15/12/2022

Australia's Migration System Review Taskforce
Department of Home Affairs
6 Chan Street
Belconnen ACT 2617

Dear Taskforce Secretariat,

A MIGRATION SYSTEM FOR AUSTRALIA'S FUTURE – DISCUSSION PAPER

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in Western Australia (WA). CME is funded by member companies responsible for more than 91 per cent of the State's mineral and energy workforce employment,[1] ranging from mining (mineral and petroleum commodities), manufacturing (alumina, basic inorganic chemicals and explosives) and supporting services.

The value of royalties received from the sector totalled over $11 billion in 2021-22, accounting for 27 per cent of general government revenue.[2] Amid heightened commodity demand, royalties and stronger tax collections from the sector are expected to underpin government fiscal capacity in 2022-23.

Overview

Contributions from the WA mining and resources sector directly and indirectly support a wide variety of businesses and government entities across the local and national economy, representing at least $100 billion in direct contributions drawn from a subset of 56 CME member companies in 2020-21.[3] The resources sector is also a large employer within WA, with a record 156,324 personnel engaged on-site in 2021 - a significant increase of 11.7 per cent since the outset of the pandemic in 2020. [4]

The activity of the resources sector is vast and complex, including a diversified pipeline of major construction works (both brownfield and greenfield), production volumes at record levels, ongoing maintenance activities, as well as investment in downstream processing and strategic industry development (including large scale decarbonisation). In the preparation of this letter CME have incorporated feedback from member companies who are spread across the resources sector (e.g. primary producers and contracting partners) in order to capture the depth and breadth of the local industry.

This letter is structured to provide a brief overview of the demand for labour and skills for the Western Australia resources sector alongside impacts of labour market deficiencies, provide a local perspective on migration and opportunities or barrier therein, and finally provide recommendations for the Government to consider.

The WA labour market and perspective of the resources sector

With strong labour demand driving labour underutilisation rates to the lowest levels in many years and workforce participation sustained at historically high levels, [5] the Australian skills and labour marketplace is under pressure. WA follows this same trend, with the low unemployment rate (3.4 per cent in September 2022), and the measure of job vacancies exceeding the number of unemployed people in the State.[6] Whilst this strong labour market performance does deliver an economic benefit in terms of improved local workforce participation, the unprecedented job vacancy rate and depressed migration rate are constraining local businesses. Specifically for the resources sector, the unprecedented demand for skilled workers has exacerbated long-standing skill shortages in a number of critical areas (e.g. experienced and specialised skills) and placed new stressors in the local labour market (particularly in regional and remote areas).

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[1] Government of Western Australia, *2021-22 Economic indicators resources data*, onsite employment under State legislation, Department of Mines, Industry Regulation and Safety, 5 October 2022.
[2] Government of Western Australia, *2021-22 Annual report on State finances,* Department of Treasury, 28 September 2022, pp. 8.
[3] The Chamber of Minerals and Energy of WA, *Economic contribution factsheet 2020/21*, 27 March 2022.
[4] Government of Western Australia, *2021-22 Economic indicators resources data*, Department of Mines, Industry Regulation and Safety, 5 October 2022.
[5] Reserve Bank of Australia, *Statement on Monetary Policy November 2022*, 4 November 2022, pp 21.
[6] Government of WA, *WA Economic Profile*, Department of Jobs, Tourism, Science and Innovation, October 2022.

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To protect the safety and productivity of its workforce, the WA resources sector moved quickly to respond to the significant challenges a constrained labour market presented. These responses from the sector have focused on initiatives to maximize local training and recruitment opportunities, and strategies to improve the value proposition to new and existing employees (including renumeration, contractual offerings, and career development opportunities).

Despite these efforts, labour market constraints continue to place pressure on the supervisory framework and productivity of the sector, ultimately straining economic output. A shortage of experienced workers is leading to the need to employ additional staff for the same work output to provide the level of supervision and experience required to ensure the work can be completed safely. This 'skills dilution' is of particular concern and relevance to our sector where protecting the safety and health of workers is paramount. Shortfalls in the local labour market remain a concern of the sector, with members reporting both a deficiency in applicants for positions, and difficulty in incentivising workers to relocate to regional and remote Western Australia.

Looking forward, the outlook for the WA resources sector remains strong. Critical minerals and the resources required to support the global energy transition remain attractive to investors, alongside new and expansion projects across established resource deposits (buoyed by positive terms of trade). Exploration investment (often a leading indicator mining and resources activity) remains at record highs, with WA accounting for 64.2 per cent of Australia's minerals exploration expenditure in 2021-22.[7]

However, the sector is facing considerable headwinds in the form of geopolitical tensions, disrupted supply chains, intense global competition for investment capital, delays and duplication within regulatory and approval processes, and a constrained local labour market exacerbated by global skill shortages. In an environment of intense competition and stagnating labour productivity,[8] this constrained skills market compromises the industry's ability to capitalise on favourable investment trade flows and deliver optimal economic outputs – including value-added products.

In short, labour market tightening undermines Australia's international competitiveness, including our ability to attract the substantial capital required for new projects related to renewable energy and decarbonisation.

Australia's migration policy settings

Whilst every effort to secure a local workforce is made, the large and complex nature of resource sector projects highlights an on-going requirement to source experienced and highly skilled professionals from international talent pools. This is particularly apparent during favourable terms of trade and when seeking to adopt new technologies, such as those required for nascent industries and during decarbonisation.

Further, migration can also play a valuable role in lifting productivity through the onshoring of new productive knowledge, supporting the development of local skills by onshoring mentors and trainers, and providing relief to regional or remote areas most impacted by skills and labour shortages. However, to realise these benefits, there needs to be ongoing policy and funding support to attract and retain international talent. It is only through increased and sustained international skills migration that our sector – and Australia as a whole - can remain a globally competitive value-adding economy.

The position of the Federal Government to support the development of local skills alongside the improving the accessibility of skilled migration pathways was welcomed by CME and its members. Recent Government action to increase the migration cap to 195,000 places and the $42.2 million in funding allocated to improve visa processing times and raise awareness of opportunities for high-skilled migrants[9] is viewed as a positive step. However, it is apparent bottlenecks within the migration system remain, and opportunities to optimise pathways and simplify visa processes are apparent.

CME welcome the announcement of the review into Australia's migration system and opportunity to comment on the discussion paper. With labour markets in most advanced economies at, or above, full employment,[10] swift action will be critical to ensure Australia is positioned competitively in the global skills marketplace, and support industry to attract and onshore skills in an efficient timeframe.

[7] Government of Western Australia, *2021-22 Economic indicators resources data*, Department of Mines, Industry Regulation and Safety, 5 October 2022

[8] Commonwealth of Australia, *5 Year Productivity Inquiry: The Key to Prosperity*, Productivity Commission, 3 August 2022.

[9] Australian Government, Budget Paper No. 2, Federal Budget October 2022-2023, 25 October 2022, pp. 7, 82.

[10] Commonwealth of Australia, *5 Year Productivity Inquiry: The Key to Prosperity*, Productivity Commission, 3 August 2022.

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Recommendations

To ensure Australia (and the resources sector) is competitive within the global skills marketplace, CME makes the following recommendations:

- Improve taxation and migration policy settings to make the Australia more competitive as a destination to live and work. This includes revising and optimising visa pathways to permanency.
- Improve the scope for in-demand occupations to be able to access skilled migration programs. This includes improving accessibility for new and emerging occupations / industries.
- Build on recent resourcing capability improvements to ensure the timeliness of visa processing and ensure Australian industries can secure and efficiently onshore international talent in a highly competitive market.
- Revisit opportunities to streamline migration including labour market testing requirements and improve the specificity of application processes to ensure these are 'fit for purpose'.
- Update occupation shortage lists more frequently and consider industry specific lists or other pathways to accommodate niche in-demand roles.
- Re-assess occupational classifications through the ANZSCO system and consider the implementation of industry-wide labour agreements for semi-skilled positions.
- Review the Designated Area Migration Agreements (DAMA) in place in WA (including the utilisation rate) and ensuring these agreements are 'fit for purpose'. This may include the revision of the skills assessment components and ensuring accessibility for applicants to meet these requirements.
- Revisit the pathway to a permanent residency visa via the Global Talent Visa and ensure it is optimised for young professionals.
- Consider pathways to improving the opacity of skilled migration programs (and the intersect between programs) for the public and explore new ways to clearly communicate these to industry.

Conclusion

With just over $36 billion of committed resources and energy projects within Western Australia, and a further $90.6 billion in the project pipeline,[11] access to a sufficiently skilled and experience with sectoral domain knowledge will be critical in ensuring Australia can capitalise on the opportunities presented.

A concerted and coordinated effort from Government, industry, and training sector stakeholders, supported by contemporary migration policy settings, will be required to address key labour market constraints in the near-, medium- and long-term, and assist Australia in achieving its productivity and economic ambitions.

Should you have questions regarding this letter, please contact Adrienne LaBombard, Acting Director of Policy and Advocacy on 0400 912 525 or via email at A.LaBombard@cmewa.com.

Yours sincerely

Rebecca Tomkinson
Chief Executive Officer

[11] Government of Western Australia, *Western Australia Mineral and Petroleum Statistics Digest 2020-21*, Department of Mines, Industry Regulation and Safety, 1 March 2022.