



Western Australian Government Submission

Productivity Commission

Geographic Labour Mobility issues paper

September 2013

WESTERN AUSTRALIAN GOVERNMENT SUBMISSION: GEOGRAPHIC LABOUR MOBILITY

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WESTERN AUSTRALIAN GOVERNMENT SUBMISSION GEOGRAPHIC LABOUR MOBILITY

The Western Australian Government welcomes the opportunity to make a submission to the Productivity Commission's issues paper in relation to *Geographic Labour Mobility*.

Ensuring the availability of a skilled workforce is of strategic importance for Western Australia in fulfilling its economic and social potential. Western Australia's economy is dynamic, and the degree to which the State's workforce moved between jobs during its resource expansion period was a key factor assisting the State's strong economic growth and structural adjustment.

However, it is also recognised that there are costs associated with such mobility, for example, the effects that high rates of staff turnover have on businesses, the relocation costs faced by individuals/households, and a reduction in the benefits that longer job tenure can have for workers. During the peak period of the State's resources expansion intense competition for skilled labour resulted in a degree of 'crowding out' of skilled labour in the State's non-resource industries.

Achieving a flexible workforce is challenging, in part due to issues associated with the attraction and retention of labour, particularly in regional and remote areas of the State.

Unique factors impact on regional geographic labour mobility in Western Australia, including the State's large land mass and significant distances between some centres, the many resource sector sites operating in remote locations across the State, and diverse climatic conditions. These factors provide unique challenges for service provision in regional areas of the State.

However, labour mobility strategies addressing these challenges cannot be a 'one size fits all' approach, and within this context, strategies need to address a diverse range of industry sectors, professions/trade groupings, and regions.

This submission has identified eight recommendations for the Productivity Commission to consider as part of its review into *Geographic Labour Mobility*, which are summarised below.

1. Summary of Recommendations

Recommendation 1

Regional labour markets are influenced by a number of critical factors. It is recommended that key factors be identified and strategies for increasing labour

mobility be examined in the context of those factors (e.g. regional factors including climate, cost of living, availability of housing, infrastructure, access to services), industry sectors, and across professions/trades.

Recommendation 2

Improved data collection methods and analysis to support understanding of the impact of FIFO workforces on host communities, including local government, small business, hospitals, police and other services.

Recommendation 3

The scope and context of out-migration in regional locations be examined and strategies identified to support regional workers in declining industry sectors (e.g. agriculture) develop transferable skills for employment in areas of skills shortages.

Recommendation 4

Research undertaken by the Workforce Development, Supply and Demand Principal Committee (WSDSPC) inform the Productivity Commission review of regional labour mobility.

Recommendation 5

Potential for expansion and improvement of Commonwealth initiatives for rental support (including the non-taxable income supplement payment added on to the pension, allowance or benefit of eligible income support customers who rent in the private rental market), and to improve access to home loans in regional locations.

Recommendation 6

It is important that horizontal fiscal equalisation (HFE) does not mute the migration of labour across States in response to differences in labour and capital productivity. A more 'market oriented' implementation of HFE would allow States to retain some of the proceeds of economic development, to provide the incentives and capacity to facilitate economic growth and structural adjustment opportunities.

Recommendation 7

Regional labour mobility and improved employment outcomes for Aboriginal people be improved by strategies that make connections and 'join the dots' between employers, job seekers, communities, service providers and governments.

Recommendation 8

Improved (annual) data collection at national, State and regional levels and information about the patterns of movement and employment (by location, industry sector and profession/trade) of migrants (including people on short- term working visas).

2. What role does geographic labour mobility play in a well-functioning labour market for Western Australia?

As the lead agency for workforce development in Western Australia, the Department of Training and Workforce Development (DTWD) has developed *Skilling WA – A workforce development plan for Western Australia*¹, which outlines strategies that provide the basis for the State Government's response to Western Australia's workforce challenges. One of the key principles that underpins workforce development embedded in *Skilling WA* is the promotion of efficiency and mobility in the State's labour market.

The Productivity Commission's economic modelling exercises found that the potential benefits associated with improved geographic labour mobility during a mining boom were higher average real wage levels and economic growth rates (albeit with the non-mining jurisdictions capturing more of these benefits on a per capita basis)².

3. What are the possible elements of geographic labour mobility?

A very broad definition of geographic labour mobility would assist in developing a richer understanding of the flexibility it provides for matching workers and jobs across locations (and likewise, where there are any inherent barriers/inhibitors, or possible costs). The reasons people move often extends beyond employment considerations, and can be complex, multifaceted, and difficult to disentangle.

4. What might constitute a regional labour market in Western Australia?

For regional policy and planning purposes there is interest in the movement of people and businesses within and between non-metropolitan regions, as well as movement between the metropolitan area (as a region) and non-metropolitan regions. The reasons, distances and implications for moving within metropolitan regions are different to those for moving from one country town or non-metropolitan regional centre to another. It is appropriate that this Review focus on movements that impact on the supply of labour – that is, movements between regional labour markets rather than within regional labour markets.

¹ DTWD, *Skilling WA* <http://www.dtwd.wa.gov.au/dtwd/detcms/portal/>

² This is mainly due to the modelling exercise showing that the increased ability of workers to move to work in another state or territory in turn helped moderate the rate of wages growth in resource boom jurisdictions, while increasing it elsewhere. See: Productivity Commission 2009, *Review of Mutual Recognition Schemes*, Research Report, Appendix E: Labour market impacts of mutual recognition.

5. What is the relative contribution of trends in geographic labour mobility to the regional labour supply in Western Australia?

5.1 Changing economic conditions

Current economic conditions, with a relative slowdown in economic activity across most industries both nationally and at a state level, create uncertainty for workers when deciding whether to relocate for a job, and have a negative impact on the capacity to finance such a move.

In particular, the transition underway currently in Western Australia from an intense investment phase towards more export driven operations phases in the resources sector implies a reduction in the construction workforce for mining areas over coming years. During this period, construction workers can expect longer and costlier transition periods between jobs. This is compounded by rising unemployment rates in all regions, increasing the risk of moving to a new area for fixed term contracts and projects.

Climatic conditions also impact on changing patterns of geographic labour mobility in Western Australia. Deteriorating economic conditions associated with a drying climate in the State's central Wheatbelt region is resulting in migration from this area. (See also Section 6.3: Building Stronger Rural Communities – Recognition of Prior Learning Project (RPL)).

Recommendation 1

Regional labour markets are influenced by a number of critical factors. It is recommended that the Review identify key factors and examine strategies for increasing labour mobility in the context of those factors (e.g. regional factors including climate, cost of living, availability of housing, infrastructure, access to services; industry sectors; and across professions/trades).

5.2 Fly in, fly out working arrangements

Much of Western Australia's mineral wealth is located in remote and often harsh environments of the State's regions. Companies are unable to source all of their employees from the local population, and bring in workers on 'fly-in, fly-out' (FIFO) working arrangements. The reliance on FIFO working arrangements provides industry with an alternative to permanent relocation. The regions of highest labour demand in Western Australia are in the Pilbara, Kalgoorlie-Esperance and the Mid West.

A range of factors contribute to the need for FIFO including:

- a lack of skilled workers from the local community;
- the scarcity of affordable housing and amenities; and
- flexible employment arrangements that allow employers to engage skilled labour for finite periods during the construction phase of a project.

For some employers, the use of FIFO is necessary to meet labour demands of major resource and infrastructure projects in regional and remote parts of the State. FIFO is also an attractive option for some workers given the generous remuneration provided by resource companies and contractors to compensate workers for living away from home and/or in harsh conditions. This includes subsidised onsite living costs and significant time off in between work periods.

While there is a lack of timely, accurate and detailed data available on the State's FIFO workforce³, according to the Western Australian Chamber of Minerals and Energy (CME), approximately 46 800 people or 52% of the State's resource industry workforce were employed on FIFO rosters in 2011⁴.

The CME's 2013 *State Growth Outlook* indicates that FIFO arrangements will remain in place for in excess of 50% of the resources sector workforce in Western Australia in the short to medium term. This is in spite of an expected decrease in employment levels after 2014, as the current set of resource sector projects moves from construction phases to operations phases⁵.

The shift from resource project construction to operations phases is likely to be less labour intensive. However, it will still require the availability of a skilled workforce in the resource regions.

For more information regarding issues relating to FIFO, please refer to the case study on Newman and Tom Price in the next section.

6. What is the evidence on how geographic labour mobility affects regions and communities in Western Australia?

6.1 FIFO case study example: Newman and Tom Price

This case study examines the phenomenon of FIFO workforce participation and its effect on host communities, drawing on the examples of Newman and Tom Price.

It is difficult to pinpoint where FIFO workforce participation sits in the spectrum of workforce mobility. It is simultaneously the most and least mobile of employment arrangements. The FIFO system allows a large workforce to be delivered to a site anywhere in the country with minimal delay, at the same time enabling the employee to retain his/her existing place of residence.

³ There are a number of data quality concerns that have reduced the ability to accurately obtain FIFO information from the ABS 2011 Census such as erroneous assumptions about a person's usual residence, place of work accuracy, and limitations of the data (i.e. the questions on the Census do not allow for information about FIFO cycle length, frequency or reason for visit).

⁴ Chamber of Minerals and Energy of Western Australia, Submission to the Standing Committee on Regional Australia's Inquiry into the Use of 'Fly-in, Fly-out (FIFO) and 'Drive-in, Drive-out (DIDO) Workforce Practices in Regional Australia, October 2011, p8.

⁵ Chamber of Minerals and Energy of Western Australia, *State Growth Outlook* 2013, p14.

FIFO work arrangements allow spouses and children to retain existing employment, education arrangements and social networks. They also enable capital from the mining centres of the Pilbara and Goldfields to flow out to other parts of the nation. Some analysts are of the view that the extended periods away from family and friends that FIFO work arrangements demand is harmful to relationships and sense of community. However, it is difficult to find robust comparative data that measures the mental health and social status of FIFO families against that of regionally resident workers in the same and different industries.

Newman and Tom Price are the two largest towns of Western Australia's inland Pilbara, which is one of the most sparsely populated regions of the world. Newman has a population of 5827 people and is the largest town in the Shire of East Pilbara which has a population of 12 814 and covers approximately 380 000km². Tom Price (population 3134 at 2011 Census) is the largest town in the Shire of Ashburton, which has a total resident population of 10 829 and covers approximately 105 000 km².

In 2012, mineral resources worth approximately \$50 billion dollars were extracted from the Shires of Ashburton and East Pilbara. The combined total operating income for the two Shires in 2012-13 was approximately \$92 million. Resources from Ashburton and East Pilbara accounted for approximately 21% of Australia's merchandise exports in 2012, yet the resident population of the area comprises only about 0.1% of the national total.

Newman and Tom Price were developed in the 1960s as 'company towns' to house workers for the nearby mines, and their families. At that time, establishing a resident workforce was considered the best way to operate in such a remote location. State Agreements provided a mechanism for implementing the State Government's objectives for the development of those regions. The Mount Newman Mining Company (now BHP) and Hamersley Iron (now part of Rio Tinto) developed housing and infrastructure in Newman and Tom Price respectively.

During the 1980s the normalisation process was initiated, and administration of the towns was handed over to the respective local governments. The legacy of Newman and Tom Price originally being company towns is substantial. BHP and Rio Tinto are still the major employers in each town, they still provide power and water and they still own most of the housing stock.

In the first decade of the 21st century, demand for iron ore increased enormously, largely driven by a development boom in China. During a ten year period the price of iron ore increased by more than 1000%. This triggered massive investment in the ore rich region, creating the requirement for a substantially larger workforce. For the new phase of development both companies departed from their previous approach to labour supply, augmenting the regional labour pool with a predominantly FIFO workforce. This approach was taken for a variety of reasons including:

- the overall cost of supporting a FIFO employee is significantly less than for a resident employee. Fortescue Metals Group estimates the cost of supporting a residential employee in a major town to be in the vicinity of three times the expense as for a similar FIFO employee;
- more rapid employment growth, which was critical during the surging market of the time;
- land release in Newman and Tom Price is constrained by several key factors including native title claims, mining tenements and environmental protection;
- the construction phase of a typical project is more labour intensive than the operational phase and continues for a limited duration. FIFO arrangements allow workers to reach the site without completely uprooting;
- construction and infrastructure provision costs are significantly reduced with FIFO style accommodation; and
- social changes meant fewer workers were prepared to relocate their families to remote locations, which can interrupt a spouse's career, restrict children's educational opportunities, and limit access to critical services such as health care.

The exact number of FIFO workers in the region is difficult to gauge. At the time of the 2011 Census approximately 56% (2401 employees) of the workforce in the Shire of Ashburton and 65% (3281 employees) in the Shire of East Pilbara stated that they worked in the mining sector.

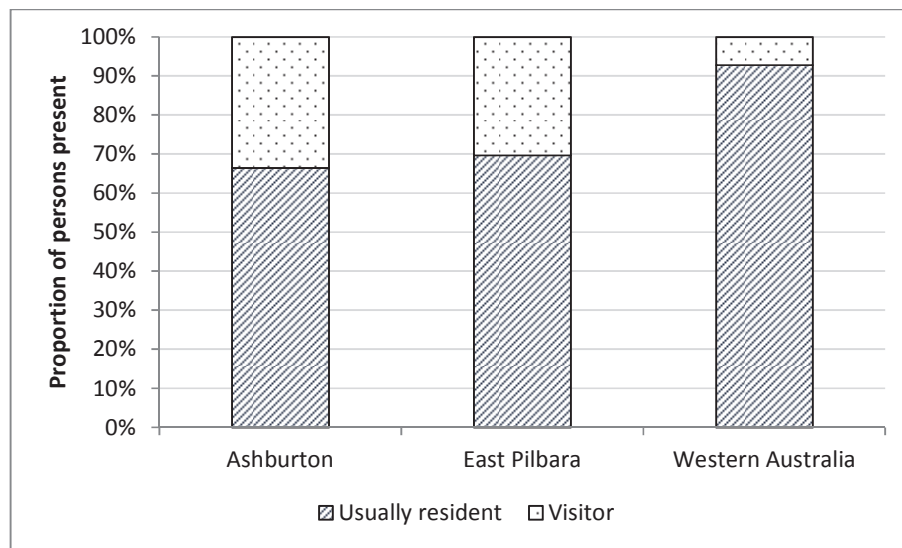
Research by the Pilbara Industry's Community Council (PICC) indicates that 85% of the mining workforce in Ashburton and 95% of the mining workforce in East Pilbara was FIFO at the time of the Census. The PICC forecast that these rates would increase to 89% of the mining workforce in the Shire of Ashburton and remain at 95% in the Shire of East Pilbara in 2013.

Census data show the count of people present in the area at Census night and the number of persons for whom the area was the place of usual residence. This gives a rough indication of how many 'extra people' were in the area at the time of the Census. The number of persons present in Newman (Urban Centre Locality) on Census night (place of enumeration) was significantly higher (6762) than the estimated resident population. This figure includes residents, tourists and visitors and provides a better indication of the total service population. The number of persons present in the Shire of East Pilbara was also substantially greater than those usually resident (11 950), with 17 148 persons present.

In Tom Price the discrepancy between those usually resident and those present on Census night was not particularly large, which suggests that within the town itself the population may be relatively settled. The number of persons present in Tom Price (suburb) on Census night (8069) however, was significantly higher than the count of persons for whom Tom Price (suburb) was cited as place of usual residence (5460). The number of persons present in the Shire of Ashburton was also substantially greater than those usually resident (10 001), with 15 057 persons present.

The increase in the number of people present on Census night who are employed in the mining or construction industries is apparent when comparing Census data. At the 2001 Census, in the Shire of Ashburton 1294 people present on Census night stated that they were employed in the mining industry and 211 people stated that they were employed in construction. At the 2011 Census those figures had increased to 4064 and 1710 respectively. In the Shire of East Pilbara 1372 people present on Census night stated that they were employed in the mining sector and 380 stated that they were employed in construction. In 2011 the count in East Pilbara had increased to 5458 and 1075 respectively.

Proportion of population resident and visiting from a different area (SA2)



Source: ABS Catalogue 2001.0 Community profile - place of enumeration

It is clear from these figures that there was an enormous influx of people to the region prior to the 2011 Census to work in the mining industry (either in the construction or operations phase). However, the precise number of FIFO workers, the duration of their stay and the extent to which they interact with established communities is uncertain.

The impact of the rapid increase in employment opportunities and consequent demand for land and housing has had a major impact on the cost of living in Newman and Tom Price. The median house price in Newman increased from \$88 500 in 2003 to \$850 000 in 2012.

In Tom Price the median house price increased from \$84 000 in 2004 to \$805 000 in 2012. The median house price in Perth for 2012 was considerably lower than either town at \$475 000.

Renting houses is also extremely expensive in these locations. BHP and Rio Tinto still own a considerable proportion of the housing stock, which they use to house employees. At the 2011 Census, respondents stated that 80% of rented dwellings in

Newman and 87% of rented dwellings in Tom Price were rented from '*other land lord type*' which includes employers - these households typically paid no or very little rent.

Rental properties available to the public in Newman and Tom Price were also considerably more expensive than is typical in Western Australia. In 2012, the median weekly rental price in Perth was approximately \$430 per week. In Tom Price advertised prices ranged from \$1600 to \$2500 per week. In Newman prices ranged from \$1300 to \$3300 per week.

Wages in Newman and Tom Price are also often much higher due to the numerous lucrative jobs in the mining sector. At the 2011 Census, 21% of Newman residents and 35% of Tom Price residents stated that they earned more than \$2000 per week, compared to 9% for the State.

The very high cost of living - particularly for accommodation - in Tom Price and Newman, means that people considering a move to these towns must either have very large incomes or have their accommodation supplied, or subsidised, by their prospective employer. This presents a critical barrier to labour movement into Newman and Tom Price, particularly for prospective employees of small businesses. This, in turn, becomes a major hurdle for small business development due to the potentially prohibitive costs of attracting staff. The Pilbara Development Commission is working with local stakeholders to address these challenges and make small business development in the towns more viable.

Aversion to long-term settlement (both commercial and residential) has a serious impact on revenue to host local governments, which in turn diminishes their ability to provide suitable infrastructure and facilities. This can become an issue, as Newman and Tom Price act as service hubs for the growing mining operations of the region. Although BHP and Rio Tinto regularly contribute financially to community groups, public events and infrastructure in the towns, the local government has little control over how this money is spent.

In essence, the availability of a FIFO workforce option in towns like Newman and Tom Price diminishes the urgency of dwelling provision. If the workforce was necessarily resident, then large scale developments would require greater provision of infrastructure (hard and social) and broader opportunities for housing development. This would assist in overcoming barriers to the provision of accommodation for service workers and other non-mining workers. It could also improve housing affordability, reducing the barrier to workforce mobility and improving opportunities for small business development.

Conversely, the use of a FIFO workforce enables more flexible and swift project development which is critical during periods of high growth. Mining activity around Newman and Tom Price could not have progressed to the same extent if project development relied solely on a resident workforce. This would have significantly reduced employment opportunities, company profits and market share, State Government royalties and economic growth on a national scale.

There are considerable benefits to the host community that can be derived from a local FIFO workforce. It is State Government policy to, where practicable, locate FIFO camps close to established towns and to construct camps in a fashion that provides a legacy benefit to the host community. Frequently, companies will invest in services such as medical centres for their own staff, which are also available to non-employees.

In addition, the presence of a large number of well-paid non-resident individuals in close proximity to established towns such as Newman and Tom Price provides a larger market for local businesses, although some other communities have experienced negative social consequences where the company does not impose off-site behavioural rules on its employees.

There are also opportunities for small industries to develop, by servicing the camps. In Newman, BHP provides bicycles for their FIFO employees which are constructed and serviced by a local indigenous organisation. In Tom Price, the Ashburton Aboriginal Corporation has been producing biodiesel with cooking oil from FIFO camps since 2006. This provides fuel for power generators in isolated communities and is purchased by Rio Tinto for use in mine machinery.

FIFO work arrangements have transformed the relationship between mining towns and the mines that fuelled their development. The effects of this form of workforce mobility are not yet fully understood. There are undoubtable benefits for employers and, to a large degree, for employees, but the consequences for the host community are more mixed. The FIFO system of workforce provision creates unusual dynamics in what are often isolated regional communities. This phenomenon needs to be better understood to plan for and manage the impacts of a FIFO workforce.

The role of land use planning and regulating agencies is also evolving in this area. Traditionally, there have been few planning or development controls on worker accommodation located at mine sites and away from towns, and the legislative mandate for imposing such controls is unclear. This has led to a wide range of worker accommodation conditions, with some companies providing 'resort style' accommodation, while at the other end of the spectrum, site accommodation is of relatively poor quality.

The willingness of workers to take up jobs, or remain in them, in remote mine sites is likely to be significantly influenced by the conditions in which they are housed.

Recommendation 2

Improved data collection methods and analysis to support understanding of the impact of FIFO workforces on host communities, including local government, small business, hospitals, police and other services.

6.2 The Perth and Peel Development Outlook

The *Perth and Peel Development Outlook*⁶ (*the Outlook*) provides a comprehensive assessment of the factors shaping future demand and supply of land and dwellings in the Perth and Peel area. The *Outlook* informs planning and management for future development of land, housing, infrastructure and services to support growth of the Perth and Peel areas. The *Outlook* also reports on employment and demographic trends which add to the understanding of labour mobility in Western Australia. More information on the Outlook can be found at: www.planning.wa.gov.au/udp.

6.3 Building Stronger Rural Communities – Recognising Prior Learning Project

In the eastern part of the central Wheatbelt Region, deteriorating economic conditions associated with a drying climate are having a significant impact on geographic labour mobility in the form of out-migration. To address this, the *Building Stronger Rural Communities RPL Project*⁷ – a partnership between the DTWD and C.Y. O'Connor Institute, and the Department of Agriculture and Food – was implemented. The program was over-subscribed and resulted in over 150 people gaining formal qualifications (aligning to the Australian Qualification Framework) to enhance their competitiveness for off-farm employment.

Recommendation 3

A Review of regional labour mobility include the scope and context of out-migration in regional locations and industries, and examine strategies to support regional workers develop transferable skills for employment in areas of skills shortages.

7. How have governments in Western Australia responded to these effects (including governance and planning processes)?

7.1 Western Australia's workforce plans

Skilling WA recognised the need for a broader identification of skilled labour needs at both the State and regional levels, in order to target strategies to build, attract and retain a skilled workforce in each of the State's nine regional areas. As a result:

- *Regional Workforce Development Plans*, outlining key challenges to workforce development in each of the nine regions of Western Australia, are being developed to provide industry, government and community sector strategies at local and State levels. Regional workforce development alliances have been established to lead workforce development initiatives in each region. Membership representation is drawn from local businesses, industry groups,

⁶ Planning Western Australia, The Perth and Peel Development Outlook 2011-12, <http://www.planning.wa.gov.au/publications/6409.asp>

⁷ C.Y. O'Connor Institute, Building Stronger Rural Communities RPL Project, <http://www.cyoc.wa.edu.au/Documents/A4%20RPL.pdf>

local governments (representing community aspirations), relevant government agencies and the local State Training Provider.

As at July 2013, five regional workforce development plans⁸ have been released for the Wheatbelt, Goldfields-Esperance, Great Southern, South West, and Pilbara regions, and are now being implemented. Plans for the Kimberley, Peel, Mid West, and Gascoyne will be released over the next year. Strategies in these plans align with the five strategic goals of *Skilling WA*.

- Western Australia's current industry training advisory arrangements comprise a network of ten Industry Training Councils, providing high level, strategic information and advice to inform the training needs and priorities of industry in Western Australia. This advice includes industry intelligence on skills supply and demand, and in particular, current or emerging skills shortages in the State.

Each Industry Training Council develops industry workforce development plans that outline the needs and skills issues of their particular industry area, including issues related to labour mobility. Further information is available at: <http://www.dtwd.wa.gov.au/dtwd/detcms/navigation/training-councils/>

7.2 Regional Workforce Development Best Practice Framework and Best Practice Principles

A national Workforce Development, Supply and Demand Principal Committee⁹ (WSDSPC) was established in April 2010 and provides support to the Standing Council on Tertiary Education, Skills and Employment (SCOTSE). The WSDSPC provides high-level advice on issues of national significance relating to workforce development, supply and demand.

The development of best practice regional workforce development principles and a best practice regional workforce planning and development framework is a key project for the WSDSPC in 2012–13. This project evolved from the Committee's recognition that for workforce planning and development to be effective at a national level, coordinated regional workforce planning is essential. The initial phase of the project examined:

- regional workforce planning (including the types of data acquisition and workforce modelling currently undertaken and how this data is shared with stakeholders);
- regional workforce development planning; and
- regional workforce development occurring in Australia.

⁸ DTWD, regional workforce development plans

<http://www.dtwd.wa.gov.au/dtwd/detcms/navigation/regional-workforce-development-plans/>

⁹ NCVER, Workforce Development Supply Demand Principal Committee,

http://www.ncver.edu.au/resources/glossary/glossary_full_record.html?query=BROWSE&entry=Workforce+Development%2C+Supply+and+Demand+Principal+Committee

The Committee has finalised the *Regional Workforce Development Best Practice Framework* and *Best Practice Principles*. These documents will be available on the DTWD website (www.dtwd.wa.gov.au) in early September 2013.

Recommendation 4

Research undertaken by the WSDPC inform the Productivity Commission review of regional labour mobility.

7.3 Workforce planning for the Western Australian local government sector

The *Integrated Planning and Reporting Program* supports the State Government's Local Government Reform Program. Developed by the Department of Local Government and Communities, this program builds the capacity of local governments to undertake strategic community planning, long-term financial planning, asset management, workforce planning and community engagement.

Local governments in Western Australia develop *Strategic Community Plans* and *Corporate Business Plans*, which include strategies to address capability requirements in asset management, long term financial planning and workforce planning. Local governments have access to a Workforce Planning Toolkit and other resources, including Workforce Planning Training Workshops in metropolitan and country areas, and a Workforce Planning Panel of Consultants.

7.4 Workforce planning in local government at the national level

The Western Australian Government contributes to national workforce planning and development initiatives, including the:

- *National Local Government Workforce Development Strategy* initiated through the then Local Government Planning Ministers' Council of the Council of Australian Governments and carried forward by the Australian Centre of Excellence for Local Government (ACELG); and
- Australian Local Government Workforce and Employment Census, coordinated through ACELG.

8. What are the key impediments to geographic labour mobility in Western Australia and how are they changing over time?

8.1 Attraction and retention issues identified from regional, and industry workforce development plans

With regional centre growth agendas emerging in a number of States, attraction and retention issues should be a focus of the Commission's research. The severity of attraction and retention issues identified from the latest set of regional and industry workforce development plans¹⁰ varies both within and between regions (and across industries) in Western Australia. Key issues include:

¹⁰ See also Section 7.1: 'Western Australia's workforce plans' in this submission.

- *Housing* - A lack of available and affordable housing in many regions and/or sub-regions has resulted in some businesses experiencing difficulties attracting and retaining staff to the point where businesses have become unviable. There are concerns relating to the loss of social housing for some households/individuals if full time employment is secured (and social housing income thresholds are subsequently breached).
- *Competition for skilled labour* - The 'crowding-out' effect associated with the resources and construction sectors is well documented in industry and regional workforce development plans. This relates to those sectors that have less capacity to match the wages and employment conditions of the resources and construction sectors. Key issues include:
 - inter-regional competition of labour, with some employees choosing higher wage regions as a place of work and residence;
 - skills mismatch between local job opportunities and the available workforce;
 - employers in other sectors, particularly non-government organisations that provide essential services and small and medium enterprises, find it difficult to match the wages and salaries offered in the mining regions;
 - competing with wages offered elsewhere can erode profits and the viability of some enterprises, further weakening the regional economy; and
 - apprenticeship/traineeship cancellations and withdrawals due to availability of higher paying positions offered by resource and construction firms¹¹.

Occupational categories where competition is occurring is wide ranging and includes professionals, trade and technical workers, community service workers, plant operators, and a number of semi-skilled occupations. The ability to attract professionals to regional areas to work in local government is also impacted (see also section 8.3 entitled 'Access to key government and community services').

Understanding and addressing the effects of 'crowding-out' and the potential 'hollowing-out' of other occupational sectors is essential. The Western Australian State Training Board, in collaboration with DTWD, is currently undertaking research to identify those occupations at most risk of being crowded out. The findings of this research and recommendations on how to possibly mitigate such risks are expected to be finalised in late 2013. The phase 1 report is available online at www.stb.wa.gov.au/Pages/CrowdingOut.aspx.

¹¹ Skilling WA consultation forum with Industry Training Councils, 27 March 2013.

- *Regional perceptions* - Perceptions about lifestyle and community including factors such as the cost of living, level of social opportunities, facilities and services plays an important role in attracting potential workers to a region.
- *Career opportunities and pathways* - One of the main barriers to attraction and retention in regional areas is a view that opportunities for career progression are poor. Employees often see regional employment as a 'stepping stone' in the workforce ladder, rather than a place to build a long-term career. As a result, employment is often transitory, with significant implications for employers in terms of recruitment costs and training. There are also perceptions of unattractive working conditions in some industries, such as hospitality, tourism and agriculture.
- *Health, education and community services* - A common concern of potential and existing employees in regional areas is the availability and quality of key services, particularly health and educational services.
- *Attracting and retaining young people* - All industry workforce development plans highlight the challenges in attracting young people into industries where skill shortages exist.
- *Ageing population* - Regional areas with a high percentage of retirees (compared with metropolitan Perth) reduce the availability of workers.
- *Childcare facilities* - Lack of affordable childcare facilities in regional Western Australia is a barrier to women with children re-entering the workforce, and workers with children relocating to the region for work.

8.2 Housing affordability and financial disincentives to home ownership

Mobility within the labour market is underpinned by the ability of the workforce to access affordable and appropriate housing as, when, and where required. Against a backdrop of population growth double the national rate, housing affordability remains a critical challenge in Western Australia.

A flexible housing market is essential. Consumers must be able to access the most appropriate option for their particular circumstances, including income, employment, family/household type, size and age. A lack of access to affordable and appropriate housing discourages or delays individuals from relocating to alternative locations to pursue employment opportunities. This creates a constraint on economic development and limits individual household economic participation and wealth creation. Contributing factors to a lack of affordable housing in Western Australia include:

- constrained supply of existing land and housing;
- rapid increase in demand;

- inability of the market to adapt quickly to rapid changes in market conditions;
- lack of timely delivery of development-ready land and infrastructure constraints;
- housing supply constraints such as shortages in skilled workers, materials and firms resulting in high costs; and
- housing supply constraints such as shortages in skilled workers, materials and firms resulting in high costs.

For many individuals and households, their willingness to relocate to pursue employment opportunities is constrained by financial disincentives or barriers to moving home.

These financial disincentives include:

- *Limited access to finance*
The amount demanded by banks as a deposit, tighter limits on lending, and the additional cost of Lenders Mortgage Insurance (LMI) adversely impact on workers. The amount that banks are willing to lend to those with a 10% deposit is insufficient to purchase a median priced property in some locations in the State, particularly in the Pilbara and Kimberley. Regardless of income, the amount that banks are willing to lend reduces, and in some locations halves, when the deposit is reduced to 5%. This makes a median priced housing inaccessible for many people. Banks will not lend to individuals for land purchases in the North West of the State with less than a 10% deposit.
- *North West region of Western Australia*
Home ownership is effectively out of reach for the majority of households living in the North West of Western Australia. Even with a 20% deposit of \$199 500, a borrower allocating 30% of their income to repayment would need an income of around \$200 000 to buy the median-priced property in Port Hedland or an income of \$150 000 if they are able to allocate 40% of their income to repayments.

Median price of sales of established house sales in the North West

Town	Mar qtr 2012	Dec qtr 2012	Mar qtr 2013 ¹²
Broome	\$615,000	\$695,000	\$652,000
Karratha	\$807,500	\$745,000	\$765,000
Port Hedland	\$872,500	\$844,500	\$997,500

Source: *Market Update*, March Quarter 2013, REIWA

¹² March quarter 2013 figures are preliminary and subject to the inclusion of late settlements.

The following table shows the median weekly rents, the quarterly and annual change and income needed for housing to be affordable at 30% and 50% of income. Even when allocating 50% to rent and the recent fall in rents, very high incomes are needed to afford the median private sector rents in Karratha and Port Hedland.

Median weekly rents and annual incomes needed to maintain affordability in the NW

Town	March qtr 2013	Qtly/annual change	Affordable at 30% of income	Affordable at 50% of income
Broome	\$ 650	0.0%/ +4.8%	\$112,700	\$ 67,600
Karratha	\$1,200	-4.0%/-25.0%	\$208,000	\$124,800
Port Hedland	\$1,675	-15.2%/-6.9%	\$290,300	\$174,200

Source: *Market Update*, March Quarter 2013, REIWA

- **Commonwealth Rent Assistance (CRA)**

This non-taxable income supplement payment is added on to the pension, allowance or benefit of eligible income support customers who rent in the private rental market. Pensioners, allowees and those receiving more than the base rate of Family Tax Benefit Part A may be eligible for Rent Assistance.

CRA improves affordability outcomes, but it varies between regions. A 2004 Australian Housing and Urban Institute study¹³ found that regional differences in rents in the private rental market, in household incomes and household structures that interact with the Australia-wide settings of CRA, result in regional variations in the impact of CRA upon housing affordability. The study modelled four different scenarios under which various settings of CRA were varied and the impact on housing affordability and budget costs measured.

The uneven regional effect of CRA on rental markets and housing affordability has flow-on impacts upon mobility overall, but particularly at lower income levels.

Recommendation 5

Examine the potential for expansion and improvement of Commonwealth initiatives for rental support (including the non-taxable income supplement payment added on to the pension, allowance or benefit of eligible income

¹³ Tony Melhuish, Anthony King and Elizabeth Taylor, "The regional impact of Commonwealth Rent Assistance" (November 2004), AHURI.

support customers who rent in the private rental market), and for improved access to home loans in regional locations.

8.3 Access to key government and community services

Western Australia's capacity to provide these services is restricted by the current distribution of GST revenues according to the principle of horizontal fiscal equalisation (HFE). The current implementation of HFE redistributes government revenues attributable to above average economic growth to other States – it can be characterised as a 100% tax on any above average fiscal capacity. By stripping away growth revenues, Western Australia's capacity to finance the up-front costs of infrastructure (including housing support), services and facilities necessary to facilitate national structural adjustment is eliminated (unless paid for through above average taxes or below average services elsewhere).

Access to key and critical services has significant impact on regional labour mobility. Workers require a level of certainty that they and their family will have access to appropriate and reliable government and community services.

A lack of affordable housing has a significant impact on the quality and availability of services. When businesses have to pay high housing costs for staff, these costs are either passed on to the consumer, the level of services is reduced, or services are withdrawn.

Infrastructure costs represent a significant challenge for State and local governments, in particular in mining areas where planning decisions need to balance the intense short term pressure associated with the labour intensive construction phase of resource projects and the relatively lower, longer term labour requirements of their operation phase.

Barriers to attracting and retaining public sector staff in regional locations of the State impacts on geographic labour mobility, significantly in the education, police and health sectors. Western Australia's Public Sector Commission's strategic planning process (2014 to 2017) includes identification of strategies to improve public workforce mobility.

Public Sector Commission research and consultation on recruitment issues in the regions identified key issues, including:

- relocation allowances to and from Perth;
- housing allowances;
- accurately priced district allowances to address high costs of living in remote areas;
- school and childcare places;
- the ability to transfer back to metropolitan areas;
- the mobility of regional agency staff – ease of movement from one project to another; and

- geographic labour mobility is also an important factor with respect to the availability and capacity of the workforce in the Western Australian local government sector.

Geographic labour mobility issues specific to the local government workforce include:

- labour shortages across a number of occupational groups, common to the local government sector nationally and to other sectors;
- substantial loss of Western Australian local government workforce to the mining companies;
- the considerably higher wages/salaries attract differing occupational groups depending on the stage of development of the mining operations;
- the recent trend is for employees returning to their local governments after about two years. FIFO workforce arrangements generally do not provide benefits for local governments and their communities, as services are utilised but there is little advantage to the community economically and socially;
- regional local governments are unable to attract the workforce they require due to remoteness and a lack of housing and services and facilities, particularly for families;
- the current implementation of HFE in the distribution of general purpose grants among local governments does not enable regional local governments to overcome these problems, particularly due to the inadequacy of Commonwealth Government payments for remote local governments. Also, the above mentioned problems with the distribution of GST revenues means that the State Government does not have the capacity to assist regional local governments without levying above average taxes or providing below average services elsewhere;
- increased engagement of employees through the 457 visa employment process;
- development of technological options such as working from home and greater sharing of mobile workforces (e.g. environmental health officers and building officers); and
- employees increasing drawn from locations that are a considerable distance from the workplace, with associated increased travel time.

Recommendation 6

It is important that HFE does not mute the migration of labour across States in response to differences in labour and capital productivity. A more ‘market oriented’ implementation of HFE would allow States to retain some of the proceeds of economic development, to provide the incentives and capacity to facilitate economic growth and structural adjustment opportunities.

9. What actions does the Western Australian Government and businesses take that influence geographic labour mobility?

The Western Australian Government has a diverse range of initiatives to improve geographic labour mobility.

9.1 Royalties for Regions

The Royalties for Regions (RfR) policy recognises challenges facing regional and remote Western Australia, and funds initiatives to enhance the liveability and vibrancy of regional communities across the State. This Western Australian Government program aims to grow permanent regional populations to better service regionally based industries and reduce the demand for FIFO workers.

Significant projects funded through the RfR program include:

- *Pilbara Cities*¹⁴ - aims to address the issues associated with significant growth in the Pilbara region. The objective is to build the populations of Karratha and Port Hedland into cities of 50 000 persons, and Newman to 15 000 persons, with other Pilbara towns growing into more attractive and sustainable local communities.
- *SuperTowns* - assists towns in the southern half of the State to plan and prepare for the projected population expansion by creating vibrant communities with job opportunities. Boddington, Collie, Esperance, Jurien Bay, Katanning, Manjimup, Margaret River, Morawa and Northam are the State's initial *SuperTowns*.
- *Regional Airport Development Scheme*¹⁵ - aims to improve regional aviation facilities across Western Australia and enhance economic growth. The funding has supported more than 150 aviation projects across Western Australia valued at \$67 million.
- *Regional Workers Incentives Scheme* - provides for an increased district allowance for public sector employees in regional Western Australia as part of the process to attract and retain those workers who provide essential government services. Around 9000 regional public sector workers are potentially eligible for the district allowance.

9.2 Housing affordability

Western Australian Government initiatives to make affordable housing accessible include:

- *Affordable Housing Strategy 2010–2020: Opening Doors to Affordable Housing* - addresses the challenge of a long term decline in affordability, an emerging gap between supply and demand, particularly at the low cost end of the market, and an overstretched public housing system. The Western Australian Government works with partners and markets to increase the range of housing options and solutions that are affordable, available and appropriate.
- *Keystart Home Loans* - provides a range of home ownership products through the State Government lending provider, Keystart. The aim is to assist Western Australians into affordable housing, and reduce pressure in other parts of the housing market by:

¹⁴ Pilbara Development Commission, <http://www.pdc.wa.gov.au/pilbara-cities/about-pilbara-cities/>

¹⁵ Department of Transport, Regional Airport Development Scheme, <http://www.transport.wa.gov.au/aviation/1347.asp>

- increasing income limits, property purchase price caps and debt servicing ratio; and
- decreasing the buffer rate to one closer to the major banks; and requiring a 2% deposit and no lenders mortgage insurance.

The following Keystart income limits and property purchase price caps recognise the State's regional differences, and are currently:

Location	Income limits (per annum)			Property purchase price caps
	Singles	Couples	Families	
Metropolitan area	\$90,000	\$110,000	\$130,000	\$450,000
Regional areas (exc. Kimberley & Pilbara)	\$110,000	\$130,000	\$130,000	\$500,000
Kimberley	\$120,000	\$150,000	\$150,000	\$700,000
Pilbara	\$150,000	\$180,000	\$180,000	\$850,000

As at June 2013, the housing affordability initiatives outlined above have led to more than 10 000 opportunities being created, with 4655 households who could not otherwise access finance helped to purchase a home through Keystart Home Loans, and 600 households assisted to purchase a home through the *SharedStart* program.

- *Service worker accommodation* in regional communities through the *Affordable Housing Strategy* and *Royalties for Region Affordable Housing Initiatives*. This ensures workers are available to maintain key and essential services in regional Western Australian communities.

These initiatives ensure that businesses and Non-Government Organisations (NGOs) are able to attract and retain qualified and experienced staff to maintain quality services. Targeted housing initiatives include:

- *Key service worker housing* - key workers are essential to keeping regions sustainable and the economy growing. They include, but are not limited to, skilled and semi-skilled workers employed in the following industries: childcare, education, emergency services, health care, hospitality, retail, trades and manufacturing, and government employees.

In Western Australia, the lack of affordable housing in the North West, particularly in Pilbara towns such as Port Hedland and Newman, has had a significant impact on local businesses and their employees. The provision of discounted rents, particularly in areas where rents are unaffordable for people on low to moderate incomes, assists businesses and NGOs to attract and retain workers and thus maintain services and community amenities.

The *NGO Housing Strategic Intervention* was a targeted \$35 million initiative funded by the Royalties for Regions Regional Infrastructure and Headworks Fund. It delivered 58 rental properties to NGOs across the Pilbara and Kimberley to sustain the delivery of key State Government funded services.

The State Government Royalties for Regions-supported housing package to ease the pressure on Port Hedland's housing shortage and high rents included the provision of 125 service worker homes across Port and South Hedland. This initiative addressed an immediate shortage of accommodation for service workers in the town whilst a longer term solution was being created through the Osprey Key Workers' Village.

The City of Perth's *Key City Worker Apartments* are subsidised through the National Rental Affordability Scheme (NRAS) and offer rents at 20% below market rates. They provide an opportunity for people on low to moderate incomes to experience affordable inner city living.

- *Employment Related Accommodation* facilities - four Employment Related Accommodation (ERA) facilities have been constructed under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) with the Commonwealth Government. These provide stable, supported and affordable accommodation for regional and remote Aboriginal apprentices, trainees and workers who are required to travel away from their home community for work. ERAs are currently available in Halls Creek, Broome, Derby and Fitzroy Crossing, and two are planned for the Pilbara region.

9.3 Harmonisation of apprenticeships

Western Australia supports regional labour mobility through participation in apprenticeship reforms to enable apprentices and trainees to move between jobs and between States with no disadvantage.

9.4 Planning strategies

Well-planned cities, towns, and transport routes connect people to their jobs, services, family and friends and places of recreation in Western Australia. Western Australia's integrated approach to planning supports regional labour mobility. For example:

- The *Urban Development Program* (UDP) provides information to support inter-agency decision-making about urban development and the provision of services to the community. By tracking land demand and supply, and proposed development and urban infrastructure in the State, more effective use of land, better staging of development and prioritisation of State infrastructure investment support urban growth.
- The *Perth and Peel Development Outlook* and *Regional Hotspots* monitor urban and regional growth to inform effective coordination land supply and infrastructure

provision within the Perth, Peel and across selected regional centres in Western Australia. *Directions 2031 and Beyond, State Planning Strategy* and Sub-regional structure plans guide future development and provide a framework to address infrastructure provision, transport issues, access to employment, and sustainable land use.

Planning for land supply and employment opportunities includes the identification of strategic industrial land estates. The clustering of related businesses and compatible land uses provides the local labour force with opportunities for re-employment if an existing position ends. The availability of skilled labour further encourages industries to locate within such precincts. For example:

- The *Australian Marine Complex (AMC)* in Kwinana is a coordinated industrial estate which, due to its strategic location and managed development, caters for manufacturing, fabrication, assembly, maintenance and technology development, servicing the marine, defence, oil and gas, and resource industries.
- Bentley Technology Park is an industry cluster co-located with Curtin University of Technology and a CSIRO research centre, and includes a business incubator facility. This development was designed to attract technology-based companies, and facilitate interaction and the development of synergies, while also providing opportunities for the development of workers with specialised skills. Currently strategic land use planning is being undertaken to integrate Curtin University's expansion plans with opportunities to enhance the effectiveness of the Bentley Technology Park.

9.5 Encouraging flexible, non-location dependant workforces

It is critical that human resource policies and managerial attitudes keep up with technological change and the changing shape of work (see also section 10.1 below). The State Government (Department of Commerce) website - *Flexible Workplaces*¹⁶- provides information for managers and employees in small business and industry on flexible working arrangements, including telework.

10. What are the implications of technological, structural and demographic developments on patterns of geographic labour mobility in Western Australia?

10.1 Non-location dependant workforces

Workplace flexibility is about when, where and how people work. These arrangements are rapidly becoming essential to effective organisations profitable businesses, and labour mobility.

Telework - where employees regularly work from a place that is other than the office, utilises information and communications technology such as phone, fax, internet,

¹⁶ Department of Commerce, Flexible workplaces
<https://www.commerce.wa.gov.au/labourrelations/content/FlexibleWorkplaces/index.htm>

email to stay connected to colleagues and work systems. Western Australia's mining industry has made sizable investment into autonomous and remote operations (such as driverless trains, remotely operated mining trucks, and similar). As well as changing the nature of work and the skills sets required, technology changes the location required for work, can increase urban-based roles in remote centre operations, and reduce the number of on-site roles required on each site¹⁷.

10.2 Child care

The provision of child care services in regional areas of the State is a significant workforce challenge. The *Regional Community Child Care Development Fund*¹⁸ supports child care services in regional Western Australia, and ensures that parents in regional areas have access to quality community child care.

Child care services, particularly in regional and remote areas of the State, experience ongoing staff shortages. This occupation remains on the Western Australian State priority occupation list¹⁹.

10.3 Aboriginal workforce development and labour mobility

It is acknowledged that Aboriginal²⁰ people have higher rates of mobility relative to the rest of the working-age population²¹. However, research has found that the very act of moving has a negative effect on the labour market outcomes of Aboriginal people²². Barriers to regional labour mobility for Aboriginal people in Western Australia include:

- geographical remoteness and a lack of proximity to major job markets is challenging for some Aboriginal people – particularly for those who usually reside in remote locations in Western Australia. Labour mobility for Aboriginal people in regional and remote locations of the State is impacted by traditional, cultural, and linguistic factors. (Family and community ties impact on decisions to relocate for

¹⁷ For more information, see: McNab, K., Onate, B., Brereton, D., Horberry, T., Lynas, D. and Franks, D.M., 2013, *Exploring the social dimensions of autonomous and remote operation mining: Applying Social Licence in Design*. Prepared for CSIRO Minerals Down Under Flagship, Mineral Futures Collaboration Cluster, by the Centre for Social Responsibility in Mining and the Minerals Industry Safety and Health Centre, Sustainable Minerals Institute, The University of Queensland, Brisbane.

¹⁸ Department of Local Government and Communities, Regional Community Child Care Development Fund <http://www.communities.wa.gov.au/grants/grants/regional-community-child-care-development-fund/Pages/default.aspx>

¹⁹ The State priority occupation list is an annually produced list of skilled occupations, where the occupations listed are considered priorities for guiding the funding of training in Western Australia's Vocational Education and Training sector. More information can be found here: <http://www.dtwd.wa.gov.au/dtwd/detcms/portal/>

²⁰ The terms Aboriginal, Aboriginal and Torres Strait Islander, and Indigenous in referring to the first Australians, are used interchangeably to maintain accuracy with respect to other preceding documents and initiatives. The term Aboriginal, more broadly used here, should be taken to mean Aboriginal, Aboriginal and Torres Strait Islander, and Indigenous peoples.

²¹ Bill, A. and Mitchell, W.F. 2006, Great Expectations: migration and labour market outcomes in Australia, Working Paper, No. 06-08, Centre of Full Employment and Equity, University of Newcastle, Newcastle, <http://e1.newcastle.edu.au/coffee/pubs/wp/2006/06-08.pdf>

²² Biddle, N. 2010, 'Indigenous migration and the labour market: A cautionary tale', Australian Journal of Labour Economics, vol. 13, no. 3, pp. 313-330.

employment for most people – especially in a State of vast distances and expensive airfares);

- low completion rates in education (one third of Aboriginal adults in Western Australia have completed year 12 or a post school qualification)²³, and low levels of English language, literacy and numeracy impact on work-readiness and labour mobility; and
- lack of a driver's licence, and limited or no access to transport, housing, and accommodation impede regional labour mobility for Aboriginal people.

The focus of the State Government's *Training together – working together*²⁴ Aboriginal workforce development strategy is on Aboriginal participation in the workforce, and to ensure that development and application of their skills is within a workplace context.

Better connections between employers and Aboriginal people, and a more unified system of support improve opportunities for individuals to gain sustainable employment, for example:

- five Aboriginal Workforce Development Centres have been established across the State: in Perth, Bunbury, Geraldton, Kalgoorlie and Broome; and
- the *Aboriginal Business Directory WA*²⁵ aims to increase Aboriginal workforce participation and mobility by connecting individuals with Aboriginal businesses, and linking them to employment opportunities throughout Western Australia. As of 6 August 2013, 150 businesses have registered. Four principal and seven supporting sponsors have been secured to cover the costs of promoting and operating the Directory.

Recommendation 7

Strategies to improve labour mobility and employment outcomes for Aboriginal people make connections and 'join the dots' between employers, job seekers, communities, service providers and governments.

²³ ABS, 2011 Census, (please note that the Training together – working together publication references 2006 Census data and states 'around 20% of Aboriginal adults have completed year 12 or a post school qualification').

²⁴ Training together – working together: sustainable employment outcomes for Aboriginal people through training: Aboriginal workforce development strategy
<http://www.trainingwa.wa.gov.au/trainingwa/detcms/navigation/category.jsp?categoryID=9549938>

²⁵ Aboriginal Business Directory WA, <http://www.abdwa.com.au/home.asp?cmd=>

11. What effect does international migration have on geographic labour mobility in Western Australia?

11.1 Western Australian skilled migration strategy

The Western Australian skilled migration strategy²⁶ supplements the State's workforce with skilled migrants to fill those jobs unable to be filled from the local workforce. It provides a blueprint for managing Western Australia's participation in the national migration program and attracting labour from interstate and overseas to provide a flexible labour market, reduce pressure on wages and support the delivery of services.

11.2 Major changes in migration policy

A major change to Australia's migration policy which is impacting on Western Australia is the shift from supply-driven migration towards demand-driven outcomes, in the form of employer and government sponsored skilled migration. For example:

- *SkillSelect* requires prospective applicants to submit an expression of interest (EOI) before being invited to make a visa application. Migrants wanting to be sponsored for employment by state/territory governments, employers or any independent applicants (non-sponsored) must receive an invitation prior to lodging a visa application;
- *Regional Sponsored Migration Scheme* (RSMS) enables employers to sponsor skilled migrants to work in designated regional areas. Employers wishing to sponsor under this program must demonstrate that the position cannot be filled by an Australian citizen or permanent resident;
- *Enterprise Migration Agreements* (EMAs) target large scale resource projects (capital expenditure more than two billion dollars and with a peak workforce of more than 1500 workers) and aim to reduce the administrative burden on employers involved in these projects; and
- *Regional Migration Agreements* focus on support for regional areas experiencing labour and skill shortages.

11.3 Labour mobility of recently arrived migrants into Western Australia

There is no reliable and timely system for collection of data that helps track subsequent migration patterns of migrants once in Australia, or for migrants who then move within Australia for work-related reasons. While Australian Bureau of Statistics Census data provides some indication of patterns of movement, the Census is only carried out every five years, and does not have related questions about reasons/intentions for moving.

²⁶ DTWD, Western Australian Skilled Migration Strategy, <http://www.dtwd.wa.gov.au/dtwd/detcms/apprenticeships-and-training/training-and-workforce-development/articles/western-australian-skilled-migration-strategy.en?oid=Article-id-11449218>

There are a number of reports, including the Commonwealth²⁷ (Department of Immigration and Citizenship), report on the population distribution effects of migration in Australia indicating that recently arrived migrants show a greater propensity to move interstate than within states, in contrast to the total population. However, the report also found:

There are differences between those resident for less than five years and those for more than five years in their spatial distribution by settlement type. This could be a function of changes in the structure of Australia's major areas over time, changes in the composition of migration, or it could be due to migrant mobility converging toward that of the Australia-born over time.

The table below shows that recent migrant arrivals to Western Australia (who arrived during the period 2006 to 2011) accounted for 8.2% of the State's population on Census night 2011. The Perth metropolitan area received the greatest intake in numbers and proportionality of migrants, with 9.5% of Perth's population arriving between 2006 and 2011. It should be noted that the heavy mining regions of the Pilbara and Goldfields-Esperance also have high proportions of migrants, though non-mining regions lag significantly behind.

Recent migrant arrivals in Western Australia by region

	Recent Migrant Arrivals (2006 - 2011)	Total Population	Proportion of Population Recently Migrated
Perth	154,691	1,627,764	9.5%
Peel	5,438	107,614	5.1%
South West	6,282	154,520	4.1%
Great Southern	1,766	55,358	3.2%
Wheatbelt	1,932	71,158	2.7%
Mid West	1,855	53,657	3.5%
Gascoyne	298	9,289	3.2%
Goldfields / Esperance	4,219	57,412	7.3%
Pilbara	4,469	59,896	7.5%
Kimberley	1,186	34,793	3.4%
State Total	182,136	2,231,461	8.2%

Source: ABS Census 2011, place of usual residence and year of arrival

Recommendation 8

Improved (annual) data collection at national, State and regional levels and information about the patterns of movement and employment (by location, industry sector and profession/trade) of migrants (including people on short-term working visas).

²⁷ See *Population distribution effects of migration in Australia*, report prepared for the Department of Immigration and Citizenship, March 2011, Professor Graeme Hugo and Dr Kevin Harris.

Attachment 1 – Additional data sources and references

The following data sources may assist the Productivity Commission in its investigations.

- Western Australian State Supplementary Survey - Labour Mobility and Intentions, Western Australia, Oct 2008, Australian Bureau of Statistics cat. No. 6209.5.
- It should be noted that there are significant technical limitations in accessing workforce data and using labour market forecasting modelling at the regional level in Western Australia due to the relatively small labour markets in those regions and to the difficulty of capturing the multiplier effects of major resource projects with large workforce. These limitations are compounded by the lack of detailed information on the development plans of these resource projects and on the workforce implications of these plans. The Department of Training and Workforce Development is investigating the development of an experimental Regional Priority Occupation List, based on local stakeholders input.
- The 2011 Regional Price Index²⁸ (RPI) for Western Australia was produced by the Department of Regional Development and Lands with funding from the Royalties for Regions program. The RPI is a cost comparison of a common basket of goods and services across a number of regional locations to Perth. More specifically, it identifies the differences in the price of selected goods and services (the basket of goods and services) between regional town centres and Perth. It is based on the premise of identifying how much it costs a person living in Perth to buy a selection of commonly used goods and services and then pricing these goods at different regional locations throughout Western Australia.
- The Department of Immigration and Citizenship's (DIAC) Longitudinal Survey of Australia's Migrants (LSIA) has detailed questions on labour market and geographical mobility and could be extracted from changes in address across waves.
- The DIAC Continuous Survey of Australia's Migrants is a longitudinal survey, so technically it may enable geographical mobility analysis to be linked to labour market.
- The Australia at Work Survey by the Workplace Research Centre, University of Sydney is a longitudinal survey covering the period 2007-2012.

²⁸ The Department of Regional Development, Regional Price Index, <http://www.drd.wa.gov.au/publications/Documents/Regional-Price-Index-2011.pdf>

The following reference list may assist the Productivity Commission in its investigations.

1. Buchanan, J., Baldwin, S. and Wright, S. (2011). "Understanding and Improving Labour Mobility: A Scoping Paper", NCVER Occasional Paper, Commonwealth of Australia, Adelaide.
2. Cameron, R. (2011). "Responding to Australia's Regional Skill Shortages Through Regional Skilled Migration", *Journal of economic and Social Policy*, Vol. 14(3), pp.1-33.
3. Khoo, S-E, McDonald, P. and Hugo, G. (2005). "Temporary Skilled Migrants in Australia: Employment Circumstances and Migration Outcomes", report prepared for Department of Immigration and Multicultural and Indigenous Affairs.
4. Khoo, S-E and McDonald, P. (2006). "Temporary Skilled Migrants' Employment and Residence Outcomes: Findings from the Follow-up Survey of 457 Visa Holders", report prepared for Department of Immigration and Multicultural and Indigenous Affairs.
5. Department of Immigration and Citizenship (2005). "Survey and Analysis of the Regional Sponsored Migration Scheme Subclass", Commonwealth of Australia, ACT.
6. HRpulse (2009). "Australian Experiences with Skilled Migration – Perception and Reality", Research Report.
7. Bahn, S., Yap, G. and Barratt-Pugh, L. (2012). "457 Visa Workers in the Western Australian Resources Sector",
https://www.ecu.edu.au/data/assets/pdf_file/0003/406353/FINAL-34028-ECU_Research_Report-Web.pdf

Attachment 2 – List of Western Australian State Government agencies that contributed to the submission

- Department of the Premier and Cabinet
- Department of Treasury
- Department of Training and Workforce Development
- Public Sector Commission
- Department of Local Government and Communities
- Department of Planning
- Department of Housing
- Department of Commerce
- Department of State Development
- Department of Regional Development
- C Y O'Connor Institute
- Kimberley Training Institute