rosebery, which mines five

economic minerals, has been operating for over a century and uses the natural environment as a natural hedge, mining tin when profitable or copper and lead when needed; Grange Resources at Savage River, which mines magnetite ore, which after significant processing is economic; and Renison tin mine, which has been operating for over a century.

In mining and minerals processing, Tasmania exported about \$1.6 billion worth of product last year. This accounts for over 55 per cent of Tasmanian exports. Logically, any long-term plan for Tasmania needs to include a strong mining industry and, with that, access to minerals. And Tasmanian miners are looking at expanding. In 2011-12, around \$200 million is expected to be spent on capital expenditure, while mineral exploration is expected to be over \$3½ billion in the same period, a lot of money for a small state of 500,000 people.

In 2010-11 around \$500 million was spent on goods and services for the operations of Tasmanian mines. Of that, about \$350 million was contracted to Tasmanian businesses. This is evidence that Tasmanian miners have a strong commitment to the Tasmanian supply chain. There are over 1,200 workers who are directly employed in mining in Tasmania. Maintenance is mostly contracted, mainly to about 350 local contractors. The permanent workforce at Tasmanian mine sites is almost exclusively local and there is an extremely low turnover of labour. Operational staff prefer to stay with their families, enjoying the relatively high incomes and either basing their families on the West Coast or to the north on the coastline, which encompasses Smithton, Wynyard, Somerset, Burnie, Penguin, Ulverstone and Devonport. Wages are around \$100,000 a year, well above the average incomes in both Tasmania and Australia.

The mining boom has put pressure on the availability of professionals, who are going to Queensland and Western Australia. Tasmanian miners have filled these labour shortages with professionals—geologists, surveyors, accountants and engineers—from Peru, the Philippines, China, India, Chile and Ireland, just to name a few. There is a great geotechnical engineering degree at the University of Tasmania, and the ARC Centre of Excellence in Ore Deposits, CODES, was established at the University of Tasmania in 1989. CODES is regarded as a global leader in ore

deposit research, with connections to the University of Queensland, the University of Melbourne, the Australian National University and the CSIRO.

These graduates often see the wage potential in other locations and leave Tasmania. There are a number of apprentices on mine sites in Tasmania, but after getting their qualifications these workers also often leave Tasmania. Mining companies are also always looking at upskilling the existing workforce through the delivery of specialised certificate I through to certificate IV courses. But after we have schooled them for 14 years, then supported them through university or an apprenticeship for another four, there needs to be a way for Tasmanians to reap some rewards. There is the potential to train apprentices in north-west Tasmania utilising the existing stable workforce.

Given the negative effect of the mining boom on Tasmania, there should be reciprocal obligations on the industries and governments who benefit from the training of skilled workers in Tasmania—that is, those companies that are profiting from the eighteen years of training provided by Tasmania to their workforce should provide some contribution to the training of other Tasmanians.

Through the discussions in Hobart, the committee formed the proposal for the establishment of a national mining and engineering skills hub in Tasmania. This skills hub would provide opportunities for Tasmanians to upskill and undertake apprenticeships within Tasmania and subsequently work in either Tasmania or interstate. The skills hub will be assisted by the rollout of the National Broadband Network, with Tasmania the first state to be completed. Importantly, the discussions led to a view of the committee that the skills hub should be funded by the mining industry and supported by the federal and the state governments, who are receiving the benefits of the export of Tasmanian skills.

There is a solid mining industry in Tasmania with a relatively steady workforce, diverse ore deposits and quality educators such as UTAS, the Australian Maritime College and the soon to be re-established TAFE Tasmania. I am strongly of the view that the parties who benefit from the training of skilled workers in Tasmania should make a financial contribution to a national mining and engineering skills hub in Tasmania. This will benefit the national economy and facilitate spreading the benefits of the boom to Tasmania. We also need a good process to facilitate the passage of Tasmanians into mining job opportunities in Western Australia and Queensland on a fly-in fly-out basis.

I heard stories of the tremendous difficulties Tasmanians face when trying to get their foot in the door for a mining or associated job. One worker who came along with his union was Grant. Grant is an aluminium fabricator and body builder by trade. He also holds certificates for scaffolding and DLI welding as well as a medium-rigid licence. After hearing of other workers at his factory signing up with mining companies for work, Grant went to Western Australia to look at opportunities for work in the mining industry. In Perth, he attended a mining expo. Amazingly, the 10 companies he spoke to were not interested as he had no experience in the mining industry. Yet he had been utilising the same skills required in mining construction and had more experience than he could fit onto a piece of paper. He was disheartened with mining opportunities and came back to Hobart.

After the media coverage from the committee hearing, I was contacted by a Tasmanian civil contractor, Leigh. We had a great discussion about Leigh's experience in the industry in terms of both building construction and training former forestry workers for entry into the mining industry. Through Leigh's ideas, experience and connections, he has added confidence that the proposal for a mining and engineering skills hub in Tasmania has merit and can achieve the goal of securing work for Tasmanians in the mining industry. Highly skilled workers from Tasmania's industries want a piece of the mining boom. While a lot are trying, many are not being given the opportunities in the mining industry. We need to help people make the right connections. We need to provide the right training to Tasmanians and we need to support their families if they choose to fly in and fly out.

Tasmanians have the desire, the skill and the courage to move our state forward. I will continue to push hard for the establishment of this skills hub in Tasmania, to give Tasmanians the job-ready skills and experience they need to enter the mining industry.