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**Submission in response to the May 2013 Draft Report of the
Productivity Commission Inquiry
into Non-Financial Barriers to Mineral and Energy Exploration**

The Australian Institute of Geoscientists (AIG) is a not-for-profit professional institute representing some 3000 geoscientists employed in all sectors of industry, government, research and education throughout Australia. The majority of the Institute's members are professional geologists and geophysicists who work in the metalliferous and coal exploration and mining industries.

The AIG welcomes the Productivity Commission Inquiry as the issues considered by the Inquiry have a direct impact on the employment environment for our members.

Many of the contributors to the Inquiry have effectively highlighted the importance of reducing the time and financial costs associated with the regulatory environment for exploration, and the Inquiry's May 2013 draft report addresses these concerns. The AIG's contribution will not attempt to duplicate the thorough and well considered submissions by AIG members and our colleagues in the exploration industry. Rather, with this brief submission we wish to emphasise the deleterious impact that a slowing exploration industry is having on the employment environment for our members, and the downstream effects of this impact on the future efficiency and effectiveness of exploration in Australia.

We wish to make the following comments:

- Since 2009 the AIG has conducted semi-regular online employment surveys of its membership and the wider Australian geoscience community. The survey responses have shown a marked and continuing upward trend in unemployment and underemployment amongst geoscientists since June 2012, as illustrated in Figure 1.
- Responses to the most recent survey, carried out in the first two weeks of July 2013, indicate a combined unemployment and underemployment rate of 22%.
- Exploration geoscientists are reporting the highest rate of unemployment, but there is also an increase in reported job losses amongst geoscientists in the mining and environmental sectors, indicating a flow-through effect in the industry as exploration investment declines. The correlation between exploration expenditure and geoscience employment is clearly illustrated in Figure 2.

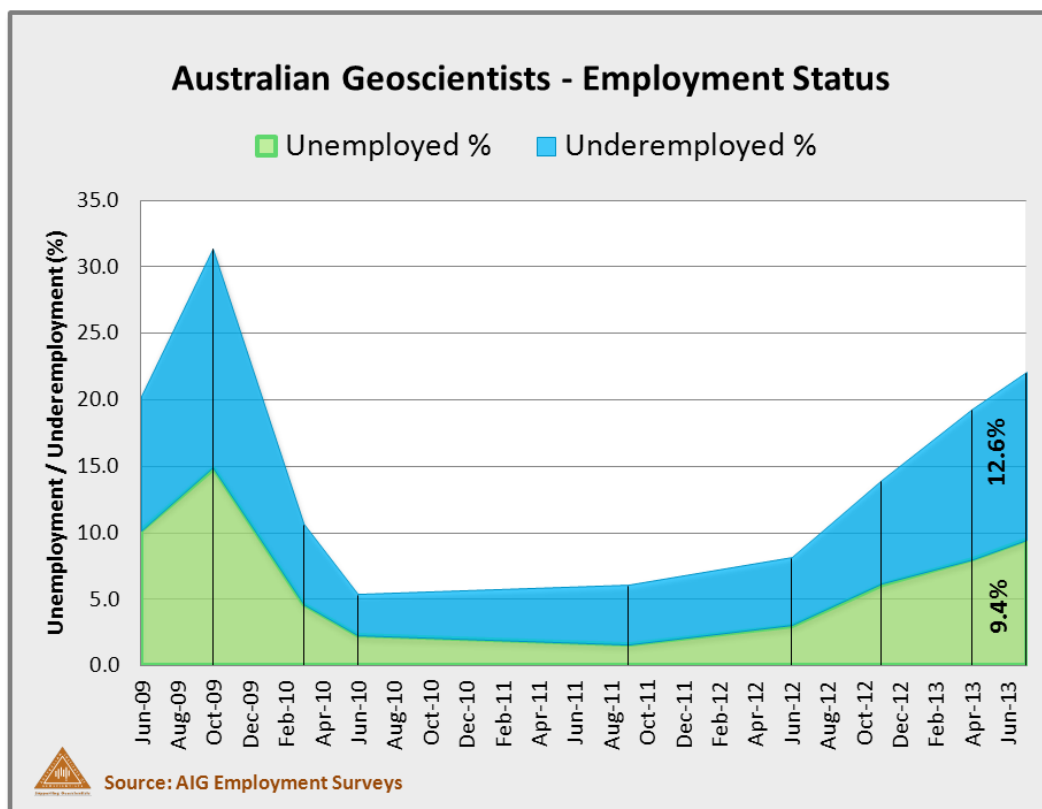


Figure 1. AIG employment survey responses to July 2013.

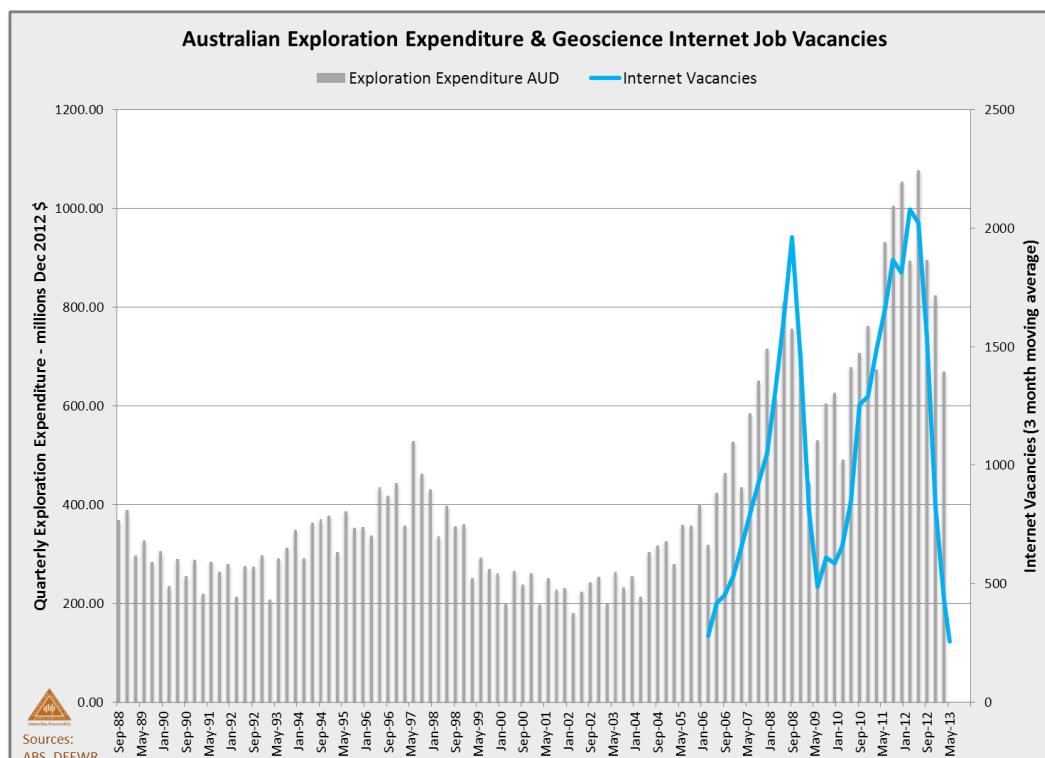


Figure 2. Australian quarterly mineral exploration expenditure (all commodities) compared with internet geoscience job vacancies. Data sources: ABS, June 2013; DEEWR May 2013. (Internet vacancy data not available prior to January 2006.)

- These recent AIG employment survey figures, and an abundance of anecdotal evidence from the geoscience community, conflict with the scenario presented in Section 8 Workforce Issues of the Inquiry's draft report, which makes reference to "*current (skills) shortages in geoscience occupations*" (p 230).
- There is a significant risk that geoscientists will leave the exploration industry (and the resources industry), as the marked slowdown in exploration activity leads to an increasingly uncertain employment environment. This occurred during the extended slump in exploration activity from the late 1990's to the early 2000's, contributing to the severe geoscience skills shortage experienced by the resources industry through much of the last decade.
- The loss of geoscientists from the exploration industry will contribute to the next skills shortage if or when exploration activity in Australia recovers.
- The loss of job opportunities in exploration could also result in a decline in enrolments in undergraduate geoscience courses, as has happened before, further contributing to a future skills shortage.
- The erosion of Australia's geoscience skills base, the loss of geoscience knowledge, and the sharp slow-down in exploration and research on exploration projects, will have a damaging impact on both the rate and cost of discovery.

The employment environment for geoscientists has deteriorated rapidly in the last 12 months in response to declining exploration activity. Improving the regulatory environment is a crucial step in attracting investment, invigorating this critical industry, and ensuring Australia maintains its world-class geoscience skills base.

Yours sincerely,

Kaylene Camuti
 President
 Australian Institute of Geoscientists

References

ABS (Australian Bureau of Statistics), June 2013 Release. 8412.0 Mineral and Petroleum Exploration, Australia. Table 5. Mineral Exploration (Other than for petroleum) - Expenditure by mineral sought.

DEEWR (Department of Education, Employment and Workplace Relations) May 2013. Vacancy Report (accessed 15th July 2013). <http://lmip.gov.au/default.aspx?LMIP/VacancyReport>