

Commodities boom calls on outsourcing to fill skills gap

Sylvester Haskins | Features Reporter

The array of expansion activities in the mining sector, spurred on by the international commodities boom, has seen skills outsourcing becoming an essential cog in the mining industry, as stakeholders are compelled to tap into the sought-after mining engineering skills that contract mining companies are often able to provide, says consultancy firm Partners in Performance's international principal, **Simon Davies**.

"Outsourcing has always been there and always will be there, and the industry is currently being driven by the high commodity prices at present.

"This results in marginal benefits for large mining companies, who can take the outsourcing approach as a short- to medium-term means

of lifting output beyond the capacity of their own mining operations," explains Davies.

He adds that contract mining forms an important part of the mining industry, forming a part of mining houses' core operations.

However, Davies explains that large-scale mining houses have a greater responsibility to manage the activities of the contract miner, owing to the labour-intensive nature and risks associated with the mining industry.

"Even the big mining houses still have to carefully manage the activities of their contract miners, and so it is even more important to get the practice of outsourcing right in this type of environment," states Davies.

"Mining houses are often still

accountable even for outsourced activities, and because these large mining companies are usually listed corporate citizens wishing to maintain a positive public image, it is in their best interest to effectively manage their outsourcing practices," he adds.

"The challenge is to manage the outsource supplier, or whoever is actually doing the work, and that is an issue that would be common to both contract miners and the general outsourcing industry," stresses Davies. He says that suitable and pre-determined key performance indicators need to be set to ensure that the operations outsourced to mining contractors, by a mining house, are operations that will benefit both parties.

He says that the contract mining and outsourcing industry is presently driven by high commodity prices, and this means that mining houses need to tap into the skills pool of contract mining companies, as a marginal benefit for short-term capacity gain.

"In these circumstances, the mining houses will use contract mining as a tactical lever.

"High commodity prices result in large mining companies investigating to gain a short-term lift in the output of one of its assets, and, in this instance, they sometimes opt to use contract mining to assist," explains Davies.

He says that outsourcing forms a significant part of mining activity in South Africa, and often provides a strategic advantage to the expansion activities of an organisation.

"It is always going to be a niche industry. The large mining houses like Anglo, BHP Billiton and Rio Tinto will always have some outsource operations that suit them for a particular reason and at a specific point in time," concludes Davies.

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