

14 December 2023



The Hon Clare O'Neil MP
Minister for Home Affairs
Department of Home Affairs
6 Chan Street
Belconnen ACT 2617

Dear Hon Clare O'Neil

AUSTRALIA'S 2024–25 PERMANENT MIGRATION PROGRAM

About CME

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 41 per cent of Australia's corporate income tax receipts by value in 2021-22.¹

In 2022-23, the WA resources sector accounted for 65 per cent of Australia's resources exports,² half of Australia's resources capital expenditure³ and 53 per cent of Australian resources employment.⁴ Within WA, the sector accounts for 11 per cent of employment⁵ and indirectly supports another 17 per cent.⁶ The sector's contribution is especially important in regional areas, where direct and indirect employment regularly accounts for 20 to 40 per cent of total employment.⁷

Executive Summary

The WA resources sector makes an outsized contribution to the state and national economies. The outlook for the sector is strong, and the industry is working hard to maintain globally competitive operations and progress the \$147.2 billion worth of WA resource projects in the pipeline.⁸ Building on the industry's existing strengths in supplying the minerals and energy the world needs, there is enormous opportunity for WA to have a world leading, sustainable, value-adding battery and critical minerals sector, supporting the critical decarbonisation of our globe.

However, the sector faces considerable challenges, including a lack of skilled and semi-skilled labour, for which demand is outstripping supply.^{9 10 11} Strong demand is being driven by the resource sector's current

¹ Australia-wide operations of companies with direct, equity joint venture or subsidiary interests in WA-based member projects. Commonwealth of Australia, [2021-22 Report of Entity Tax Information](#), Australian Taxation Office, 9 November 2023.

² Government of Western Australia, [2022-23 Major Commodities Resource Data](#), Department of Energy, Mines, Industry Regulation and Safety (DEMIRS), 10 November 2023. Australian Bureau of Statistics (ABS), [5368 International Trade in Goods](#), Table 32a.

³ Investment refers to capital expenditure as measured by gross fixed capital formation, current prices. ABS, [5220 Australian National Accounts: State Accounts](#), Table 25. ABS, [5206 Australian National Accounts: National Income, Expenditure and Product](#), Table 34

⁴ ABS, [6291 Labour Force, Australia, Detailed](#), Table 5.

⁵ Australian Bureau of Statistics, [6291 Labour Force, Australia, Detailed](#), Table 5.

⁶ Chamber of Minerals and Energy WA (CME), [2021/22 Total direct economic contribution to Western Australia](#). ABS, [6291 Labour Force, Australia, Detailed](#), Table 5.

⁷ In 2021-22, the resources industry supported 2 in 5 jobs in the Pilbara and Goldfields-Esperance regions, 1 in 5 jobs in the Perth and Peel regions, and 1 in 8 jobs in the South West region. As significant as these contributions are, they are expected to be underestimates of the industry's true impact due to incomplete survey coverage. For more details please see our [Economic Contribution Factsheets](#).

⁸ Government of Western Australia, [Industry activity indicators: Investment](#), Department of Mines, Industry Regulation and Safety, 10 November 2023 data release.

⁹ https://www.areea.com.au/wp-content/uploads/2023/09/20230901_AREEA_Resources_Workforce_2023-2028.pdf Accessed 5 December 2023

¹⁰ <https://www.wa.gov.au/government/media-statements/Cook-Labor-Government-Joint-media-statement---Clean-energy-skill-in-WA-on-the-rise-20230825> Accessed 5 December 2023.

¹¹ <https://www.rircwa.com.au/wp-content/uploads/2023/05/RITC-Industry-Report-WA-Resources-Sector-WAJET-2023.pdf>, accessed 5 December.

and future activity and compounded by growing competition for overlapping skills in major infrastructure projects across the state and the country.^{12 13}

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

Migration plays a valuable role in lifting productivity by supporting the development of local skills by onshoring mentors and trainers, and providing relief to regional or remote areas most impacted by skills and labour shortages. To realise these benefits, there needs to be ongoing policy and funding support to attract and retain international talent, including a sufficiently large and well-targeted skilled migration program. CME notes Australia's 2023-24 Permanent Migration Program planned to reduce the number of skilled migrants into the country by 5,244 relative to 2022-23.¹⁴

In recognition of the large pipeline of resources and infrastructure projects across Australia, and the importance of the resources sector to Australia's economic prosperity, jobs and incomes, and decarbonisation efforts, CME's position is that the number of places under the Skilled stream of Australia's 2024-25 permanent Migration Program should be increased to meet demand. Additional places under the Skilled stream of the permanent Migration Program would be best allocated to the Employer Sponsored, State/Territory Nominated and Regional categories, allowing employers, states and territories with best knowledge of local skills needs to identify the priority skills required.

It should be kept in mind that in the global race for talent Australia is competing with jurisdictions without a formal limit or target for skilled migrants, such as New Zealand and the United Kingdom, or with much larger migration limits. For instance, Canada is targeting 500,000 permanent migrants for 2025, accounting for just over 2 per cent of its current working-age population.

While not the subject of this submission, CME acknowledges the release of the Australian Government's holistic Migration Strategy, which aligns with CME's recommendations for more frequent updates of occupation lists, streamlined labour market testing and improving the timeliness of visa processing.¹⁵ However, we also note that the Strategy intends to return migration levels 'back to normal' in order to rebuild social license. In light of current and expected skills demand reducing migration levels in the near term may be counter-productive to Australia's economic development.

Labour market developments from the WA resources sector perspective

The Australian labour market is 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. WA is no exception, with a 3.8 per cent unemployment rate and 69.3 per cent workforce participation in October 2023.¹⁶

Strong activity within the WA resources sector has exacerbated long-standing skill shortages in a number of critical areas such as experienced and specialised operational skills and placed new stressors in the local labour market, particularly in regional and remote areas. Job and Skills Australia's [Labour Market Update December 2023](#) highlights a persistent and ongoing shortage in the Australian labour market of managers, professionals, technicians and trade workers, machinery operators and drivers.

To protect the safety and productivity of its workforce, the WA resources sector is continuing to respond to the significant challenges presented by a constrained labour market. This includes initiatives to maximise local training and recruitment opportunities, and strategies to improve the value proposition to new and existing employees (including remuneration, contractual offerings, and career development opportunities

¹² <https://www.wa.gov.au/government/media-statements/Cook-Labor-Government/Joint-media-statement---Clean-energy-skill-in-WA-on-the-rise-20230825> Accessed 5 December 2023.

¹³ <https://www.ritcwa.com.au/wp-content/uploads/2023/05/RITC-Industry-Report-WA-Resources-Sector-WAJET-2023.pdf> Accessed 5 December.

¹⁴ <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/2024-25-permanent-migration-program.pdf> Accessed 6 December 2023.

¹⁵ Department of Home Affairs, [Migration Strategy](#), 11 December 2023. CME 2022, [submission](#) to the Department of Home Affairs' consultation on 'A Migration System for Australia's Future', accessed 11 December 2023.

¹⁶ Jobs and Skills Australia, [Jobs and skills Australia](#)

including upskilling). Apprentice and trainee commencements for trade occupations in WA in the March quarters of 2021, 2022 and 2023 were between 41 and 92 per cent higher than March 2019 figures.¹⁷

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

In an environment of intense competition and stagnating labour productivity,¹⁸ this constrained labour market compromises the industry's ability to capitalise on the enormous opportunities for Australian to deliver the minerals and energy required to achieve the global energy transition, including moving into more value-adding activities such as battery chemicals.

In short, an insufficient supply of labour risks undermining Australia's international competitiveness, including our ability to attract the substantial capital required for new projects related to renewable energy and decarbonisation.

CME responses to the specific questions raised in the consultation paper are provided below.

What is the ideal size and composition of Australia's 2024–25 permanent Migration Program and why?

CME recommends:

- **that the cap for the Skilled stream under the 2024-25 permanent Migration Program is raised, or at the very least maintained at around 140,000**, in line with demand from businesses, states and territories to offset domestic skill shortages and attract the skills required to upskill Australia's existing workforce and develop new and emerging industries.
- **that additional places under the Skilled stream of the permanent Migration Program be allocated to the Employer Sponsored, State/Territory Nominated and Regional categories.** Increasing places under these categories provides greater autonomy and flexibility to employers, states, and territories that are well-placed to understand their skilled workforce requirements. Member feedback indicates that the substantial time and costs involved in Employer Sponsored visas means the onshore State/Territory Nominated visa category is particularly attractive.

The composition of skills should ideally focus on skilled technical and skilled trade occupations that are required for the net zero transition and those experiencing long term entrenched skills shortages that cannot be easily filled by domestic sources as training and workplace experience timeframes are long. The occupations expected to be in highest demand to deliver Australia's net zero ambitions include electricians, electrical engineers, metal fitters and machinists, and industrial, mechanical and production engineers.¹⁹ Occupations in high demand and with long-term entrenched skills shortages include skilled technical occupations such as geologists, hydrogeologists, geophysicists, mining engineers, metallurgists, electrical engineers and civil engineers, and skilled trade occupations including electricians, heavy diesel fitters and auto electricians.

How can migration policy settings better support social cohesion outcomes in Australia?)

In addition to the above, CME recommends:

- Provision of improved and better-funded culturally competent wraparound services for migrants on skilled, family and humanitarian visa streams - particularly in the regions - to promote social cohesion and unlock some of the barriers to participation in the workforce. This could also help to mentor

¹⁷ National Centre for Vocational Education Research, [Apprentices and trainees: 2023 March quarter](#), accessed 12 December 2023.

¹⁸ Commonwealth of Australia, [5 Year Productivity Inquiry: The Key to Prosperity](#), Productivity Commission, 3 August 2022

¹⁹ Jobs and Skills Australia, [2023 Annual Jobs and Skills Report](#), 4 October 2023.

migrants and provide funding for short term work placement programs and mentoring to assist with gaining work exposure and local context and removing barriers to participation in the workforce.

How can migration policy settings support Australia's ongoing economic prosperity and fairness?

Migration policy plays a direct role in supporting economic prosperity and opportunity. Additionally, CME notes:

- The resources sector is heavily dependent on a skilled and experienced workforce. As such the right migration policy settings play a key role in enabling the significant contribution the sector makes to Australia's economic prosperity, jobs and incomes, communities, government revenues and global decarbonisation.
- Long-term and persistent chronic shortages exist across technical occupations such as mining engineers, metallurgists, geologists. These roles require many years of formal training and additional years of experience in the work place to be competent. The current pipeline of graduates is not sufficient to serve the elevated demand that exploration for critical minerals, new mining infrastructure and expansion of existing mines is placing on these occupations.
- Trade occupations such as heavy diesel fitter, electricians, auto electricians, welders, boiler makers have also been critically in demand long term across mining, manufacturing, maintenance and shut downs. The long lead time for these roles in terms of training and experience to ensure competency creates an additional challenge. It is important migration policy settings are adjusted to reflect these shortages noting many of these occupations are essential for the energy transition.
- CME recommends the government **consider amending skilled visa processing priorities²⁰ to focus on the skills required to deliver the energy transition and develop strategic industries** (outlined above).

How should we factor in the impact and opportunities of migration on Australian communities, including in terms of access to services such as health, education, housing and infrastructure?

CME notes the following in relation to opportunities and challenges flowing from migration:

- There are positive impacts and opportunities to Australian communities through migration. Skilled workers in health, education and construction can directly alleviate some of the existing bottlenecks across these sectors. Family and humanitarian migrants can also be upskilled to service areas of critical need, and in many cases bring existing skills that could be recognised to ensure full utilisation of Australia's available human capital.
- Migration does of course add to demand for services as well as the supply. All tiers of the Australian Government should work with the relevant agencies to ensure demand modelling for public services is timely and accurate, and resources are allocated to areas as demand requires.
- Student visa pathways help ensure economies of scale in Australia's tertiary education system and a pipeline for Australia's future skilled workforce demands, including in the clean energy space.²¹

²⁰ Skilled visa processing priorities are determined by government policy priorities, which are outlined in Ministerial Direction No. 100. Department of Home Affairs, [Visa Processing Times: Skilled visa processing priorities](#), 31 August 2023.

²¹ Jobs and Skills Australia, [The Clean Energy Generation](#), 3 October 2023.

Conclusion

Raising the cap on Skilled migration places under Australia's 2024-25 permanent Migration Program will be required to address key labour market constraints in the near-, medium- and long-term, and support the ongoing contribution of the resources sector to Australia's economy, people, and decarbonisation efforts. Access to the necessary skills across infrastructure and clean technologies will be required for Australia to achieve its local, national and global decarbonisation ambitions.

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

Yours sincerely,



Rebecca Tomkinson
Chief Executive Officer