



Employment White Paper consultation

CCIWA submission

November 2022

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Introduction

CCIWA is the peak body advancing trade and commerce in Western Australia. We want the best for communities across the State. We advocate for public policies that will make WA the best place to live and do business, and that reflect the needs of all our stakeholders — businesses, families, consumers and the WA workforce.

The Government is in the process of reviewing Australia’s migration and early learning and care systems. CCIWA supports these reviews and intends to engage constructively in the review processes. The Government is also advancing the biggest reforms to our industrial relations system in over a decade. The outcomes of each of these processes have the potential to fundamentally alter labour market outcomes for all Australians.

In the context of the outcomes of these processes — and therefore the future state of the labour market — not yet being settled, it is challenging to provide comment on the terms of reference for the Employment White Paper. Nonetheless, our submission focuses on actions the Government can take to:

- Improve employment outcomes through industrial relations reform
- Enable our economy to adapt to the future of work by ensuring our training and migration systems are responsive to changing needs
- Ensure women have equal opportunities and equal pay

Full employment, job security, productivity growth and fair pay

Businesses employ six in every seven Western Australians. The key to maintaining full employment, creating job security, and raising the productivity and income of our workforce is therefore to make it as easy as possible for businesses to hire and retain the best employees for the job.

We are deeply concerned about the implications for the labour market of elements of the Government’s industrial relations reforms. Over 90 per cent of WA businesses are worried about at least one aspect of the reforms.¹ And the most common response to changes like broadening multi-employer bargaining, the potential for arbitration of flexible working arrangements and limiting their use of fixed term contracts they say will be to employ fewer staff.² This is contrary to the stated objectives of the reforms, as well as the Employment White Paper process.

As set out in our submission to the Senate Inquiry, we do not consider the reforms fit to pass in their current form. We urge the Government to split the *Secure Jobs and Better Pay Bill 2022*, so all affected parties have more time to consider its most contentious elements.

¹ CCIWA snap business survey, 19 November 2022.

² Ibid.

We understand the Government intends to pursue a second tranche of reforms early in 2023. Given the tension created by the approach taken by the Government to implementing the current tranche of reforms, we urge the Government to take a more considered process to developing and introducing the next tranche. The process must allow all affected stakeholders adequate time to provide input and for decision-makers to consider the issues and impacts raised.

Achieving Greenfields reform is also a critical priority for WA's economy. Being unable to establish terms and conditions of employment for the life of a major project imposes risk and disincentives for businesses to invest. Our international reputation as a safe investment destination is undermined when major projects such as Gorgon, Curtis Island and Ichthys LNG in WA can be disrupted by mid-project industrial disputes.

Decision makers must bring forward Greenfields reform as a standalone priority.

The future of work and managing structural labour market change

The terms of reference set out several mega-trends that are driving change in the skills our economy needs, such as decarbonisation, digitalisation and the ageing population.

The labour markets of open economies like ours will always rely on both local workers and migration to meet their skills needs. For our labour market to be able to adapt to changing skills needs, we therefore need the systems that develop our local talent and enable us to bring skills in from overseas to be agile, flexible and responsive to change.

Creating a more responsive vocational education and training system

Our vocational education and training system must be quicker at responding to the needs of employers to ensure we are developing a pipeline of workers with the skills businesses need. Reform in this area is desperately overdue.

An effective VET system should be focused on preparing individuals for a lifetime of work and learning and ensuring businesses have people with the skills they need to drive growth and productivity. It requires a business-first — as opposed to a top-down, government led — approach.

To that end, we support the Government's commitment at the Jobs and Skills Summit to legislate Jobs and Skills Australia based on tripartite governance arrangements. This would go a long way to ensuring there is an industry voice at all levels of workforce planning and VET. We would also like to see the systems architecture include a link between Jobs and Skills Australia and the new industry skills clusters for workforce planning.

We also welcome the Government's commitment to restart discussions for a 5-year National Skills Agreement, and to kick start skills sector reform. A central performance indicator of the National Skills Agreement has been the proportion of employers that are satisfied that training meets their needs. Yet Productivity Commission reviews and

evidence from CCIWA's members highlight that the VET system is struggling to deliver the skills employers need.

One of reasons for this is the system's overly cumbersome and non-responsive qualifications development system. The process for developing training packages is time-consuming, involving many parties and layers of supervision. The lengthy development, approval, and endorsement processes ultimately lead to long delays in delivery to market, by which time the qualifications become outdated. To address this, we recommend:

- There be a new approval body under Jobs and Skills Australia for training products (replacing the Australian Industry and Skills Committee).
- That States and Territories with locally based VET regulators retain this function, because they have the deepest and most nuanced understanding of local market conditions. (This should, however, be complemented by state regulators taking urgent action to eliminate overlapping and inconsistent regulatory requirements across the States and Commonwealth.)

It is also important that VET markets are funded in such a way as to ensure the nature of training offered by providers delivers the skills employers want. To achieve this, we recommend that:

- The next National Skills Agreement deliver real funding increases in VET and in turn an increase in the number of funded students. Subsidies should be available through both public and private VET providers on a relatively consistent basis, with incentives for quality delivery.
- Individual state governments retain flexibility to decide relative subsidisation across courses — training priorities will differ on a sector, state and regional basis, and state governments have the deepest and most nuanced understanding of local market conditions.

We also welcome the Government's commitment to explore options to improve the apprenticeship support system and drive-up completions. We strongly recommend that employer facing incentives to take on apprentices and trainees are retained: they encourage businesses to provide an important public good. The provision of a training opportunity can deliver a significant net community benefit as it ensures a pipeline of skilled workers, in turn reducing the risk of productivity sapping skills shortages. Not all businesses will continue to provide training opportunities if support stops being available. This risks lost productivity as well as a long-term impact on young people's engagement in the workforce (and ultimately their social and economic well-being).

Commencements supported by wage subsidies to employers in year 1 and retention by assistance to apprentices through subsidy and mentoring is the most effective approach.

Creating a more responsive skilled migration system

The biggest challenge facing WA businesses continues to be worker shortages. Over 80 per cent of WA business are struggling to fill roles, and the skills crunch is failing to ease.³ WA businesses have been ramping up training and employing locals, supported by efforts from government including low-cost training and wage subsidies.

Apprenticeships and traineeships in our state are now at boom-like levels. But despite this, over four out of five businesses are struggling to fill a role, with labour shortages being felt acutely across most industries.⁴

WA relies more heavily on skilled migration to meet labour demands that cannot be filled locally and for highly specialised skills than other states. It is the most reliant state on permanent migrants and tied with Queensland for reliance on temporary migrants. Finding ways to get more skilled migrants to WA is therefore a top priority for our State.

Not only do migrant workers contribute to addressing workforce shortages by filling positions when there are no Australian workers available, skilled migrants contribute substantially to innovation and the transfer of knowledge and skills from overseas to Australia. Migrants broaden the pool of available skills, improving the international flow of talent and the capacity of our economy to respond to structural changes in the labour market.

For many years Australia's approach to skilled migration was world leading. But since 2017, the program has become expensive, complex, less responsive to needs and subject to unacceptable delays. We urgently need bottlenecks in the migration system to be immediately resolved to enable WA businesses to access the workers they need. We are calling for:

- For employer sponsored skilled migration:
 - Temporarily suspending labour market testing requirements until Australia's unemployment rate is below the natural rate of unemployment, to reduce red-tape in the system.
 - Maintaining just a single occupation list that includes all skilled occupations and allowing a pathway to permanency for all skilled migrants.
- To meet the need for unskilled, low-skilled and semi-skilled workers, such as train and truck drivers, and care support workers:
 - Opening the Pacific Australia Labour Mobility (PALM) scheme to all postcodes in WA (not just regional areas), and all industries / occupations.
 - Broadening the source countries for the PALM scheme beyond just the Pacific Islands.

³ CCIWA Business Confidence surveys, 2020 – 2022.

⁴ CCIWA Business Confidence survey, September 2022.

- Allowing occupations assessed as Skill Level 4 to be included on the skilled occupation list.

In addition, over the medium to long term, CCIWA recommends that the Government cut red-tape in the visa processing system by:

- Improving the Skills Assessment process undertaken by bodies such as Trades Recognition Australia and VETASSESS. This includes simplifying and increasing transparency over the requirements of the process as well as aligning the requirements with visa requirements; and creating easier communication options for applicants and migration agents.
- Reducing the Skilling Australians Fund levy and increasing integrity over how the funds are spent — funds must be spent on training or could be used to support universities to deliver English language training to migrants who would otherwise not meet the English competency requirements of their visa.
- Reforming labour market testing to make it less cumbersome and more flexible, for example by limiting the circumstances in which labour market testing is required to occupations not in shortage and removing the requirement to do a labour market test when a visa is being renewed.

Finally, we need to act aggressively to address reputational issues in international markets post COVID-19. Australia is being outplayed by other economies in this area. This should include:

- Exploring innovative approaches to visas being adopted overseas. For example, in the UK, if you are a graduate of a top 50 university, you can obtain a three-year visa, no questions asked.
- Promotion campaigns by Government that build Australia's profile on jobs, liveability and education to attract workers, international students and tourists to Australia.

We welcome the Government's announcement of the independent review of the migration system and look forward to a more detailed consideration of the above proposals via that process.

Ensuring women have equal opportunities and equal pay

Making it easier for women with young children to take part in the workforce is one of the most effective ways to ensure women have access to equal opportunities and pay.

Not only does doing so benefit the individuals, it also benefits the economy more broadly. CCIWA has estimated that the economic benefit to WA of increasing women's participation in the workforce could be up to \$1.5 billion each year. Western Australian businesses would benefit from being able to draw more on the talents, experience and drive of working women, enabling their workforce to become more productive.

We support a number of changes the Government is already introducing and considering, including:

- making paid parental leave more flexible so that parents share unpaid caring duties
- the ACCC and Productivity Commission reviews of the early childhood education and care sector
- changes to the tax and transfer system (i.e. childcare subsidy levels and taper rates)
- progressing the Preschool Reform Funding Agreement
- addressing the severe shortage of early childhood education and care teachers.

Another measure the Government could take is to remove Fringe Benefits Tax on early childhood education and care to make it more attractive for a broader range of organisations to allow employees to salary sacrifice early childhood education and care costs and in turn facilitate their return to work.

It is currently complicated and unattractive for businesses to offer parents the opportunity to salary sacrifice early childhood education and care costs. Childcare facilities need to be provided onsite by the business to avoid paying tax on the fringe benefit. This naturally favours large and better resourced businesses over smaller organisations.

Removing FBT on all early childhood education and care, regardless of where it is delivered, would make it more attractive for a broader range of organisations to allow employees to salary sacrifice early childhood education and care costs.

For our part, CCIWA is helping to drive change in business culture in WA by supporting organisations to create cultures that encourage dads to spend more time raising their young children, therefore making work easier for mums.