

2/12/2022



Louise Rawlings
Assistant Secretary
Policy and Analysis – the Employment White Paper
The Treasury
Langton Crescent
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Sent via email: employmentwhitepaper@treasury.gov.au

Dear Assistant Secretary,

EMPLOYMENT WHITE PAPER – CONSULTATION ON THE TERMS OF REFERENCE

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in Western Australia. 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.

Western Australia (WA) is a major economic contributor, with WA mineral and petroleum export earnings totaling over \$226 billion in 2021, representing 95 per cent of the State's export earnings and 63 per cent of Australia's mineral and petroleum export earnings.¹ Amid heightened commodity demand, royalties and stronger tax collections from the sector are expected to underpin government fiscal capacity in 2022-23.

The resources sector is also a large employer within WA. A record 156,324 personnel were engaged on-site in 2021 (a significant increase of 11.7 per cent since the outset of the pandemic in 2020),² driven by positive terms of trade and expanding productive capacity.

Overview

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).

Regarding employment, the aforementioned operational complexity leads to a diversity of skills required within the sector, both in type and quantum, dependant on the nature of the resources operation and project stage (i.e. exploration, construction, operation and maintenance, and rehabilitation). The remoteness of many operations alongside recurrent mobilisation demands through these stages of project development drives a need for the WA resources sector to employ a flexible and mobile workforce structured into residential, Fly-In Fly-Out (FIFO), Drive-In Drive-Out (DIDO) workforce arrangements. While residential employment, drawing on local talent pools, is prioritised and incentivised where possible, there is also a need to compete for, attract and retain talent, by offering individuals the choice of where to work and live. This is discussed further below.

To capture the depth and breadth of local industry, CME have incorporated feedback from member companies who are spread across the resources sector (e.g. primary producers and contracting partners) and who employ workers on a FIFO, DIDO and residential basis.

This letter seeks to present an overview of the current state of play for the WA resources sector from a skills and employment perspective and discuss key themes from the terms of reference as relevant to our sector. These themes include:

1. The future requirements of work (as related to energy transition, achieving net zero and the development of emerging industries)

¹ Government of Western Australia, [2021-22 Economic indicators resources data](#), Department of Mines, Industry Regulation and Safety, 5 October 2022.

² Government of Western Australia, [2021-22 Economic indicators resources data](#), Department of Mines, Industry Regulation and Safety, 5 October 2022.

2. Supporting diversity and closing the gender pay gap
3. Workforce participation in regional and remote WA
4. Education and training in a modern economy
5. The role of skilled migration

The WA labour market and perspective of the WA resources sector

The Australian skills and labour marketplace remains under pressure, with strong labour demand driving labour underutilisation rates to the lowest levels in many years, and workforce participation sustained at historically high levels.³ Similarly, labour market conditions within WA remain strong and despite recent easing, the unemployment rate (3.4 per cent in September 2022) remains low with the measure of job vacancies greater than the number of unemployed people in the State.⁴ Consequently, State recruitment activity remains strong, with WA experiencing the second highest growth rate in advertised vacancies within Australia in October 2022 (second only to Queensland), and a 96.4 per cent increase in vacancies compared to pre-COVID figures.⁵

Labour market tightening within WA and across the national economy has placed strain on 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). The WA resources sector moved quickly to respond to the significant challenges a constrained labour market presented, focusing on initiatives to maximize local training and recruitment opportunities, and improving the value proposition to new and existing employees (including remuneration, 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 in order 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 2021-22.⁶ Positively, estimates outline just over \$36 billion of committed resources and energy projects are within the WA pipeline, with a further \$90.6 billion proposed.⁷ However, in order to realise the economic benefits of these projects a concerted, coordinated and collaborative approach to position WA competitively in the national and global skills marketplace is required.

The future requirements of work

Energy transition, achieving net zero & emerging industries

A global shift towards decarbonisation and the large-scale adoption of renewable technologies is driving a fundamental transition in Australia's domestic energy market. This energy transition is rapidly taking place, technology-led and commercially driven to a significant extent, with CME member companies responding to minimise both their climate risks and carbon footprint by investing in:

³ Reserve Bank of Australia, [Statement on Monetary Policy November 2022](#), 4 November 2022, pp 21.

⁴ Government of WA, [WA Economic Profile](#), Department of Jobs, Tourism, Science and Innovation, October 2022.

⁵ Australian Government, [Vacancy Report October 2022](#), Jobs and Skills Australia, 23 November 2022.

⁶ Government of Western Australia, [2021-22 Economic indicators resources data](#), Department of Mines, Industry Regulation and Safety, 5 October 2022

⁷ Government of Western Australia, [Western Australia Mineral and Petroleum Statistics Digest 2020-21](#), Department of Mines, Industry Regulation and Safety, 1 March 2022.

- behind-the-meter or in off-grid applications;
- new technologies to harness renewable power in their value chains; and/or
- emerging energy industries, such as Hydrogen.

The resources sector recognises shifting to renewable energy sources and decarbonising operations is critically important for global sustainability.

Simultaneously, the decarbonisation global imperative is driving demand for the critical and battery minerals which, along with tradition commodities such as iron ore, will be needed to provide the raw material inputs for renewable energy generation assets and other decarbonisation technologies. For instance, modelling from the International Monetary Fund determined in realisation of a net-zero global emissions 2050 scenario, the demand boom could lead to a more than four-fold increase in the value of metals production with potential bottlenecks emerging in the supply of Copper, Nickel, Cobalt and Lithium in particular.⁸ Australia is well-positioned to meet this emerging critical and battery minerals demand, having established itself as a stable supplier of resources to the international market despite the disruptions experienced over the COVID-19 period.

However, for the WA resources sector to be able to meet their net zero ambitions, a collaborative and whole-of-economy response will be required which includes the facilitation and development of a specialised workforce able to meet the scientific and technical feats required. Consequently, a critical priority is apparent for Australia (and WA) to position itself competitively in the global marketplace to onshore the technical expertise and substantial capital required for new project investment. Successful positioning of Australia will not only enable us to secure the best and brightest from international talent pools to work closely with our domestic decarbonisation experts, but could provide future opportunities for the export of critical net zero technologies or new resources in the decades to come.

The introduction of a new energy source (and a long-term action to sustain this investment) is expected to generate additional activity throughout the economy, this includes in the construction, transport and on-going operation and maintenance of new decarbonisation assets. The amalgamation of these goals is challenged by the current tight labour market conditions and systematic barriers to mobilising skilled and experienced Australians efficiently across industry sectors. An efficient and nimble training system which can identify the skills gaps and credential individuals through targeted training pathways is required, and will be discussed further in the 'Education and training in a modern economy' section of this letter.

In recognition of the impact of labour market tightening on Australia's investment competitiveness and on shared ambitions within energy transition, decarbonisation and the development of emerging industries, CME recommends the terms of reference for the White Paper consider:

- Systematic efficiencies which could be implemented to improve global competitiveness, including within skills migration and the education and training sector.
- Nimble and innovative pathways based on competency recognition which support cross sectoral industry mobility.
- New methods to collate and assess employment data in emerging occupations and industries (including new specialised skills within existing occupations). This may include the revision and modernisation of the ANZSCO/ANZSIC classification system and its application in the development of priority lists and labour market testing for skilled migration.

Supporting diversity and closing the gender pay gap

The WA resources sector acknowledges more needs to be done ensure our workplaces are safe and inclusive. To eliminate sexual harassment and assault the sector is proactively responding to the Community Development and Justice Standing Committee's Enough is Enough Report⁹ findings and collaboratively engaging with our workforce and Government on outcomes-focused solutions. CME will continue to share evidence informed best practice to drive industry wide improvements to eliminate sexual harassment, such as the Implementation Framework¹⁰ and work with all stakeholders to achieve the cultural and organisational change required.

⁸ International Monetary Fund, [IMF Working Paper: Energy Transition Metals](#), Research Department, October 2021.

Diversity and inclusion have been recognised as important enablers to promote creativity, encourage unique perspectives, support problem solving, and drive innovation and productivity. Preliminary findings from CME's most recent Diversity and Inclusion report (to be released in early December), outline the WA resources sector comprises of 21.5 per cent of women. Positively, the report identifies this rate is 4.5 per cent higher than the comparable national average of women's participation in the Mining sector and evidences a clear commitment to increasing diversity within the sector. However, whilst positive for women in the WA resources sector, the report acknowledges this participation rate is low when compared to the comparable participation rate for women in the broader WA economy (46.4 per cent).⁹ Thus, signalling opportunities for the WA resources sector to continue to improve its' capacity to attract and retain women within the sector.

In acknowledgement of the above and pursuit of diversified talent pipelines, many resources companies operating in WA have strategies under development or in place, to support the attraction and retention of diverse candidates. Specific initiatives the sector have implemented include; working with specialised cohorts and improving (or building new) pathways into the industry including those for women, youth, and First nations people; re-assessing job application criteria to widen the cohort of potential eligible candidates; revising FIFO rosters to offer more family or lifestyle friendly options; offering financial support for services such as childcare as part of contractual arrangements and; supporting the participation of school-aged students in STEM subjects.

Positively, this multifaceted approach to diversification of the talent pipeline is beginning to pay dividends, with findings from CME's Diversity and Inclusion report noting a proportional shift for women towards machinery operator roles and technical trade work.¹⁰ However, sustaining and expanding the participation of diverse candidates into non-traditional areas will be critical to facilitate on-going productivity. CME welcome and support the announcement of the Pathways to Diversity in STEM by the Federal Government,¹¹ and opportunities to collaborate, consult and share practical progress.

From a wage perspective, the mining and resources sector is known to offer competitive salaries when compared to the broader economy, with an average wage of \$140,478 per annum reported for the Australian mining industry versus \$92,030 per annum for all industries.¹² Pleasingly, Gender Pay Gap (GPG) from 2020-21 data analysed through the Diversity and Inclusion report illustrated Mining as an industry performs well, with a GPG 11.4 percentage points lower than that of WA (14.2 per cent for Mining nationally versus 25.6 per cent for WA as a whole), and 5.5 percentage points lower than all other industries in the national economy (14.2 per cent versus 19.7 per cent for all other Industries in Australia).¹³ Whilst this is a positive depiction of wages for women within the sector, it is clear pay equity has still not been achieved and more work is required to close the gap. CME welcome recent outcomes from the Government's Jobs and Skills Summit to identify and seek to address key barriers for women in participating in the economy (including access to childcare) and industry will continue to review opportunities to address pay equity matters.

In pursuit of diverse and inclusive workforces, pay equity and improving employment outcomes for women, the terms of reference should consider:

- Prioritising policy settings which support and encourage late-stage career workers to remain engaged in employment and life-long learning.
- Supporting modifications to the fringe benefits tax regarding exemptions for off-site childcare provision (detailed further in the 'Workforce participation in regional and remote WA' section of this document).
- Further opportunities for collaborative partnerships between industry and the education and training sector to support the mobility of diverse candidates in the economy.

Workforce participation in regional and remote WA

Regional liveability and access to training for remote and regional West Australians

CME recognise the WA resources sector is a strong driver of employment demand within the State, particularly in the remote and regional areas in which the sector operates. According to regional vacancy

⁹ CME, Diversity and Inclusion in Western Australia – Resources Sector 2021 Report, accessed 30 November 2022.

¹⁰ CME, Diversity and Inclusion in Western Australia – Resources Sector 2021 Report, accessed 30 November 2022.

¹¹ Minister for Industry and Science, [Diversity in STEM expert panel](#), media release, 24 November 2022.

¹² Australian Government [Average Weekly Earnings, Australia](#), Australian Bureau of Statistics, May 2022.

¹³ CME, Diversity and Inclusion in Western Australia – Resources Sector 2021 Report, accessed 30 November 2022.

data, occupational groups common in resources and construction operations remain prominent. For instance, the Technicians and Trades Workers and Professional job categories represented the highest occupational demand categories in every region of the State during October, and the Machinery Operators & Drivers category comprised the third largest demand category in the Pilbara & Kimberley and the Goldfields & Southern WA regions (noted to have a high level of mining activity).¹⁴ As such, CME's members companies have a number of incentives in place to attract and retain workers to the regional and remote communities in which the sector operates.

When considering the enablers and barriers to workforce participation within WA remote and regional areas, the importance of regional liveability requires acknowledgment. For instance, the availability and affordability of housing and childcare, alongside the accessibility and quality of education and health care services, are critical to support the regions capacity to attract and retain skilled and unskilled talent. In addition, crime and security in the local regions and the downstream impacts on regional liveability, alongside access to social lifestyle infrastructure or services such as sporting, recreational, arts and cultural hubs, and hospitality venues which support diverse lifestyles, are key decision-making considerations for individuals and families considering relocation. CME recommends the role and accessibility of these services should be considered in the context of regional and remote labour force participation.

Another important consideration is the availability of quality training services within the regions to ensure the skills development of local workforces and regional communities. From a community perspective, this is particularly relevant when supporting diverse talent pipelines, such as First Nations, women, and people with disability, who may face barriers commuting to metropolitan areas to complete their studies. Local opportunities to support quality training outcomes, optionality, and ultimately workforce participation are required. This may include providing development grants to improve the diversity and provision of online courses and content available.

To support labour force participation in our regional and remote communities, the terms of reference should consider:

- Regional liveability as an important workforce attraction and retention mechanism, including any investment in health, education, and social infrastructure.
- Providing development grants to improve the diversity and provision of online education and training courses and content available to be delivered to regional and remote communities.
- Investing in shared-use education and training infrastructure (e.g. learning and development hubs) to support the delivery of content within regional and remote communities and assist in facilitating lifelong learning.
- Pathways to continuing to drive innovation within the VET sector to support alternate training delivery models

Further recommendations for regional training are discussed in the 'Education and training in a modern economy' section of this letter.

Incentivising workforce participation through Fringe Benefit Tax

To improve gender-based employment and equity outcomes, CME recommends the White Paper reconsider the Fringe Benefit Tax (FBT) treatment of the following employer-provided assistances:

- Extend the FBT exemption for on-premises childcare assistance to off-premises. For women who return to work, the inclusion of childcare services in salary sacrificed employment packages is more likely to positively affect labour supply than lowering the cost of childcare. However, this financial assistance attracts the highest marginal rate of tax. Further, children's education costs for employees required to reside in remote areas should be treated as a living away from home allowance and exempt from FBT.
- FBT concessions in remote areas should be revisited as an economy-wide measure to attract and retain skilled labour. Access to accommodation, particularly in 'resources focused' regional areas, remains a critical constraint to attracting and retaining talent. If properly structured, it would benefit sectors like mining, oil and gas, agriculture, education, law, and health. It is notoriously challenging to have professionals stay beyond their contracted short-term arrangements. Expanding the

¹⁴ Regional Australian Institute, [Regional Job Vacancy Map](#), October 2022.

employee-sourced housing concession to an exemption would help reduce the disproportionate administrative burden of demonstrating nexus to employment, particularly where it cannot be reasonably construed as an 'overly generous private benefit' in remote and very remote areas of Western Australia and Northern Territory.

CME suggests the above amendments could be trialled on a 'pilot' basis in regional and remote areas where identified acute skills shortages exist alongside heavy industry, such as the Pilbara or Goldfields regions of WA.

Education and training in a modern economy

Employment within the WA resources sector currently sits at record heights,¹⁵ and industry have been heavily investing in both the upskilling of existing workers and addition of high numbers of apprentices and trainees. The budget announcement of 480,000 fee-free TAFE places in industries and regions with skills shortages¹⁶ is a welcome addition to collaborative training investment. However, it should be acknowledged our current training sector is under pressure. Shortages of trainers and a deficiency in training places are impacting the capacity to deliver on the training investment the economy is driving. This is particularly relevant in the State's regional communities.

To support trainers within the system and help build quality training outcomes, innovative models for industry to better support on-site training and enable industry to work more collaboratively with their off-site training partners are required. At a more granular level, this could include reviewing the accreditation model for Vocational Education and Training (VET) practitioners to ensure it is fit for purpose and supporting opportunities for industry employees to engage in flexible and innovative training partnerships through private and public providers.

The increasing mobility of labour seen within the modern economy is driving an imperative for the education and training system to be able to provide high-value and efficient training outcomes to individuals which better recognise the transferability of skills. CME welcome on-going action to reform the VET sector, including the introduction of the new Jobs and Skills Australia entity. CME welcome further action to align industry standard practice with training and education outcomes, and support further opportunities to facilitate collaboration between industry and the training system architecture to improve content currency.

To supply the skills required for the future of the resources industry, a continued investment in local skills and training is needed. Therefore, CME recommends the terms of reference consider:

- Pathways to a training system which is nimble, responsive and a contestable market.
- Innovative models for industry to better support on-site training and enable industry to work more collaboratively with their off-site training partners.
- The use of pilot projects to improve VET skill recognition pathways and the establishment of skills assessment facilities for foreign and local workers.
- The implementation of dual apprenticeships and reduced completion timelines based on new competency frameworks, supported by fit for purpose funding arrangements.
- Policies to incentivise the development of innovative training practices and to better enable the system to align with industry need and cater to future skills demand.
- The implementation of broad based-STEM targeted programs in schools and opportunities for collaboration with industry partners.

The role of skilled migration

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 important when considering pathways to realise the ambitions of decarbonisation and energy transition, material recycling opportunities, and when supporting the development of value-adding industries, such as downstream processing and battery manufacturing. Additionally, as resource deposits become deeper and increase in complexity, access to a specialist

¹⁵ 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.

¹⁶ Australian Government, Budget Paper No. 2, Federal Budget October 2022-2023, 25 October 2022, pp.104.

workforce with the necessary skills and experience to extract these resources will be of paramount importance to protect the safety and productivity of industry.

Therefore, 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 migrants¹⁷ 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 recent announcement of the review into Australia's migration system, and reiterate swift action will be critical to ensure Australia remains globally competitive in the skills marketplace, and support industry to attract and onshore skills in an efficient timeframe.

From a skills migration perspective, CME believes the following should be considered within the terms of reference of the White Paper:

- Options to improve taxation and migration policy settings to make Australia more globally competitive as a destination to live and work.
- Options to improve the scope and agility for in-demand occupations to access skilled migration programs and reduce the length of time for visa processing. This may include considering industry specific lists or other pathways to accommodate niche in-demand roles.
- Options to re-assess occupational classifications through the ANZSCO system and consider the implementation of industry-wide labour agreements for semi-skilled positions.
- Revisit opportunities to streamline migration including labour market testing requirements and improve the efficiency of application processes to ensure these are 'fit for purpose'.
- Reviewing the Designated Area Migration Agreements (DAMA) in place in WA (including the utilisation rate) and ensuring these agreements are 'fit for purpose'.

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,¹⁸ 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 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

Att. Pre-Jobs and Skills Summit letter from CME to The Treasury (August 2022)

¹⁷ Australian Government, Budget Paper No. 2, Federal Budget October 2022-2023, 25 October 2022, pp. 7, 82.

¹⁸ Government of Western Australia, [Western Australia Mineral and Petroleum Statistics Digest 2020-21](#), Department of Mines, Industry Regulation and Safety, 1 March 2022.

30/08/2022



Ms Louise Rawlings
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Sent via email: Louise.Rawlings@treasury.gov.au

Dear Assistant Secretary,

JOBS AND SKILLS SUMMIT – PERSPECTIVE OF THE WA RESOURCES SECTOR

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in Western Australia. CME is funded by member companies responsible for more than 89 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.

Australia's resource and energy export earnings reached record levels in FY 2021-22 estimated at \$405 billion and forecast to rise to \$419 billion in 2022-23.² Commodity exports from the sector are a major contributor to Australia's economic recovery from its largest global contraction since the 1940s.³

Overview

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). 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 2020-21.⁴ To capture the breadth of local industry CME have incorporated feedback from member companies who are spread across the resources sector (e.g. primary producers and contracting partners) in the preparation of this letter.

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, outline company responses to skills and labour market challenges, and finally provide recommendations for the Federal Government to consider.

The current labour market and impacts for the resources sector

The pace of the nation's economic recovery from the global pandemic have seen the unemployment rate reach its lowest level in almost 50 years.⁵ There has never been more people employed in the WA mining and resources industry, with some 156,238 personnel engaged on-site in 2021 – a significant increase of

¹ Government of Western Australia, [2020-21 Economic indicators resources data](#), onsite employment under State legislation, Department of Mines, Industry Regulation and Safety, 10 October 2021.

² Commonwealth of Australia, [Resources and Energy Quarterly: June 2022](#), Office of the Chief Economist, Department of Industry, Science, Energy and Resources, 4 July 2022.

³ Commonwealth of Australia, [Resources and Energy Quarterly: September 2020](#), Office of the Chief Economist, Department of Industry, Science, Energy and Resources, 29 September 2020.

⁴ The Chamber of Minerals and Energy of WA, [Economic contribution factsheet 2020/21](#), 27 March 2022.

⁵ Commonwealth of Australia, [Labour Force, Australia](#), July 2022 ref period, Australian Bureau of Statistics (ABS), accessed 19 August 2022.

10.6 per cent since the outset of the pandemic in 2020.⁶ Whilst this does deliver an economic benefit in terms of improved local workforce participation, the unprecedented job vacancy rate and depressed migration rate nexus⁷ have exacerbated long-standing skill shortages in a number of critical areas for the resources sector (e.g. experienced and specialised skills) and placed new stressors in the local labour market (particularly in regional and remote areas).

CME acknowledge the resources sector is a strong driver of this demand in the Western Australia economy. Workforce modelling commissioned by CME in May 2021 predicted demand for an additional 40,000 skilled workers over the next four years within the Western Australian resources sector alone, with a potential shortfall of 33,000 workers as soon as 2023. Despite the removal of COVID travel restrictions we are seeing this shortage evidenced in ASX statements from companies across the sector, ultimately impacting our ability to increase existing or new productive capacity and constraining economic output.

Further, Australia is on the cusp of opportunity and recent events have highlighted the economic and social opportunity of leveraging strengths of the Western Australian resources sector as a competitive, sustainable, stable supplier of materials to underpin the global energy and digital technology transition. 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.

Responding to labour market tightening

When faced with the considerable challenge of an escalating demand for skills and labour and a tightening local labour market, the WA mining and resources sector has collaborated alongside government to progress a diverse range of responses to support the safety and productivity of its workforce. Three focus areas of these responses include, maximising local training and development pathways, further improving safety and employment conditions (including the urgent priority to address sexual harassment against women in our industry), and supporting diverse STEM education and VET pathways to into our sector. Beyond these direct and domestically focused actions, there remains a fundamental and urgent need to draw upon skills migration from outside as the only means to materially reduce the impact of acute shortages across our sector – now and into the future.

The WA resources sector acknowledges more needs to be done to eliminate sexual harassment and assault and ensure our workplaces are safe and inclusive. At a local level, the sector is proactively responding to the Community Development and Justice Standing Committee's *Enough is Enough* Report⁹ findings and recommendations and is looking forward to the WA Government handing down their response in mid-September. CME will continue to share good practice strategies to drive industry wide improvements to eliminate sexual harassment an example of this is the Implementation Framework¹⁰ which captures the key target areas being addressed by our member companies.

In the context of local training and development, resources companies have sought to expand the pool of prospective candidates available to the sector and further diversify their talent pipelines. These talent diversification strategies include; working with non-traditional talent cohorts and improving (or building new) pathways into the industry, such as those for women and older cohorts for trades and traineeships, indigenous, youth, and transition pathways from adjacent industries; boosting apprenticeship and traineeship commencements and completions; re-assessing job application criteria to widen the cohort of potential

⁶ Department of Mines, Industry Regulation and Safety WA, [Industry activity indicators, 2021](#).

⁷ Commonwealth of Australia, [5 Year Productivity Inquiry: The Key to Prosperity](#), Productivity Commission, 3 August 2022.

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

⁹ Western Australia Legislative Assembly, Community Development and Justice Standing Committee, Report 2, *Enough is Enough, Sexual Harassment against women in the FIFO mining industry*, June 2022

¹⁰ The Chamber of Minerals and Energy of WA, [Implementation Framework: Eliminating Sexual Harassment in the WA Resources Sector](#), June 2022

eligible candidates; offering new work placement and/or 'VET in Schools' training opportunities; offering working from home arrangements where possible, and; revising rosters to offer more family or lifestyle friendly options. In addition, career development or training actions from resources companies have included further investment in upskilling opportunities including placing more workers through apprenticeship pathways; bringing back retired tradespeople to act as mentors to less experienced workers; working with education providers (TAFE and universities) to develop future skill sets, and; improving access to quality training facilities.

In the context of contractual and financial arrangements, resources companies have also sought to attract and retain employees through improved employment offerings. These offerings may include sustained high wages, financial incentives for relocation, employee sourced housing (e.g. mortgage or rent assistance), and living assistance (e.g. private health insurance, childcare or utilities costs); supporting work placements for relocating spouses; offering flexible working hours and more career development opportunities, and; offering free or discounted shares and bonds.

Lastly, CME and our members are heavily engaged in strategies seeking to improve the long-term skills availability in STEM-based occupations. For instance, CME and our members have developed and are progressively rolling out the Digital Technologies in Schools Program, with support from the Western Australian Government. The program delivers digital and automation related learning content in the context of resources operations from Pre Primary through to Year 10, with a view to attract students to STEM occupations and the resources sector. The program is currently underway in the Pilbara and set to be expanded throughout WA and potentially into other states. In addition, individual resources companies frequently participate in career awareness events activities (including CME's 'inspiring girls' annual event) and are a substantial contributor or partner to many of the fifty-plus STEM-based education programs or scholarships running within WA.

Recommendations

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 terms of favourable 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 provide 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.

As documented in CME's 'Navigating through COVID-19' report from last year (the COVID-19 report), CME found 70 per cent of member companies experienced disruptions due to international travel restrictions during the pandemic (91 per cent experienced disruptions due to domestic travel restrictions).¹¹ With border restrictions lifted and travel seeking to normalise, the resources sector is once again able to re-engage the full potential of the international labour market. However, with labour markets in most advanced economies at, or above, full employment,¹² **a need for streamlined and efficient immigration settings which position Australia competitively in the global skills marketplace is an immediate priority.**

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.
- Increase resourcing to the Department of Home Affairs to improve the scope for in-demand occupations to be able to access the skilled migration program and reduce the length of time for visa processing.

¹¹ The Chamber of Minerals and Energy of WA and EY, [The WA resources sector – Navigating through COVID-19 and recovery](#), 22 March 2021

¹² Commonwealth of Australia, [5 Year Productivity Inquiry: The Key to Prosperity](#), Productivity Commission, 3 August 2022.

- 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.
- Revisit opportunities to streamline migration including labour market testing requirements and improve the efficiency of application processes to ensure these are 'fit for purpose'.
- Revisit the pathway to a permanent residency visa via the Global Talent Visa and ensure it is optimised for young professionals.

Supporting local training investment

There has never been more people employed in the WA resources sector with more than 156,000 engaged across the state.¹³ Industry is investing heavily in local skills and training, with businesses continuing to take on high numbers on apprentices and trainees,¹⁴ alongside implementing a suite of employment attraction and retention incentives. However, the current labour market conditions and the changing nature of work is driving a need for a more efficient training sector, supported by both Government and local industry. In particular, the increasing mobility of labour seen within the modern economy¹⁵ is driving an **imperative for the education and training system to be able to provide high-value and efficient training outcomes to individuals which better recognise the transferability of skills**. This is especially important when building opportunities for more diverse talent pipelines and/or facilitating workforce mobility during an economic downturn (or growth).

To supply the skills required for the future of the resources industry, a continued investment in local skills and training is needed. Therefore, CME recommends the following measures:

- Support pilot projects to improve VET skill recognition pathways and the establishment of skills assessment facilities for foreign and local workers.
- Support a training system which is nimble, responsive and a contestable market.
- Support the implementation of dual apprenticeships and reduced completion timelines based on new competency frameworks.
- Support training funding mechanisms which don't disincentivise the implementation of robust recognition of prior learning processes to complete full qualifications.
- Incentivise more agile and innovative training methods to better enable the system to keep pace with industry need and future skills demand.
- Support innovative partnerships between training providers and industries.
- Support the implementation of broad based-STEM targeted programs in schools.

Incentivising workforce participation through Fringe Benefit Tax

To improve gender-based employment and equity outcomes, CME recommends the government reconsider the Fringe Benefit Tax (FBT) treatment of the following employer-provided assistances:

- Extend the FBT exemption for on-premises childcare assistance to off-premises. For women who return to work, the inclusion of childcare services in salary sacrificed employment packages is more likely to positively affect labour supply than lowering the cost of childcare. However, this financial assistance attracts the highest marginal rate of tax. Further, children's education costs for employees required to reside in remote areas should be treated as a living away from home allowance and exempt from FBT.
- FBT concessions in remote areas should be revisited as an economy-wide measure to attract and retain skilled labour. Access to accommodation, particularly in 'resources focused' regional areas, remains a critical constraint to attracting and retaining talent. If properly structured, it would benefit sectors like

¹³ Government of Western Australia, [2020-21 Economic indicators resources data](#), onsite employment under State legislation, Department of Mines, Industry Regulation and Safety, 10 October 2021.

¹⁴ National Centre for Vocational Education Research, [Apprentices and trainees 2021 - September quarter DataBuilder](#), published 25 March 2022, accessed online 19 August 2022.

¹⁵ Reserve Bank of Australia, [Job Mobility in Australia during the COVID-19 Pandemic](#), Bulletin – June 2022, 16 June 2002.

mining, oil and gas, agriculture, education, law, and health. It is notoriously challenging to have professionals stay beyond their contracted short-term arrangements. Expanding the employee-sourced housing concession to an exemption would help reduce the disproportionate administrative burden of demonstrating nexus to employment, particularly where it cannot be reasonably construed as an 'overly generous private benefit' in remote and very remote areas of Western Australia and Northern Territory.

CME suggests the above amendments could be trialled on a 'pilot' basis in regional and remote areas where identified acute skills shortages exist alongside heavy industry, such as the Pilbara or Goldfields regions of WA.

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,¹⁶ 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 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



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¹⁶ Government of Western Australia, [Western Australia Mineral and Petroleum Statistics Digest 2020-21](#), Department of Mines, Industry Regulation and Safety, 1 March 2022.