

Mr. Jonathan Coppel
Commissioner
The Productivity Commission
GPO Box 1428
CANBERRA ACT 2601

17 July 2020

Submission for the interim review of the Productivity Commission draft report into the National Agreement for Skills and Workforce Development

Dear Mr Coppel

Rio Tinto welcomes the opportunity to make this submission to the Productivity Commission interim review of the National Agreement for Skills and Workforce Development (NASWD) to enable Australians to have access to training that will allow them to build the right skills to succeed in the changing labour market, and businesses to have access to skills they need to sustain and grow.

The Commission's review of the progress against the targets set, outcomes and performance indicators in the NASWD and to assess its effectiveness as a long term framework for intergovernmental cooperation on VET policy is timely given the escalation of the rapidly changing nature of the workforce with such things as the introduction and increase in automation in industry and the disruption that COVID-19 has placed on students, employers and VET providers.

COVID-19 has given rise to forced short term lockdowns and to somewhat unknown, longer term changes to the economic climate in Australia and globally. While world economic growth is expected to contract in 2020, the mining industry's ability to maintain operations through the COVID-19 crisis has positioned it strongly to take advantage of the global recovery and the ongoing resources demand of developing economies.¹

Data from the Resources and Energy Quarterly report released on the 20 June 2020 by the Office of the Chief Economist showed \$100m, or more than a third of Australia's resources exports, was delivered by Western Australia's iron ore industry. The report showed Australia was the world's biggest producer of iron ore, responsible for 53 per cent of global production, representing \$79.1b in export earnings last year.²

The needs of industry, current and future employee expectations, technology, education delivery, job and workplace design, are rapidly changing. As a globally recognised leader in innovative thinking and practice, Rio Tinto is committed to developing the new skills and capabilities essential for the current and future workforce. Rio Tinto values collaboration with the Australian government, both at the State and Federal level, who are there to support a VET system that maintains the competitiveness of Australia's industry.

¹ Minerals Council of Australia: Reform priorities to support faster recovery – 25 May 2020

² Department of Industry, Science, Energy and Resources: Resources and Energy Quarterly – June 2020

Rio Tinto's ongoing investment

COVID-19 has impacted Australia in ways that could never have been predicted. Through this challenging period, Rio Tinto has maintained the status of an essential service and has continued to recruit for skilled roles, apprentices, graduates and Indigenous trainees to fill vacancies across Australia and, as the company progresses its development plans in the Pilbara.

We continue to recruit across a range of jobs including skilled operational and maintenance roles such as frontline supervisors, experienced operators of excavators, haul trucks and graders, processing operators as well as experienced maintenance staff such as heavy diesel fitters and electricians.

On top of this, Rio Tinto has continued to hire approximately 200 apprentices, graduates and Indigenous trainees from across Australia including the Pilbara, Perth and other regional centres. The 2020 intake of apprentices and graduates is up 25 percent from last year with gender diversity also significantly increased.

To allow apprentices and trainees to enhance their qualifications, Rio Tinto committed funding toward the upskilling of out of work apprentices across various industries by covering their fees for a course in automation. This has allowed for the enrolment of up to 200 apprentices who had their apprenticeships suspended or cancelled due to COVID-19.

The company's medical provider for COVID-19 screening at Perth Airport recently hired more than 100 staff, including out of work nurses.

As part of building the skillsets of the future in 2019 Rio Tinto in collaboration with BlueChilli and Amazon Web Services launched "Future Minds", a new start up accelerator programme aiming to tackle a looming emerging 21st Century and STEM skills gap in Australia's future workforce. David Gonski AC chairs the high-calibre independent Advisory Council.

\$10 million has been pledged to be invested in the EdTech sector by Rio Tinto over four years, by supporting fourteen start-ups. It aims to prepare young Australians for the digital future by helping fast-track skills in critical thinking, problem-solving, automation, systems design, and data analytics.

Rio Tinto partnerships with governments and education institutions

Effective collaborative partnerships across industry, educators, government and community are essential to reinvigorate learning pathways, student experiences and outcomes which will attract and engage diverse talent. Rio Tinto has been working through the establishment of the Resource Industry Collaboration in Western Australia with representation from TAFE, Universities, Department of Education and Training WA, the Chamber of Minerals and Energy and industry partners.

The development of the first nationally recognised VET qualifications in automation³ was done in collaboration with the Western Australian Government and the South Metropolitan TAFE resulting in three certificates in automation.⁴ This is a demonstration of both our commitment to reskilling and upskilling our current and future workforce and our commitment to the VET system. In September 2020 we will see the first pilot group of high school students complete the automation training resulting in ten students being offered positions in the Automation Traineeship with Rio Tinto.

Rio Tinto recognises that the mining industry needs to continue to work collaboratively to progress the workforce and innovation agenda across the industry, and to ensure that training and skills development benefits the sector as a whole.

³ See Rio Tinto, Media Release, <https://www.riotinto.com/news/releases/Australian-automation-qualification-accreditation>, 12 November 2019

⁴ These accredited courses are delivered as a VET in Schools programme

Rio Tinto collaborates nationally at an industry level via the Minerals Council of Australia (MCA) which in late 2018 established its Workforce and Innovation Committee which I chair.

The MCA's Workforce and Innovation Committee is working on delivering a suite of connected initiatives for industry that will help to increase and promote diversity and inclusion in mining, secure existing and future talent pools and pathways, deliver inclusive leadership and showcase mining as an industry of choice. Since its inception, the MCA has developed and delivered strategic education partnerships and pathways to the modern mining sector, facilitating access to and inspiring a wider talent pool through a series of curricula pilots including a reinvigorated Mining Engineering pathway.

We welcomed the November 2019 announcement of the MCA being awarded the Skills Organisations Pilot for the mining industry and the key role the MCA will play in shaping the national training system.

At Rio Tinto we recognise that initiatives like the Skills Organisation Pilot, where industry takes a leading role in supporting the VET system will lead to better outcomes for learners, employers, and the economy. Aiming for greater national-level consistency, recognition and access to courses across the VET system is an important objective of the pilots, particularly for students in regional and remote Australia, the communities in which Rio Tinto operates.

Policy priorities to deliver a more responsive VET sector

1. Partnership

Continue to build a close partnership between industry and government to identify and anticipate the modern and relevant skills that can be acquired through the VET sector as a valued pathway to meaningful employment.

Having an active VET system that consults and engages with industry to ensure that the streams of education aligns with the current and future requirements of roles required by industry will provide greater opportunities for individuals and industry alike.

2. Competency and skill-based qualifications for the future

The future workforce will be empowered to change specialisations and careers a number of times over their working lives enabling a lifetime of learning. Where the VET and university systems can work together and be designed around competencies, skills sets and learning outcomes while recognising prior achievements and learnings, students will develop skills that meet both individual and fit for purpose industry needs.

Funding VET that mirrors this educational stream of micro credentialing / skill set training will allow students to build on and gain new skills and knowledge and be more adaptive to the changing workforce landscape.

3. Funding for enterprise training

Creative co-funding models that support upskilling and reskilling programs for companies that use the formal training system with existing workforces, government and industry support.

4. Tertiary education in regional Australia

More than 60 per cent of mining jobs are located in regional areas. The mining industry needs higher skilled individuals in local communities in which we operate. Removing barriers for people in regional communities to pursue training opportunities provides for a more diverse and rich organisational culture and more local job opportunities in the regional areas.

³ See Rio Tinto, Media Release, <https://www.riotinto.com/news/releases/Australian-automation-qualification-accreditation>, 12 November 2019

⁴ These accredited courses are delivered as a VET in Schools programme

Rio Tinto recognises VET as playing a vital role in building essential skills for Australia's competitiveness, now and into the future and supports the interim review of the National Skills and Workforce Development Agreement.

If you wish to follow up on any matters raised in this submission, please do not hesitate to contact Mr. Scott Browne, Vice President Human Resources.

Yours Sincerely

Chris Salisbury
Chief Executive – Iron Ore

³ See Rio Tinto, Media Release, <https://www.riotinto.com/news/releases/Australian-automation-qualification-accreditation>, 12 November 2019

⁴ These accredited courses are delivered as a VET in Schools programme