



AUSTRALIAN GOVERNMENT
LEGAL AND CONSTITUTIONAL AFFAIRS REFERENCES
COMMITTEE
THE EFFECTIVENESS OF THE CURRENT TEMPORARY SKILLED
VISA SYSTEM IN TARGETING GENUINE SKILLS SHORTAGES
DECEMBER 2018

Contact:

The Australasian Institute of Mining and Metallurgy

W: www.ausimm.com | T: +61 3 9658 6100 | F: +61 3 9662 3662



About the AusIMM

The Australasian Institute of Mining and Metallurgy (the AusIMM) was formed in 1893 and is the leading organisation representing the 65,000 resources sector professionals in the Australasian region, across industry, government and academia.

Our members include professionals from traditional disciplines such as mining engineers, geoscientists and metallurgists, as well as from disciplines such as business management, finance, health and safety, social and environmental science.

With a focus on enhancing professional excellence, the AusIMM provides members with an ongoing program of professional development opportunities to ensure our members are supported throughout their careers to provide high quality professional input to industry and the community.

Submission

This submission is in response to the inquiry into the effectiveness of the current temporary skilled visa system in targeting genuine skills shortages by the Legal and Constitutional Affairs References Committee.

AusIMM believes that the Australian Government must act to ensure that the temporary skilled visa system more accurately reflects and addresses the radically changing resources employment market nationally.

Summary of recommendations

Although the AusIMM prioritises the professional development, education and upskilling of Australian workers and students for the Australian market, it acknowledges skilled migration as a small but critical element of ensuring that any workforces gaps brought about by the cyclic nature of the mining industry are filled where need be.

AusIMM's emphasises that its key priority in relation to Australia's skilled visa system is incentivising international students to undertake studies in mining related courses at Australian institutions through opportunities associated with skilled visa pathways.

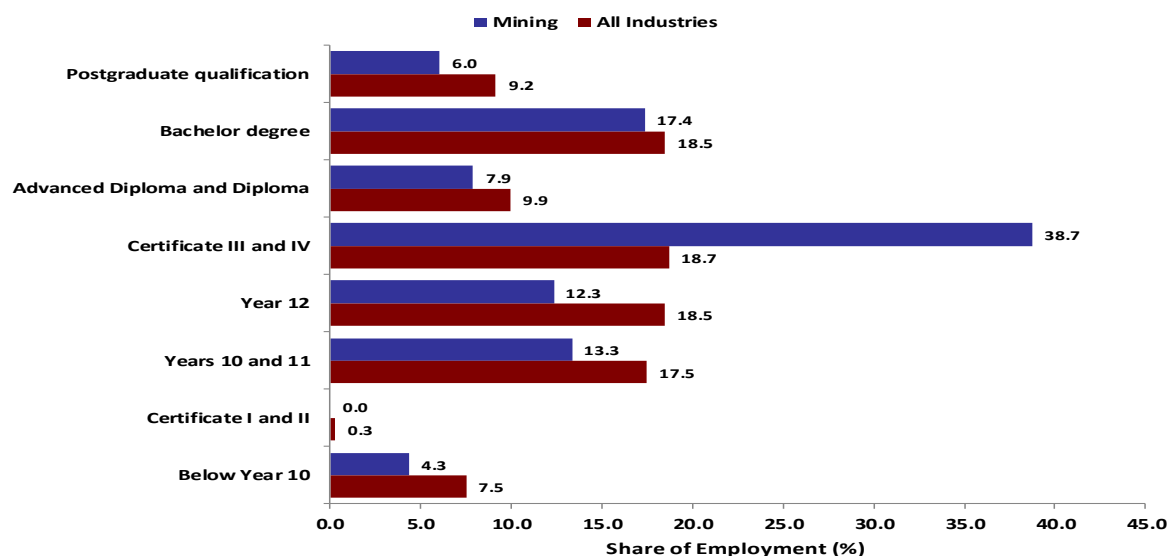
AusIMM proposes the following recommendations for review

1. Placing mining engineering on the Short-term Skilled Occupations List to create a pathway for qualified professionals to fill critical skills gaps in the Australian market.
2. Strengthening the industry consultation as part of the Skill Shortage Research Methodology, to avoid discrepancies between government and industry data and experiences.
3. Removing the three-year work experience requirement for international students graduating from Australian universities to provide a pathway for industry employment and the harnessing of their skills for the Australian market.
4. Ensuring that the assessment of individual qualifications is conducted by a body with a sound knowledge of the industry standards and codes such as the AusIMM rather than a generalist body or association.

Resources workforce of the future

The pace and scale of change in the resources industry has never been greater. A comprehensive exploration is required of not just what this means for multiple facets of the global economy but what this means locally, in Australia. The Australian mining industry is becoming more sophisticated, automated and technologically advanced as it develops more efficient operational methods. The resources industry is currently proactively assessing this impact and strategically anticipating the skills of the future workforce.

Figure 1. Qualification Levels in Mining



Source: ABS Survey of education and work 2017, LMIP

The Australian resources sector employs roughly 245,300 people¹, a highly skilled workforce of which over 70 percent hold a qualification of a Certificate III/IV or higher (see figure 1).² Approximately 65,000 of these are professionals in the mining industry including 9460 mining engineers, 7312 geologists and geophysicists and 1962 metallurgists and physicists. This level of education and skill in the resources sector reinforces the importance placed on the work of the industry and the necessary standard and numbers of professionals going in to the future.

The pace and scale of change in the sector has brought about concerns within the industry around the attraction and retention of talent. Changing roles, the nature of work and expected capabilities has put the industry in direct competition with large tech companies. During the AusIMM Thought Leadership Series it was noted that over 50 per cent of CEOs were concerned about attracting and retaining talent in an industry that struggles with community perceptions, and a changing workforce³. Access to foreign professionals with critical expertise and qualifications is an important part of creating a stable workforce of the future, contributing to the growth of the sector.

Although sourcing the workforce of the future is a grave issue in Australia, the contribution that a mobile workforce can make and the importance of those on a Temporary Skills Shortage visa (TSS) must be acknowledged. TSS Visa holders are a small and crucial element of the resources workforce, most importantly in hard-to-fill roles.

Given the cyclical nature of the mining industry, the changing role of the workforce and the low level of graduates seeking roles in resources, a flexible but targeted skilled migration program must be in place that adequately addresses real, rather than perceived employment gaps in the industry.

The interaction between the temporary skilled visa system and the system in place for training Australian workers

The existing operation of the skilled visa system, where occupations are regularly added and removed from both the Short-term Skilled Occupations List (STSOL) and the Medium and Long-

¹ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Quarterly, Aug 2018*, ABS cat. no. 6291.0.55.003, released on 20 September 2018. *Average Weekly Earnings, Australia, May 2018*, ABS cat. no. 6302.0, released on 16 August 2018.

² Minerals Council of Australia, *Miners at Work*, Canberra, 2018; and Australian Bureau of Statistics, 2016 Census, *Census Table Builder – Highest Level of Educational Attainment and Industry of Employment*, viewed 30 November 2018.

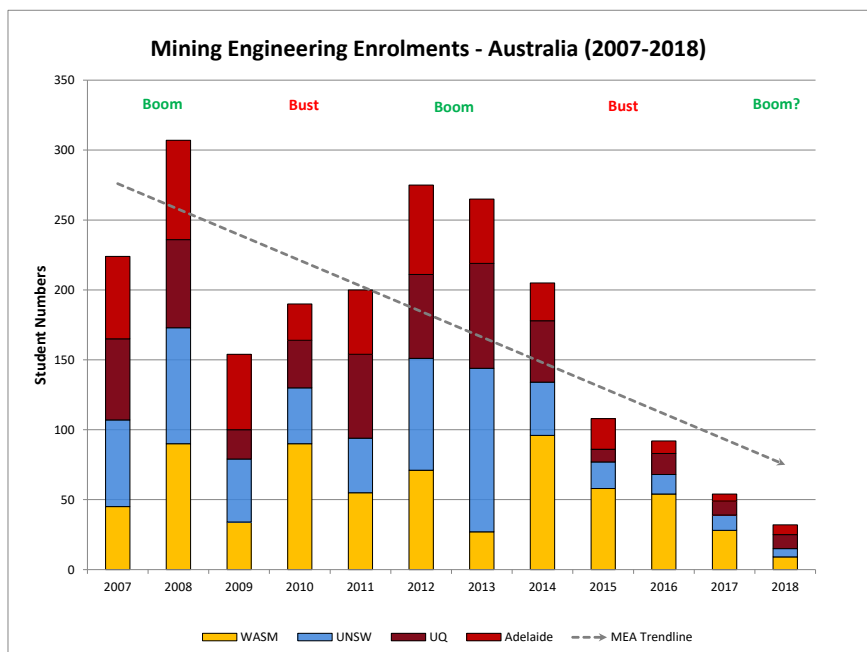
³ AusIMM ‘Thought Leadership Report’, AusIMM, September 2018 http://125.ausimm.com/wp-content/uploads/sites/13/2018/11/thought_leadership_series_report2018.pdf

term Skilled Occupations List (MLTSOL), currently creates a level of uncertainty for both visa sponsors and visa holders who are looking to fill genuine skills gaps. This is worsened by the upper age limit of 45 years for permanent residency applicants which disincentivises older, experienced and senior management mining professionals from bringing their expertise to Australia, placing the nation at a competitive disadvantage.

However, for the AusIMM, the most significant concern among industry professionals is the low student and graduate rate in the industry. The cyclical nature of the resources sector has historically presented a challenge for the supply of university graduates who intend to gain employment in the sector.

The most recent downturn has resulted in reduced demand for courses that traditionally supply the sector with graduates. Total Mining Engineering enrolments across Mining Engineering Australia (MEA) universities has fallen from 96 to 29 (-70%) in 4 years. Assuming all 29 first year students eventually graduate, this number is still critically low. This downturn in student demand significantly impacts the number of graduates who will be available in the resources sector labour market in three to four years.

Figure 2. Mining Engineering Enrollments



Source: MEA

For this reason, the decline in international students studying mining related courses in Australia has been grave, exacerbated by the length of the Temporary Graduate Visa. The Temporary Graduate Visa (subclass 485) allows recently graduated international students to work and live in Australia temporarily after completion of their studies for 18 months.

However, TSS Visa applications require three years work experience as part of its essential criteria. This leads to a lack of transition between those studying mining related courses at university, to those who end up contributing as part of the mining workforce in Australia. This has triggered a decline in the interest of international students studying mining related courses, given they will not be able to work within the Australian industry for more than 18 months post-graduation, and employers are unlikely to invest in short-stay graduates. Further to this, professions such as mining engineering are not currently listed on the STSOL, rendering them ineligible for skilled migration visas even if the Temporary Graduate Visa length was extended.

The critical decline of international students studying mining related courses has also led to courses within key tertiary institutions becoming unviable due to low student numbers. This places



financial pressure on Australian tertiary institutions to either amalgamate courses or dismantle the course altogether, exacerbating the issue of low student numbers.

Given Australian codes and standards within the sector are some of the highest and most reputable in the world, AusIMM considers the difficulty associated with international students obtaining competency in our standards and going on to participate in the workforce as a lost opportunity when it comes to filling skills gaps.

The cyclical nature of the mining industry indicates that any skilled visa system must be flexible and agile, accommodating the changing needs of the sector. Part of this is ensuring that at least those with an already thorough understanding of Australian standards due to their Australian education, be allowed to contribute to the sector here.

Skills shortage determination

With graduate numbers in critical decline, meeting the demands of the sector proves challenging. The Department of Jobs and Small Business employment data indicates that the number of mining engineers grew slightly over the past five years and is expected to increase slightly again over the next five years by roughly 900. With the expected demand until 2022 to be an extra 5000 mining engineers (accommodating for those that leave the industry or retire in this time), this indicated a significant gap in in this profession alone.⁴

Although AusIMM's primary focus will always be the professional development and upskilling of Australians to meet this demand, practical measures need to be in place to accommodate any gaps in the workforce. AusIMM has recently launched their Education Taskforce as a testament to this priority, to address the drop in student numbers and discuss ways to encourage more interest in the industry from Australians including young people. AusIMM acknowledges however that currently this is not enough to meet the demand and therefore a skilled migration visa system plays a critical role in addressing this workforce gap. AusIMM believes that the focus of the skilled migration system in this instance should primarily be on incentivising international students, and consequently keeping mining courses viable.

Despite the unanimous opinion of the mining industry, the drop in student and graduate numbers and the regular private analysis done of the industry (SEEK is reporting an increase in mining sector job vacancies by 34 per cent in 2018⁵) the Skills Shortage Report still suggests there is no shortage in the current labour market for mining engineers.

Although mining engineering is just one of many professions within the sector, this contrast between government information and private sector experience and analysis is stark. However, the Skills Shortage Report bases mining engineering student data off 2016 figures for enrollments, which was four times higher than current figure in 2018, leading to an out of date assessment of industry needs.

Methodology for the Skilled Migration Report is intended to include industry consultation along with this analysis. AusIMM considers it to be unlikely that any adequate industry consultation occurred given the unanimous concerns of AusIMM professionals and the industry on this matter. Skills shortages have had an ongoing media presence from various sources for some time now.

Any methodology applied needs to prioritise capturing all relevant industry voices to ensure the seamless transferal of accurate statistics and needs of the industry.

AusIMM also fundamentally believes that any skilled visa migration scheme should place an emphasis on maintaining the world class benchmark of professionalism, codes and standards that Australia currently adheres to. The Australian mining industry operates in a heavily regulated environment to ensure the safety, growth and productivity of the sector. For this reason, any

⁴ Minerals Council of Australia, *Supplementary information for review of the 2016-17 Skilled Occupation List – Mining*, MCA, Canberra, 2015.

⁵ Melanie Burgess, *Jobs in Australian mines: Employment opportunities on the rise* <https://www.news.com.au/finance/work/careers/jobs-in-australian-mines-employment-opportunities-on-the-rise/news-story/c865093cdfbde165f5f2223150735c5e>



assessment of mining professionals throughout the application process for a skilled visa, should be accredited by a body with technical expertise on the industry and the profession rather than a generalist body. Mining standards and codes are continuously updating, changing and improving to meet the demands of the public and the industry and this expertise is imperative to the assessment of any applicant's qualification.