

JOINT SELECT COMMITTEE INQUIRY INTO WORKFORCE DEVELOPMENT IN NORTHERN AUSTRALIA

QUESTIONS ON NOTICE: Western Australian Government: Department of Training and Workforce Development

Question 1. What differences do you see across the regions in your jurisdictions in terms of workforce development challenges?

Economic and labour market conditions differ at both a regional and sub-regional level across North Western Australia that present their own set of unique challenges in terms of workforce development.

Northern Australia in Western Australia covers the Gascoyne, Pilbara (made up of subregions of West Pilbara and East Pilbara), and Kimberley (made up of subregions of West Kimberley and East Kimberley regions). These regions have a very low population base in contrast to the very high economic output in the region, making it difficult for employers and industry to source the labour it requires.

The Pilbara's economic output and employment is dominated by the mining, oil and gas and resources sector, accounting for 86% of total output and 52.5% of employment¹. Employment in industries servicing the mining sector, including mining equipment, technology and services (METS) and construction are also relevant. The region is virtually at full employment, with unemployment rate being extremely low across the region - 0.8% in Ashburton, 1.7% in Karratha, 2.0% in East Pilbara, and 2.4% in Port Hedland as at December 2022².

The Kimberley region's economy is dominated by mining, agricultural production, construction, tourism, and retail trade. Healthcare and social assistance is the biggest employing industry in the Kimberley (18.3%)³. Across the Kimberley unemployment rates vary significantly, with Broome Local Government Area (LGA) recording a low unemployment rate of 3.6% in December 2022, compared with 5.5% in Wyndham-East Kimberley and 14.9% unemployment rate in Derby-West Kimberley and 17.5% in Halls Creek².

The Gascoyne has a more balanced economy supported by tourism, mining, agriculture and fishery industries. Salt is the main mining commodity and agricultural lands across the Gascoyne River in Carnarvon is a strong driver for the regional economy. The biggest employing industry in the Gascoyne region is Accommodation and Food Services (14%)⁴. The Gascoyne is also characterised by variance in unemployment rate between LGAs across the region with Carnarvon recording unemployment rate of 5.7% whereas Upper Gascoyne recorded 1.6% with Exmouth and Shark Bay both recording 1.5% in December 2022² due in part to very low population bases.

Question 1.1. Which sectors operating in those regions are experiencing the most challenges in attracting and retaining staff?

The nature of the industries between the regions means that there are different challenges in terms of workforce development and skills shortages. Kimberley's and Gascoyne's economic reliance on tourism and retail trade is more deeply influenced by the seasonal peaks and troughs associated with the dry and wet seasons. This impacts the ability of local employers to attract workers to the region. The pandemic highlighted the strong reliance on working holiday makers to fill hospitality and tourism roles in tourist hotspots.

The Pilbara region's economy being dominated by mining operates full year with a stronger reliance on fly-in, fly-out (FIFO) workforce to meet demand. In addition, the higher wages being offered by the resource sector has a poaching/crowding out impact for residential businesses and industries within the region, resulting in skill and labour shortages across a wide variety of occupations. Both FIFO and the poaching aspect results in a significant divide between industries within the region in terms of skill and labour shortages. Smaller businesses are unable to offer the wages and conditions that are being offered by the mining and resource sector, such as subsidised housing.

North Western Australian regions have all reported a shortage of child care services which is impacting workforce participation of women (considered the primary caregiver in most families) and shift workers across all industry sectors. This means skilled workers who are already in the regions have difficulty participating in the workforce.

Feedback from the Kimberley Development Commission⁵ say it is not uncommon for early childhood education and care centres to have a 12 to 24 month childcare waiting list. Furthermore, it is difficult to attract staff to the childcare industry due to the relatively low wages and conditions, exacerbated by the cost of living in the regions and limited housing availability.

Question 2. Historically what were the biggest challenges for workforce development in the north, and how do these compare to the challenges today?

The biggest challenge for the North Western Australian regions is the high demand for Western Australia's natural resources that occur in these regions. Western Australia's Pilbara and to a lesser extent Kimberley and Gascoyne regions have seen significant mining investment over the years. The challenge this presents is that once the mining investment phase comes to an end or the demand for commodities weakens globally the demand for labour in these remote locations also declines. This has a significant impact on the local economy and supporting industries in the regions.

Mining investment has also seen a strong use of FIFO employment arrangements. This results in growth in temporary accommodation camps and limited investment in permanent housing dwellings and family-style accommodation. It also has a negative effect on the local residential population as they don't benefit from the mining investment in terms of money being spent in the local economy. FIFO workers often remain in their mining camps and don't draw on the services or spend money at local businesses.

In the same light, the seasonal nature of work associated with tourism and retail in the Kimberley and Gascoyne results in a boom-bust cycle of workers and visitors to the region. This has an impact on local businesses in being able to manage significant demand during the peak seasons and then the bust of the off-peak season when visitors aren't drawn to the region.

The impact of FIFO and seasonal swings results in significant peaks and troughs in labour demand and supply. Small and medium businesses in these regions are typically impacted the most as they are unable to compete with the mining and resources sectors in terms of wages and conditions.

Over the last decade, there has been a concerted shift by large oil and gas and mining companies to support capacity building and employment opportunities for regional and remote communities. Greater investment by mining companies in local schools, TAFE colleges and local businesses is starting to see these investments benefit the local

community. It is also resulting in more employment opportunities for regional youth, Aboriginal and long-term jobseekers.

Question 2.1: How were these challenges addressed by governments?

The Western Australian Government has a long-term commitment to developing Western Australia's regional areas into strong and vibrant regional communities that are desirable places to live, work and invest. There are a number of ways the State Government has addressed this vision.

Royalties for Regions

Royalties for Regions underpins the Western Australian Government's long-term commitment through legislative action.

The *Royalties for Regions Act 2009* (WA) sets out that an amount equal to 25% of the mining and onshore petroleum royalties forecast in the annual State Budget is to be credited to the Royalties for Regions Fund. The Royalties for Region Fund focuses on delivering benefits to regional WA through six objectives:

- building capacity in regional communities;
- retaining benefits in regional communities;
- improving services to regional communities;
- attaining sustainability;
- expanding opportunity; and
- growing prosperity.

Making training more affordable and more accessible

The Western Australian Government is committed to building local and viable jobs for Western Australians. To support this vision, the Western Australian Government has made significant investment in the State's vocational education and training (VET) sector to make quality training more affordable. This is achieved through the *Lower fees, local skills* initiative, which reduces course fees by up to 72% for qualifications that lead to jobs in demand in Western Australia. Under the initiative, course fees are also capped at \$400 for concession students and \$1200 for non-concession students per year.

The interim National Skills Agreement between the Australian Government and Western Australian Government will see the delivery of 18,800 fee-free training places during 2023, through the FREE IN '23 initiative in courses that are critical to the State's economy and labour market.

Development funding and promotion of innovative training products such as skill sets and new Job Ready pathways to employment for industry areas experiencing skill shortages have seen enormous benefits for individuals and industry alike.

Investment in TAFE

The Western Australian Government has funded the largest TAFE capital works program in history, which has seen, TAFE colleges benefit from the delivery of \$243.3 million to create state-of-the-art facilities and \$25 million to modernise TAFE equipment.

Capital works projects complete or nearing completion in the Northern Australia include construction of new contemporary training facilities at North Regional TAFE's Broome, Roebourne and Kununurra campuses. A major upgrade of facilities at Pundulmurra TAFE campus in South Hedland will be completed at the end of 2023 and will deliver a substantial boost to trade training in the Pilbara region.

Recently, the Western Australian Government announced a new \$2.9 million Temporary Regional Incentive to help regional TAFE colleges attract and retain staff so they can continue to improve the skills and employability of their communities across all industry areas. Eligible new and existing regional TAFE lecturers in the Pilbara, Kimberley as well as Kalgoorlie will receive a one-off Temporary Regional Incentive for the 2023 academic year (\$15,000 in the Pilbara and Kimberley).

Support for jobseekers and employers

Jobs and Skills Centres (JSCs) are a centrepiece of the Western Australian Government's initiatives to increase training and employment of Western Australians and to support employers to access the untapped workforce. Available to all members of the community, JSCs provide a one-stop-shop for local job seekers wanting free support to connect with training and job opportunities and employers, and include specialist services for Aboriginal and Torres Strait Islander and culturally diverse people.

JSCs work closely with employers and other key service providers in the area to integrate services and maximise training and employment opportunities for clients. In August 2022, as part of its commitment to providing state-wide jobs and skills support, the Western Australian Government announced the opening of two new JSCs in the Kimberley and Pilbara regions, located at North Regional TAFE's Kununurra and Pundulmurra (South Hedland) campuses. There are also JSCs at NR TAFE's Broome and Karratha campuses.

Attracting international students

The Western Australian Government has introduced regional bursaries to attract international students to live, work and study at regional TAFE colleges in WA, providing a \$5,000 bursary for up to 200 students to train at the State's regional TAFE colleges including North Regional TAFE, in selected courses targeting areas of local skills shortage.

Skilled Migration

Migration also remains a critical supply channel for employers to attract workers. To support the attraction of migrants through Western Australia's State Nominated Migration Program, the Western Australian Government has waived the \$200 application fee and put in place temporary streamlined criteria to make it easier for migrants to seek nomination.

In addition, the Western Australian Government introduced the Skilled Migrant Employment Register which acts to link prospective independent migrants with employers in Western Australia.

The availability and affordability of housing

The Western Australian Government is investing \$2.6 billion in social housing and homelessness services over the coming years, with an additional \$450 million being invested into the Social Housing Investment Fund in the 2023-24 State Budget. The construction of new housing in North Western Australia comes on the back of a \$25 million injection to the East Kimberley Transitional Housing Program in 2018, which saw 50 new homes built in the region.

The Western Australian Government is also progressing the \$20 million Kununurra Aboriginal Short Stay Accommodation facility which is expected to accommodate approximately 100 Aboriginal visitors to the town.

The Western Australian Government commends the Commonwealth Government for the work it has undertaken to develop Master Plans to accelerate Regions of Growth and grow the Northern Australian Economy. It is noted the consultation feedback in relation to Commonwealth's work identified housing to be a critical issue for residents and businesses in North Western Australian.

Early Childhood Education and Care Services

In collaboration with North Regional TAFE, Community Skills WA, Broome Local Jobs, and local industry, the Western Australian Government has introduced a new Early Childhood Education and Care Job Ready program being run locally in Broome to address the unique needs of the Kimberley. The program provides entry-level candidates with a new pre-employment pathway into traineeships and jobs in the industry.

A group of local mothers returning to work were the first cohort to undertake this pilot short course training last year. By delivering the training part-time and as an outreach program at Broome Circle, the Western Australian Government is able to support these women by providing access to crèche facilities while they completed their training.

The Western Australian Government is funding local government grants to help attract and retain childcare workers as part of our \$5.1 million election commitment to improve access to early childhood education and care in regional Western Australian. The Western Australian Government is providing low-fee existing worker traineeships for key early childhood education and care qualifications to help the sector address an urgent need to upskill its existing workforce.

Question 3: What makes people in your jurisdiction want to live in northern Australia?

The Pilbara region is characterised by high-quality regional living, with modern services and facilities that support strong and thriving local communities. The Pilbara's main centres are the city of Karratha and the township of Port Hedland. Smaller surrounding towns include Newman, Tom Price, Onslow and Marble Bar.

According to stakeholders who live in the Pilbara region, people move to the region in the knowledge that they can find employment, while living close to nature, with the opportunity to explore unique landscapes. Stakeholders who have moved to the Pilbara region comment that its regional communities are very family oriented.⁶

The Pilbara region has a long sporting history, and children's sports are a prominent feature. The region is also home to many practising visual artists, musicians, dancers and theatre artists. The Pilbara has major cultural facilities and events, including the Spinifex Hill Studio in Port Hedland, the Red Earth Arts Precinct in Karratha, and the East Pilbara Arts Centre in Newman.

The Kimberley is a vast and pristine area, described by some stakeholders as one of the world's largest, wildest, and most ancient wilderness landscapes. The Kimberley has an immense and complex landscape that encompasses spectacular gorges, waterfalls and cave systems, pockets of lush rainforest and a large variety of wildlife, including turtles, predatory fresh and saltwater crocodiles, kangaroos and wallabies.

Stakeholders who have moved to the Kimberley comment that the lifestyle in the Kimberley is a lot more relaxed than other areas of Australia. The weather in the Kimberley is warm all year round. Many people move to the Kimberley for the dry season (April to September), or come to the Kimberley for seasonal work. The dry season brings clear, blue skies and

milder temperatures, providing the perfect weather for exploring the many national parks in the Kimberley.⁷

The Gascoyne region includes Western Australia's beautiful Coral Coast and boasts two World Heritage Areas: Shark Bay and Ningaloo Reef; as well as spectacular natural inland highlights including the Kennedy Ranges and Mount Augustus. Enjoying 320 days of sunshine each year, outstanding lifestyle amenities, substantial investment potential and a pristine environment, a growing number of people are calling the Gascoyne home.⁸

Question 3.1: What incentives from all levels of government could encourage people to live in Northern Australia?

Collaboration between all levels of government is needed to improve attraction and retention strategies for communities living above the 26th parallel.

1. To support early childhood education and care in Northern Australia and improve female workforce participation would require additional funding for centres to support the attraction, retention and upskilling of staff within the region. Locally based training programs, including the Job Ready program developed for the Kimberley region, could be rolled out across Northern Australia to support women entering the labour market, especially Aboriginal and Torres Strait Islander community women.
2. Support for low and middle income workers and their families living and working in Northern Australia in the form of additional tax offsets/benefits associated in housing costs, professional development costs, disaster relief following cyclones and flooding events, and/or additional superannuation benefits. For example, expansion of the Western Australian Government's scheme⁹ to pay superannuation on unpaid parental leave for up to 12 weeks with government support for non-Government businesses to offer the same scheme in for low or middle income earners in Northern Australia, particularly in the care sector.
3. Incentivising labour mobility to the region through Higher Education Contribution Scheme (HECS) discounts to promote opportunities for graduates to take up employment opportunities in the region. This could be extended to allow mid-level career changers to consider opportunities in Northern Australia by providing tax concessions for people who work in Northern Australia for a certain period of time.
4. Interventions such as locally delivered training, employment matching programs, mentoring and support for greater workplace flexibility to target the latent regional workforce, which may include parents, unemployed and underemployed people, retirees, youth, Aboriginal people, and people with disabilities¹⁰.
5. Investing in settlement support (e.g. wraparound support and facilitating connections with the local community) to assist international students and migrants to remain in the regions while they study and work¹¹.
6. Introducing a national domestic backpacker scheme to encourage young Australians to work in regional or remote areas in priority industries to help alleviate regional labour shortages while providing young Australians with valuable work and regional experience.
7. Co-investment and coordination from all levels of government into a Regional Infrastructure Fund which would support the skilling and employment of local youth, under-represented groups and unemployed on residential, commercial and civil construction projects to provide additional housing and community and industry infrastructure to support economic growth in the regions.

Question 4: How do levels of government currently collaborate to address issues in northern Australia, and how can collaboration and coordination be improved?

Collaboration between all levels of government is essential for the economic and social development needs of Northern Australia. At present, collaboration occurs at both the macro level, in terms of joint-funding initiatives between State and Federal Governments for

regional and industry infrastructure but also at micro officer-to-officer level to resolve community based issues.

In most cases, funding associated with Federal Government initiatives can have implementation issues in Northern Australia, due to the vastness of the region or small population base. For example, funding for workers in the NDIS scheme may favour a person working in Canberra but the tyranny of distance in Northern Australia will mean that funding is inadequate.

Collaboration on industry, skills, and workforce development matters across Northern Western Australia tends to be more joined-up, due in part, to the personal commitments of Federal Department of Employment and Workplace Relations staff based in Perth sharing information and meeting on a regular basis with State and Local Government representatives.

In 2021, the Western Australian Government hosted ten regional skills summits across regional Western Australia, including four in Northern Australia – Karratha, Port Hedland, Broome and Kununurra. Members of the local industry and community and all levels of government were included in the regional skills summits which helped to identify opportunities to collaborate on workforce development matters.

The Regional Coordinating Committees established following each Regional Skills Summit has invited representatives from the Local Jobs and Skills Taskforces (where they exist) to ensure that efforts are not duplicated across the State and Federal Government programs. Equally, the Boosting the Local Care Workforce team works collaboratively with the Department of Training and Workforce Development and local stakeholders to progress initiatives and opportunities for the care sector across Western Australia.

Question 5: What policies do you have in place to address workforce issues in Northern Australia, and how will these be evaluated in terms of effectiveness and whether they are fit for purpose?

The Western Australian Government is committed to growing and diversifying the State's economy, a goal which is articulated in the State's economic development framework, *Diversify WA*. This framework has a target of an extra 150,000 jobs by mid - 2024 (including 30,000 regional jobs).

Diversify WA provides an economic blueprint for collaboration between government, industry and the community, and supports the WA Government's focus on creating secure, quality jobs, growing and diversifying the economy and attracting investment. It identifies six priority sectors in which Western Australian has a competitive advantage and where there are significant growth and diversification opportunities. The framework provides a vision for Western Australia's economy, and outlines the initiatives, actions and strategies that will contribute to achieving this vision.

Diversify WA is creating long-term economic growth and job sustainability in Western Australia's regions, primarily driven by the Regional Development Portfolio which comprises the Western Australian Regional Development Trust; the Regional Development Council; the Department of Primary Industries and Regional Development (DPIRD); and the State's nine Regional Development Commissions.

In addition to Royalties for Regions (see question 2.1), investment in the regions through Regional Economic Development (RED) Grants support locally driven projects to create long-term economic growth and job sustainability in our regions. The Western Australian

Government is investing \$45.8 million over eight years towards the RED Grants program for projects that will directly benefit regional communities.

More than \$26.4 million has been allocated towards 263 approved projects across the nine regions from previous rounds of the RED Grants Program for initiatives including industry development/expansion, aboriginal industry development, agricultural diversification, and tourism expansion.

RED Grants are assessed on a competitive basis within the region, alignment with the Regional Development Commission's regional priorities and/or demonstration of an economic diversification and employment growth outcome:

- growing primary production;
- Aboriginal economic development;
- Tourism;
- workforce development and accommodation; and
- vibrant communities and innovation.

Improving the skills of Western Australians is also key priority for the Western Australian Government, which has made significant investments in training and workforce initiatives to build a pipeline of skilled workers. This includes a commitment in the 2022-23 State Budget of \$320.5 million to keep training fees low. In 2021, the State saw the highest number of Vocational Education and Training (VET) course enrolments on record, and employers have also been signing up apprentices and trainees at record levels.

The 2023-24 State Budget includes a \$25.9 million investment to boost workforce participation in WA. Regional initiatives announced include:

- \$2.9 million for work placement and travel assistance for regional nursing students to offset the costs associated with undertaking clinical work placements where placements are not available locally. Under this initiative, students in the Kimberley and Pilbara will receive a \$350 per week payment and \$1,000 travel assistance per training block;
- \$2.5 million to increase the travel and accommodation allowance for regional apprentices who are required to travel long distances to attend off the job training. This will see the accommodation allowance above the 26th parallel increase to \$100 per night and kilometre rate double; and
- \$3.5 million to expand the highly successful Heavy Vehicle Driving Operations training program to the Kimberley and Pilbara.

The regional TAFE colleges have Industry Engagement Managers that work closely with regional industry and business leaders to develop training programs to support building locally capability in regional Western Australia. In addition, the regional TAFE colleges are able to support RED grants and other regional projects by developing VET Regional Partnerships to link economic growth projects with skills development in the region. This may include a range of training initiatives from pre-employment training to jobseekers, such as driver training, job-ready programs or skill sets to more sophisticated industry partnerships that result in apprenticeships and traineeships for local workers to gain skills that are directly linked to job sustainability in the region.

The Department of Training and Workforce Development works collaboratively with the regional TAFE colleges through the annual Delivery and Performance Agreements (DPAs) to ensure that priority training places and targets are being fulfilled.

Question 6: What level of consultation and co-design do you currently have in place for policies affecting people in Northern Australia?

The Regional Coordinating Committees provide ongoing consultation to enable regional areas to access training and workforce development programs in regional Western Australia.

Throughout 2022, the RCCs met quarterly and proved integral to the implementation of the Regional Action Plans. The RCCs demonstrated that collaboration between Government, industry, community-based agencies, regional stakeholders and training providers is critical to addressing regional WA's training and workforce development challenges.

Each of the RCC members drew on their regional knowledge, experience and stakeholder contacts, and worked in collaboration to support those lead agencies responsible for implementing the priority actions contained in the Regional Action Plans.

Regional stakeholders and industry leaders are invited on an annual basis to have input into the Department of Training and Workforce Development's WA Jobs, Education and Training (WAJET) Survey. This survey informs development of Western Australia's annual State Priority Occupation List.

Question 6.1: How are you working with remote communities and Aboriginal and Torres Strait Islander communities?

As a signatory to the *National Agreement on Closing the Gap*, the Western Australian Government is committed to working in partnership with Aboriginal people, their organisations and communities to address the most fundamental issues that are impacting on their ability to live long and fulfilling lives. Significant work is underway to achieve progress against Closing the Gap outcomes and targets in relation to strengthening employment and economic participation, with many projects and initiatives located in North Western Australian.

Western Australia's *Aboriginal Empowerment Strategy* (Strategy) reinforces the importance of Aboriginal-led solutions. The Strategy sets out how the Western Australian Government will direct its efforts towards a future in which all Aboriginal people, families and communities are empowered to live good lives and choose their own futures from a secure foundation.

Developed in partnership with the *Aboriginal Advisory Council of WA*, the Strategy also sets out the State's approach to meeting its commitments under the National Agreement on Closing the Gap.

The Strategy outlines a high-level framework for the immediate and future reforms required to ensure Government policies, plans, initiatives, and programs are effective in meeting the needs of Aboriginal people across a range of diverse circumstances. These reforms are built around genuine partnerships and engagement with Aboriginal people, strong accountability, and culturally responsive ways of working.

The Department of Training and Workforce Development has progressed three election commitments to enhance the participation of Aboriginal people in training and sustainable employment, in particular young people, including:

- cultural competence training for business be funded, delivered by contracted Aboriginal organisations and promoted as an important platform to support the attraction, recruitment and retention of Aboriginal employees;

- developing in consultation with Aboriginal stakeholders, an employment enabling program for Aboriginal youth that includes wrap around support, mentoring, independent living skills and obtaining a Driver's Licence; and
- piloting a “caring for country – caring for self” program for Aboriginal youth to develop self-esteem, pride, and confidence that will lead to employability and job opportunities on country (e.g. tourism).

The Western Australian Government welcomes ongoing engagement with the Commonwealth Government to identify opportunities for further Commonwealth investment in critical infrastructure and human capital development in remote communities to maximise Aboriginal engagement.

Contextualising the delivery of VET for Aboriginal communities in North WA

North Regional TAFE is the main training provider in North Western Australia and operates in a complex social, cultural, and linguistic landscape. Service delivery is impacted by both State and Commonwealth Government policy and regulatory requirements, specifically welfare reforms.

With campuses in Broome, Derby, Fitzroy Crossing, Halls Creek, Karratha, Kununurra, Minurmarghali Mia (Roeburne), Newman, Pundulmurra (South Hedland), Tom Price and Wyndham, North Regional TAFE College also provides services to more than 20 remote Aboriginal communities spread across the Kimberley and Pilbara regions of WA. Central Regional TAFE has responsibility for the Northern Gascoyne with campuses in Carnarvon and Exmouth.

Local stakeholders involved in discussions through the four RCCs established in North Western Australia acknowledged the strong support provided by North Regional TAFE in the region, particularly in relation to the delivery of face-to-face training contextualised to the needs of participants in remote Aboriginal communities.

Often several stakeholders are required to be involved in order for this training delivery to be provided, including Native Title groups, not-for profit organisations, State and Commonwealth Governments, and representatives from the private sector. North Regional TAFE staff travel to remote areas to enrol, train and assess Aboriginal students within their communities.

Many students face social, emotional, economic, and educational barriers that require wrap around support services to ensure they can engage meaningfully in training. This includes providing culturally appropriate mentoring support, language, literacy and numeracy support and job seeker support.

Dedicated Aboriginal services in Jobs and Skills Centres

Western Australia's state-wide network of TAFE JSCs include specialist services for Aboriginal and Torres Strait Islander and culturally diverse people.

JSCs work closely with employers and other key service providers in the area to integrate services and maximise training and employment opportunities for clients.

In August 2022, as part of its commitment to providing state-wide jobs and skills support, the Western Australian Government announced the opening of two new JSCs in the Kimberley and Pilbara regions, located at North Regional TAFE's Kununurra and Pundulmurra (South Hedland) campuses. There are also JSCs at NR TAFE's Broome and Karratha campuses.

Question 7: What are the main issues your government is focused on addressing in Northern Australia, and what initiatives and policies do you have in place (or have you implemented) to address these issues?

Supporting the growth of the resources sector in North WA

While the Western Australian Government is delivering significant investment into economic diversification and skills development across the State, it is recognised that in North Western Australia, the resources sector and primary industries are presently the major drivers of the economy. In 2021-22, the resource sector made sales of minerals and petroleum valued at \$231 billion and employed more than 157,700 people on operations.¹²

At a time of economic and geopolitical change, it is essential that Northern Australia has capacity and capability to capitalise on global trends and opportunities. Skills and jobs required for the Australian economy will change in coming decades, driven by the transition to net zero, economic diversification, a shift towards automated technology and an increasingly technological and digital future. Investments in these new skills ahead of the curve will mean a ready workforce awaits these changes and the opportunities they present.

It is noted there are a number of Cooperative Research Centres (CRCs) that are actively working with industry in Northern Australia in a number of other emerging opportunities areas, including:

- Future Battery Industry CRC;
- RACE for 2030 (energy transition);
- Heavy Industry Low Carbon Transition CRC; and
- CRC TIME (Transition in Mining Economies).

The Western Australian Government recommends that the Joint Select Committee engage with CRCs to leverage the analysis already undertaken to capitalise on these global trends and major economic opportunities.

Maintaining a skilled and talented workforce in North WA

The Western Australian Government recognises that maintaining a skilled and talented workforce in North WA is critical to supporting industry development and deliver long-term economic growth.

The State has established a number of initiatives designed to develop, attract and grow Western Australia's skilled workforce to meet industry needs both now and into the future. This includes:

- implementing the State STEM skills strategy to build a globally competitive and innovative workforce, which includes a focus on under-represented groups in science, technology, engineering and mathematics;
- launching the *Western Australian Innovation Strategy* in December 2022, which sets out a 10-year vision to become a renowned global hub of invention, investment, innovation and impact. The Innovation Strategy includes seven priority action areas, one of which is skills, people and culture;
- delivering the priorities identified in the State Training Plan, which has been designed to facilitate economic diversification;
- delivering the *Lower fees, local skills* and the *FREE IN 23*' initiatives to support access to qualifications that address local industry needs;
- investing in our State's education and training institutions to ensure students can develop their skills in high-quality learning environments; and

- delivering a range of initiatives to attract talented and skilled overseas workers. A key initiative has been the implementation of the \$195 million *Reconnect WA* program, which promotes the State as a place to live, work, study and do business.

Digital Connectivity in North Western Australia

The Commonwealth Government, within its *2022 Regional Strengths and Infrastructure Gaps* report, notes that stakeholders considered digital connectivity to be a priority in North Western Australia, to facilitate community wellbeing and economic growth in the region in the coming decades. It was also noted that that remote communities were disproportionately affected by inadequate telecommunications infrastructure.

Feedback from key stakeholders in North Western Australia indicates the Commonwealth, Western Australian Government and private industry should continue to collaborate and consider key elements to improve digital literacy and connectivity in Aboriginal communities in North Western Australia, including:

- providing access to telecommunications infrastructure, whether it is through investment in the National Broadband Network (NBN), grant programs or new technologies such as Low Earth Orbit (LEO) satellites;
- making telecommunications services more affordable; and
- activities to improve the ability of Australians in Northern Australia, particularly Aboriginal and Torres Strait Islanders to develop their digital ability.

The higher cost to deliver VET courses in North Western Australia

The geographic size and dispersion of North Western Australia's population drives higher training delivery costs and is further complicated by servicing the unique needs of regional communities. Many of the localised markets for VET courses are not viable for more than one provider, if at all. These factors contribute to the higher cost to deliver VET courses in North Western Australia.

The Western Australian Government would welcome further discussion with the Commonwealth in relation to exploring additional initiatives towards enhanced training opportunities in North Western Australia to help attract and retain skilled workers in the region.

Question 8: What can the Australian Government do better to address issues with workforce development in Northern Australia?

Programs and policies designed in Canberra often don't translate well for communities living in regional and remote Northern Australia. Place based solutions are required for Northern Australia with consideration of the distance between communities and local amenities. Additional funding may be required for specific programs to balance the cost of living pressures associated with those living and working in Northern Australia.

Efforts to boost the supply of skills and labour in regional and remote areas of Northern Australia will be ineffective if fundamental structural, service and infrastructure issues such as low wages (particularly for essential care workers), access to affordable housing and digital connectivity are not addressed in parallel.

Maximising the alignment of existing and future State and Commonwealth initiatives, designed to provide tailored, place-based responses based on individual need would also be welcomed. This may include:

- further linking Workforce Australia job service providers, and aligning work programmes such as the *Community Development Programme*, to local workforce

opportunities where State Government, Aboriginal entities and Industry have established pathways for entry to programs and employment;

- addressing barriers to education and economic participation, including non-supportive home environments, substance abuse issues within families and domestic violence;¹³
- establishing flexible and locally informed initiatives that build the capacity of job skills and employment services tailored to the needs of Aboriginal people, that support school-based pathways and ongoing sustainable employment outcomes; and
- creating opportunities for people with a disability, through federally funded job matching services, apprenticeships and training;¹⁴ and
- supporting access to enabling factors for employment such as driver's licence, tax file number, and bank accounts – in particular for youth.

The geographic size and dispersion of WA's population drives higher training delivery costs and is further complicated by servicing the unique needs of regional communities. Many of the localised markets for VET courses are not viable for more than one provider, if at all. These factors contribute to the higher cost to deliver VET courses in North Western Australia.

The Western Australian Government would welcome further discussion with the Commonwealth in relation to exploring further initiatives towards enhanced training opportunities in Northern Australia to help attract and retain skilled workers in the region.

The Western Australian Government is currently progressing initiatives designed to enhance the participation of Aboriginal people in training and sustainable employment, and would welcome ongoing engagement with the Commonwealth Government to identify opportunities for further Commonwealth investment in critical infrastructure and human capital development in remote communities to maximise the engagement of Aboriginal people.

The university and higher education sector play a critical role in responding to priority skills needs for key Government services and to support economic growth and diversification. Consideration could be given to exploring how universities can be incentivised to offer more university places and lift completion rates in higher education qualifications in Northern Australia.

Question 9: How are your governments encouraging internal migration to Northern Australia?

An overwhelming theme of the regional skills summits held in 2021 was the need to attract and retain workers and their families to regional Western Australia. Encouraging internal migration requires a range of initiatives to be in place.

Promoting the benefits of living and working in regional Western Australia has been a concerted effort across the nine Regional Development Commissions. This has included partnership with the local Chambers of Commerce and Industry to promote employment and investment opportunities in regional communities.

The shortage of residential housing and workforce accommodation across the Gascoyne region is a barrier to attracting workers and their families to the region. Worker accommodation shortages are a significant challenge for horticultural, tourism and hospitality labour markets which are the main employing industries in the region. The COVID-19 pandemic further exacerbated peak season accommodation shortages in

Exmouth and Coral Bay and contributed to new residential accommodation shortages elsewhere in the region.

Since 2021, the Gascoyne Development Commission has sought to overcome this challenge by actively looking to identify market failures, identify potential land and advocate to implement corrective action. The overall objective of this project is to alleviate the shortage of residential and worker housing in the Gascoyne and support the attraction of workers and their families to the region.

The Kimberley Development Commission is also working towards a future where the region's housing conditions are similar to the rest of Australia. This means that the families moving to the region will have access to affordable housing in well-serviced and well maintained settlements delivering high standards of amenity.

The Pilbara has been through a transformation over the past decade to create vibrant and liveable communities for residents. The region is now characterised by high-quality regional living, with modern services and facilities that support strong and thriving local communities.

Question 9.1: What policy initiatives would you suggest the Australian Government consider implementing to support state initiatives designed to encourage internal migration to Northern Australia?

See question 8 above.

Question 10: What are the three biggest challenges impacting workforce development in Northern Australia?

The biggest challenges impacting workforce development in North WA include:

1. labour supply;
2. the availability and affordability of housing;
3. access to Early Childhood Education and Care Services;
4. cost of living; and
5. wage differences between the resources sector and non-resources sectors.

These critical challenges, which are historical, enduring and continue to impact workforce development in North Western Australia, are discussed below. Key industry stakeholders in North Western Australia have advised that efforts to boost the supply of labour in the region will be ineffective unless these challenges are addressed in parallel.

Labour supply

Both the Pilbara and Kimberley regions continue to report labour supply challenges and ongoing vacancies. There are two focal points with this challenge, firstly the need to attract and retain workers and secondly the need to support local jobseekers and those not in the labour force to take up employment opportunities.

The regions have been focussed on strategies to attract new migrants, international students, interstate and Perth based workers and their families to regional towns and cities. Both regions now have Designated Area Migration Agreements to attract migrant workers across the full spectrum of job roles.

Strategies to support young people, jobseekers and those not in the labour force to take up entry-level jobs are being progressed through the Regional Coordinating Committees. Engagement with the local schools, TAFE and employers to develop and implement job-ready programs to support these jobseekers are now in place.

Affordable housing in North Western Australia

The availability of affordable housing for workers and their families is a key issue impacting the attraction and retention of workers and North Western Australia's economic and social growth.

Industry and community leaders in North Western Australia report that the historic low rental vacancy rates, low mortgage affordability and high rental costs has impacted industry's ability to finalise major resource and infrastructure projects that could contribute to future jobs and billions of dollars in export earnings. In addition, residential construction costs for new dwellings are significantly higher in Northern Australia than in other regional locations. This is an issue further impacting industries capacity to attract and retain essential workers in childcare, aged care, disability services, hospitality and retail.

Access to Early Childhood Education and Care services

The shortage of child care services is impacting workforce participation of women (considered the primary caregiver in most families) and shift workers across all industry sectors in the regions. This means skilled workers who are already in the regions have difficulty participating in the workforce.

The Pilbara and Kimberley are experiencing an acute shortage in the availability of Early Childhood Education and Care (ECEC) and Outside School Hours Care (OSHC)¹⁵. Anecdotal feedback provided suggested that it is not uncommon for ECEC centres to have a 12 to 24 month childcare waiting list. It is difficult to attract staff to the childcare industry due to the relatively low wages and conditions, exacerbated by the cost of living in the regions and limited housing availability.

The lack of childcare services is also impacting on the attraction and retention of families in regions. Regional families are calling for increases to the availability of childcare services and support in the regions, including flexible and extended childcare services (such as 24 hours and after hours care for shift workers).

Cost of Living

In general, the higher living costs faced by households in North Western Australia represents a significant barrier for workforce recruitment and retention. Coupled with housing affordability it has the ability to drive away workers and their families who cannot afford to live in these towns.

Over the last two decades, the *Western Australian Department of Primary Industries and Regional Development* has produced a *Regional Price Index*, which contrasts the cost of a common basket of goods and services in regional locations relative to the Perth metropolitan area. Under this measure, prices for goods and services in North WA continue to exceed Perth prices by a considerable margin, predominantly due to housing related costs. This includes residential construction costs for new dwellings being significantly higher in North Western Australia.

Wage Differences between the resources sector and non-resources sectors

Employers in North Western Australia have repeatedly voiced their concern that the wage differences between the resources/construction sectors and non-resources sector sees a 'crowding out' of skills across North WA, with the resources sector having greater capacity to attract workers due largely to higher wages and more lucrative incentives, including bonus payments. This has led to the attraction and displacement of workers from lower paid, non-resource industry sectors, and is a major contributor to labour and skills shortages in non-resource industry sectors.

Question 11: Which portfolios/policy areas do you consider are in most need of reform to address the challenges in workforce development in Northern Australia?

As highlighted above, the portfolio areas in critical need of reform to address the acute challenges in workforce development in North WA include those portfolios that relate to the regions:

1. labour supply ;
2. availability and affordability of housing; and
3. access to Early Childhood Education and Care Services;

Western Australia's high demand for skilled workers means there is a need to attract workers through a variety of channels, including from interstate and overseas through Australia's skilled migration programs.

The COVID pandemic has highlighted the significant extent to which temporary and permanent migration is an important 'top up' variable when it comes to attracting and retaining skilled workers. The pandemic has disrupted 'normal' migration workforce flows into the State including:

- Agricultural harvesting and fruit picking significantly disrupted due to the lack of Working Holiday Makers, international students and Pacific Australia Labour Mobility (PALM) workers; and
- Western Australia's tourism and hospitality sector lost the benefit of international students and Working Holiday Maker (WHM) visa holders to fill niche roles in many remote parts of the State.

The Western Australian Government has introduced a series of temporary changes to its *State Nominated Migration Program* criteria to stimulate skilled migration into areas of critical skill shortages in the State¹⁶. Furthermore, the Western Australian Government has advocated for changes to the nation's visa system to make the system quicker, easier to navigate and more responsive to changing skills needs.

North Western Australia has two dedicated Designated Area Migration Agreements (DAMAs) in the East Kimberley and Pilbara regions. DAMAs cover a defined regional area and allow eligible employers unable to find a suitably qualified Australian worker to supplement their workforce with overseas workers, where it can be demonstrated that standard temporary or permanent visa programs are not suitable / available.¹⁷

It is noted the Commonwealth Government's current independent review of Australia's migration system, *A Migration System for Australia's Future*¹⁸ will likely explore the complexity of migration settings and its impact on regional and remote communities.

Question 12: Which industries predominantly employ people in Northern Australia in your jurisdiction?

The Kimberley is Western Australia's most Northern region. The Kimberley region supports 15,650 jobs and in 2021 its Gross Regional Product was estimated at \$3.667 billion¹⁹.

Mining, agricultural production, construction, tourism and retail trade are major contributors to the Kimberley's economic output. The largest employing industries in the Kimberley are healthcare and social assistance, education and training and public administration and safety.

The Pilbara region of North Western Australia is the state's mining powerhouse and makes a significant contribution to national wealth. The Pilbara region supports 59,782 jobs and in 2021 its Gross Regional Product was estimated at \$66.736 billion¹⁹. Broken down by industry, employment in the Pilbara is dominated by *Mining*, which employs about one in three employed persons in the region. For Indigenous persons, this is closer to one in two. Other industries such as construction, manufacturing, rental, hiring and real estate services, and transport, postal and warehousing contribute to the Pilbara region's economy.

The Gascoyne is the most southerly region in North Western Australia. The Gascoyne region supports 4,767 jobs and in 2021 its Gross Regional Product was \$1.070 billion¹⁹. The Gascoyne has a small economy reliant on mining (mainly salt), horticulture, tourism, retail, and fishing.

Question 13: How do problems in workforce development in Northern Australia reflect Australia-wide issues and how are they unique to Northern Australia?

As mentioned above, while Northern Australia has its own unique challenges, which relate to improving Aboriginal economic development and maximising the benefits of investment through attracting and retaining skilled workers, North Western Australia also experiences workforce development challenges which reflect Australia-wide issues (labour supply challenges, lack of available and affordable housing; and lack of access to Early Childhood Education and Care services).

It needs to be noted that the economic impact of these Australia-wide issues are magnified in North Western Australia, given the critical importance of North Western Australia's resources and primary industries sectors to the national economy.

Question 14: Which industries and sectors do you consider have the potential to create lasting employment and long-term, local economic benefits for the north?

North Western Australia is the state's mining powerhouse and makes a highly significant contribution to the national wealth. North Western Australia also supports 80,199 jobs and in 2021 its Gross Regional Product was estimated at \$71.473 billion¹⁹. Broken down by industry, employment in the North WA is dominated by mining, which has the greatest potential to create lasting employment and long term, local economic benefits for North Western Australia and Australia.

For further information in relation to the number of jobs supported by North Western Australia's resources sector and the significant and important contribution it makes to the national wealth, please refer to the *Western Australian Government Submission to the Inquiry into Northern Australia*.

END NOTES

- 1 Pilbara Development Commission, cited on 17 April 2023
- 2 Small Area Labour Markets, Smoothed Unemployment Rate by LGA, December 2022
- 3 Kimberley Development Commission, cited on 17 April 2023
- 4 Gascoyne Development Commission, cited on 17 April 2023
- 5 Kimberley Development Commission (2022), *Childcare in the Kimberley* - Kimberley Development Commission available from www.kdc.wa.gov.au
- 6 Pilbara Development Commission website, cited on 17 April 2023.
- 7 Kimberley Development Commission website, cited on 17 April 2023.
- 8 Gascoyne Development Commission, cited on 17 April 2023
- 9 The Western Australian Government implemented an entitlement to superannuation on unpaid parental leave for public sector workers. Eligible employees are entitled to receive superannuation contributions during a period unpaid parental leave, up to a maximum of 12 weeks.
- 10 Labour mobility for Aboriginal and Torres Strait Islander people in regional and remote locations of the State are impacted by cultural, economic, technological, medical and linguistic factors.
- 11 For example, the Goldfields Migrant Employment Project aims to promote job opportunities and regional living in the Goldfields to metropolitan communities and assist with attracting and retaining employees.
- 12 The number of people employed on operations does not include LNG production facilities as this data is not collected by DMIRS.
- 13 Department of the Premier and Cabinet, "Aboriginal Empowerment Strategy – Western Australia 2021-2029," September 2, 2021, <https://www.wa.gov.au/organisation/departments/departments-of-the-premier-and-cabinet/aboriginalempowerment-strategy-western-australia-2021-2029>.
- 14 In 2020, the Western Australian Government introduced a Job Matching Service (JMS) for the National Disability Insurance Scheme (NDIS). The JMS is now well established and providing state-wide services to the disability sector, through workforce planning, information and support services and place-based strategies to build a sustainable disability workforce.
- 15 Kimberley Development Commission (2022), *Childcare in the Kimberley* - Kimberley Development Commission (kdc.wa.gov.au)
- 16 Western Australia's Business Migration Centre at the Small Business Development Corporation (SBDC) will separately provide a submission in response to the discussion paper for this Review, with recommendations aimed at improving the Business Innovation and Investment Program (BIIP) segment of Australia's migration program.
- 17 Under any DAMA's framework, employers are required to provide evidence to the DHA that they have first made concerted efforts to recruit Australian workers prior to being permitted to sponsor an overseas worker. DAMA head agreements include a range of occupations as well as agreed terms and concessions to skilled visa eligibility criteria, as negotiated between the DHA and the DAR. For more information on DAMAs see : <https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-agreements/designated-area-migration-agreements>
- 18 Source: <https://www.homeaffairs.gov.au/reports-and-publications/reviews-and-inquiries/departments-reviews/migration-system-for-australias-future>
- 19 Department of Primary Industries and Regional Development, *Remplan, Economy, Jobs and Business Insights*