



17/08/2022

Committee Secretary  
Senate Standing Committee on Community Affairs  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

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Dear Committee Secretariat

## **SOCIAL SERVICES LEGISLATION AMENDMENT (ENHANCING PENSIONER AND VETERAN WORKFORCE PARTICIPATION) BILL 2022**

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 Western Australia's mineral and energy workforce employment,<sup>1</sup> ranging from mining (mineral and petroleum commodities), manufacturing (alumina, basic inorganic chemicals and explosives) and supporting services.

Western Australia's resources sector performed strongly in 2020-21, with just 56 of CME's member companies contributing more than \$100.46 billion to the Australian economy, inclusive of \$12.67 billion in wages and salaries to 70,396 full-time Australians.<sup>2</sup> Commodity exports from the sector are a major contributor to Australia's economic recovery from its largest global contraction since the 1940s,<sup>3</sup> and are forecast to reach a new record of \$419 billion in national export earnings during 2022-23.<sup>4</sup>

The pace of Australia's economic recovery from the shocks of COVID-19 has been truly remarkable, seeing record job growth and the unemployment rate dropping to its lowest level in almost 50 years.<sup>5</sup> Whilst this turn of events does deliver an economic benefit in terms of improved local workforce participation, the unprecedented job vacancy rate and depressed migration rate nexus<sup>6</sup> have exacerbated long-standing skill shortages in a number of critical areas of the resources sector (e.g. specialist engineers and trades) and placed new stressors in the local labour market (particularly in remote and regional areas).

CME acknowledge the resources sector is a strong driver of workforce demand in the Western Australian economy. Workforce modelling commissioned by CME in May 2021 predicted a peak demand of 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 continued labour market tightening evidenced in ASX statements across the sector, and ultimately impacting the sector's ability to increase existing or new productive capacity.

When faced with the considerable challenge of an escalating demand for skills and labour and a tightening local labour market, the resources sector actioned a diverse number of responses to support the safety and productivity of its workforce. These include, improving or implementing new pathway programs into the industry and growth in the number of apprenticeship and trainee commencements, collectively supported by

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<sup>1</sup> 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.

<sup>2</sup> CME, [2020-21 Economic Contribution Factsheets](#), last updated 12 July 2021.

<sup>3</sup> Commonwealth of Australia, *Resources and Energy Quarterly: September 2020*, Office of the Chief Economist, Department of Industry, Science, Energy and Resources, 29 September 2020.

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

<sup>5</sup> Commonwealth of Australia, [Labour Force, Australia](#), June 2022 ref period, Australian Bureau of Statistics (ABS), accessed 16 August 2022.

<sup>6</sup> Commonwealth of Australia, [5 Year Productivity Inquiry: The Key to Prosperity](#), Productivity Commission, 3 August 2022.

government investment stimulus and industry commitment. However, the recruitment of new and inexperienced individuals to the industry has placed significant pressure on the capacity of existing training systems and supervisory frameworks to accommodate on-going demand. As such, a critical shortage in the number of qualified and experienced trainers and/or supervisors is challenging industry's ambition to recruit and train new (and diversified) talent pools and is placing downstream pressure on supervisory staff and safety personnel.

To help alleviate challenges and productivity impacts owing to skills dilution, CME members companies have explored opportunities to recruit or extend the employment of workers near retirement age. The particular opportunity for these workers to act as mentors and trainers for the newly recruited talent is vast and would deliver dividends in the form of further protecting health and safety outcomes for the workforce, enhancing opportunities to transfer productive sectoral domain knowledge, and providing additional financial benefits to workers nearing retirement age. However, systematic restrictions which impact on-going entitlements and benefits for this potential pool of workers, act as a disincentive to return to (or extend their employment within) industry.

As such, the introduction of the *Social Services Legislation Amendment (enhancing pensioner and workforce participation) Bill 2022* is warmly welcomed by CME and its members as a proactive measure to help mitigate risks and address training/supervisory demand during a time of unprecedented labour market tightening. Specifically, CME support in-principle the amendment to double the 'work bonus income concession' threshold payment. This amendment supports business operations whilst incentivising workers to access additional income in an economic environment of inflationary pressures and rising cost of living. Additionally, CME supports the requirement for a review of the amendments under Schedule 3 of the Act and note the sunset clause for 'work bonus income concession' as expiring after 12 months, unless extended by the Minister.

To capitalise on the opportunities, and with \$304 billion in the Western Australian resources project pipeline<sup>7</sup>, underlying constraints to labour productivity (and thereby economic output) need to be addressed, including access to a skilled and experienced workforce with specialised domain knowledge. The removal of barriers to support the engagement of retired/retiring workers into voluntary employment positions is positively viewed by CME and its members. Investigation of further opportunities to remove barriers and incentivise workforce participation within this cohort are also encouraged.

Should you have any questions about this submission please don't hesitate to contact Adrienne LaBombard, A/Director Policy and Advocacy on

Yours faithfully

**Robert Carruthers**  
Acting Chief Executive Officer

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<sup>7</sup> Commonwealth of Australia, [Resources and Energy Major Projects – 2021 Report](#), Office of the Chief Economist, Department of Industry, Science, Energy and Resources, 20 December 2021.