

Mining Industry Experiencing Skills Challenges

By Deborah Spicer

Recent reports by Pricewaterhouse Coopers (PwC), Deloitte and Ernst &Young (E&Y) have all highlighted human resources (HR) challenges that the mining industry is experiencing and will continue to experience in 2012.

E&Y's *The business risk report : Mining and metals 2011-2012* lists skills shortages as the second most prominent risk that faced the mining industry in 2011 and Deloitte's *Tracking the Trends 2012* lists "Labour pains" as the fifth-listed of its top ten mining trends for 2012, while PwC's *Mine - The game has changed* discusses how labour issues are influencing mining operations and their costs.

The reports, as well as industry commentators, note that there is a shortage of skilled staff in the mining industry, and this shortage is likely to get more acute as university mining engineering departments fail to attract students, near retirement workers leave the sector, and workers who have moved to the mining sector return to other sectors that had been hard hit by the financial crisis.

Australia will require an additional 86,000 workers in the next 10 years, with significant additional numbers of employees required for other regions of the world, says E&Y.

These shortages are likely to be more pronounced as a result of the significant number of projects that are coming on stream, some of which are in remote locations with few attractions for workers to relocate there.

The consensus view seems to be that:-

- labour costs are likely to rise on the back of competitive poaching and the need to hire back ex-employees who became contractors as a result of recessionary downsizing;
- industrial disputes, strikes and walkouts will become more common in the tighter labour market; and
- disparities in income between joint venture partner firms and between operations may cause dissatisfaction and labour unrest.

Analysts caution that projects may risk being cancelled as a result of the lack of staff or contractor availability.

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