



Workforce Development in Northern Australia

Joint Select Committee on Northern Australia

December 2022

A large, dark blue-grey abstract graphic occupies the bottom half of the page. It features a series of nested, overlapping geometric shapes, primarily triangles and quadrilaterals, creating a sense of depth and movement. The design is minimalist and modern, with sharp lines and a monochromatic color palette.

About Australian Industry Group

The Australian Industry Group (Ai Group®) is a peak employer organisation representing traditional, innovative and emerging industry sectors. We are a truly national organisation which has been supporting businesses across Australia for more than 140 years.

Ai Group is genuinely representative of Australian industry. Together with partner organisations we represent the interests of more than 60,000 businesses employing more than 1 million staff. Our members are small and large businesses in sectors including manufacturing, construction, engineering, transport & logistics, labour hire, mining services, the defence industry, civil airlines and ICT.

Our vision is for a thriving industry and a prosperous community. We offer our membership strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

With more than 250 staff and networks of relationships that extend beyond borders (domestic and international) we have the resources and the expertise to meet the changing needs of our membership. We provide the practical information, advice and assistance you need to run your business. Our deep experience of industrial relations and workplace law positions Ai Group as Australia's leading industrial advocate.

We listen and we support our members in facing their challenges by remaining at the cutting edge of policy debate and legislative change. We provide solution-driven advice to address business opportunities and risks.

Australian Industry Group contact for this report

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The Australian Industry Group

Ai Group welcomes this opportunity to make a Submission to the Joint Select Committee on Northern Australia with a focus on “workforce development in Northern Australia, considering the impediments to building the economic and social infrastructure and workforce needed to support economic development.” Our Submission addresses in turn each of the particular areas set out in the Committee’s Terms of Reference.

A. Trends in Northern Australia that influence economic development and industry investment including population growth, economic and business growth, workforce development, infrastructure development, and Indigenous economic participation.

At a general level, the same economic, social and environmental trends that are facing Australia as a whole are also central to the economic development of Northern Australia. These include: the higher cost of labour and lack of skilled and semi-skilled personnel; adapting to climate change; transitioning to cleaner energy sources and a zero emissions economy; increasing diversity; the rapid growth of the digital economy; and geopolitical shifts.

In addition to these general trends, particular challenges and opportunities that are influencing Northern Australia include: housing and accommodation shortages in many areas; continued supply chain interruptions; new economy mineral industry development; areas of inadequacy in digital, physical, and social infrastructure across Northern Australia, the inability to secure competitive and equitable insurance; and increases to the cost of doing business, including those related to energy.

Increased strategic emphasis in the Pacific Rim; the imperative for investment in critical minerals and renewables also have particular significance for Northern Australia both in terms of the opportunities for the region and the additional pressures on skills and labour shortages associated with taking advantage of these opportunities.

A further area highly relevant to the economic development of Northern Australia concerns areas of deficiency in the VET and Higher Education sectors. In light of the disruptive trends mentioned above, these education and training sectors will need to ensure they can assist those transitioning into the industries and the skilled occupations needed for the future. Current course offerings and the ability for tertiary institutes to meet changing industry demands is proving challenging with misalignment of course content with the current and emerging needs of industry.¹

The gap for Indigenous communities is well documented and includes limited digital infrastructure, limited access to training or development that lead to employment opportunities, challenges with transport and logistics services, and attracting skilled person to these communities to provide basic services, such as education and health services.²

¹ See for example, <https://www.cleanenergycouncil.org.au/resources/resources-hub/skilling-the-energy-transition>.

² See for example, <https://www.digitalinclusionindex.org.au/first-nations/>.

B. Impediments to building the economic and social infrastructure required to support industry and business to expand and create regional jobs.

Lack of investment in digital infrastructure and training are directly impeding economic development in Northern Australia. This is illustrated in the Australian Digital Inclusion Index (ADII) that all LGA's in regional Queensland, except for Mount Isa, are below the state and national ADII average.³

Overly complex planning systems for the development of new infrastructure to support alternate industries and housing development are not easily understood by proponents and investors. This impacts the speed at which new infrastructure can be built with adverse impacts on the effective attraction of new workers into a region. This, coupled with the increased interstate migration into Northern Australia, is significantly limiting accommodation availability. With a current national vacancy average of less than 1 per cent⁴, expanding and creating new jobs is problematic. Many businesses report that the ability to find staff to fill skills shortages is only part of the challenge, with the ability to house them proving at least equally problematic.

Additional impediments relate to regions facing a loss of economic activity due to the structural changes discussed above. Difficulties in attracting private investment for accommodation or tourism infrastructure, for example, limits the capacity to take up opportunities to develop new areas of economic activity.

Further significant impediments that impact on economic growth include:

- Cost of regional air travel
- Lack of banking support/finance
- Land tenure restrictions (including on indigenous land)
- Transport costs due to sub-par road infrastructure in many communities
- Inadequate energy and water supply infrastructure.

C. Challenges to attracting and retaining a skilled workforce across Northern Australia.

Challenges impacting businesses' ability to attract and retain a skilled workforce across Northern Australia include, but are not limited to population mobility, housing affordability, construction costs and access to materials, lower wages in regions and competition for existing skilled workers across industries, lack of training facilities and meaningful pathways into secure employment.

³ See <https://www.digitalinclusionindex.org.au/dashboard/National.aspx>

⁴ See https://sqmresearch.com.au/12_10_22_National_Vacancy_Rate_2022_FINAL.pdf



Ai Group's 2022 Skills Survey⁵ *Listening to Australian Businesses on skills and workforce needs* identifies many key challenges to attracting and retaining a skilled workforce. areas of shortage identified by respondents to the survey were:

- Technicians and trades workers
- Professionals
- Machinery operators and drivers
- Labourers

In addition, the broad areas of digital skills and the skills needed for the clean economy were highlighted as areas of current and emerging shortages.

D. Empowering and upskilling the local Indigenous population.

As set out in the Ai Group's 2022 Skills Survey, while there are clearly important unique dimensions, the challenges of empowering and upskilling indigenous communities also have much in common with those facing the broader population. Critically, there is a fundamental need for an emphasis on the foundation skills of literacy and numeracy.

In addition, and particularly relevant to remote and regional Northern Australia, the need to cultivate business and leadership capabilities of current and future community elders to assist in fostering a culture of economic participation to assist improved employment outcomes and the success of indigenous-run businesses.

⁵ See <https://www.aigroup.com.au/news/reports/2022/2022-skills-survey-listening-to-australian-businesses-on-skills-and-workforce-needs/>



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