



30 November 2022

Employment Taskforce  
Treasury  
Langton Crescent  
Parkes ACT 2600

## **SUBMISSION TO THE FEDERAL TREASURY ON THE EMPLOYMENT WHITE PAPER TERMS OF REFERENCE**

Infrastructure Partnerships Australia is pleased to provide this submission in response to the consultation on the Terms of Reference for the Employment White Paper, following our attendance at the Federal Government's Jobs and Skills Summit in September.

Infrastructure Partnerships Australia is an independent think tank and executive member network, providing research focused on excellence in social and economic infrastructure. Our vision is to make Australia the frontier for excellence in infrastructure. We exist to shape public debate and drive reform for the national interest.

The Australian infrastructure sector is set to deliver a substantial pipeline of projects in the coming decades, with record infrastructure spending in public and private spheres across economic, social and energy infrastructure. To deliver this ambitious pipeline, Australia must ensure there is a sufficient supply of labour with the requisite skills – comprising both domestic expertise and international talent. The Employment White Paper presents a significant opportunity to both recognise and strategically plan for this upcoming pipeline.

### **The scale and magnitude of the upcoming infrastructure pipeline is placing significant pressure on the demand for labour in the infrastructure sector**

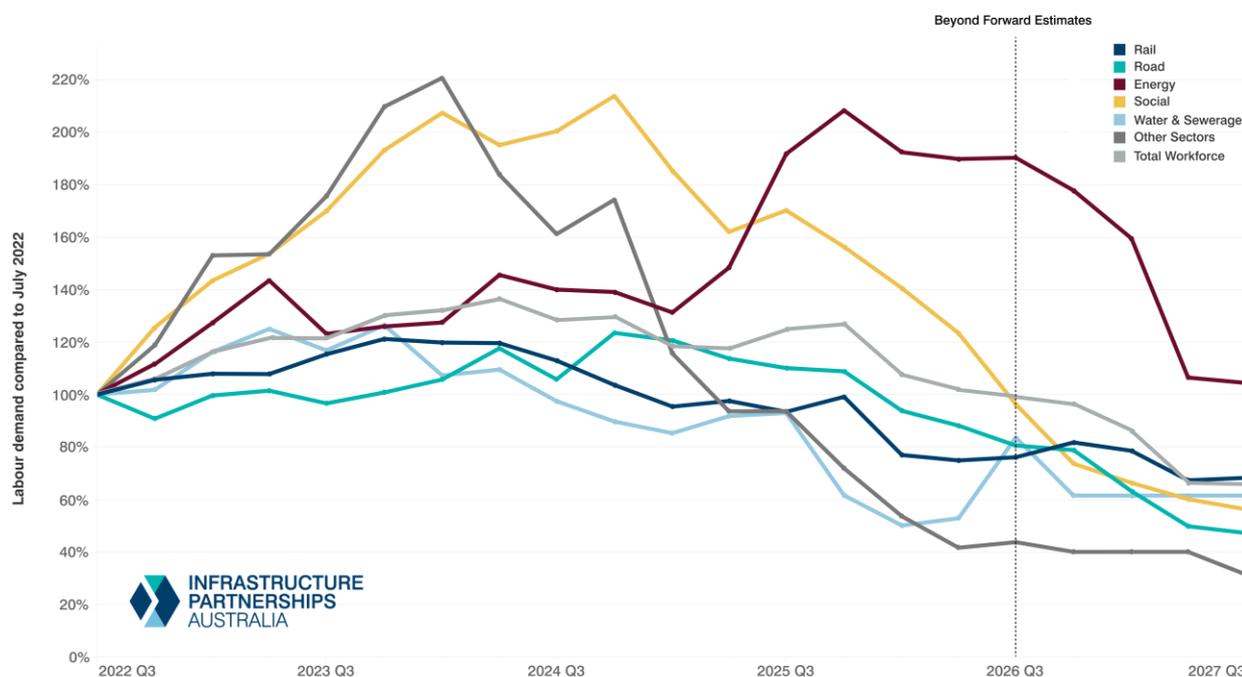
Infrastructure Partnerships Australia closely monitors and analyses Australia's infrastructure pipeline. Our annual report, the *Australian Infrastructure Budget Monitor*, measures funding commitments by jurisdictions for the current Budget year and forward estimates. This year's Monitor identified \$254.8 billion in general government expenditure allocated to infrastructure by state and territory governments for infrastructure over the next four years, almost \$70 billion more than the \$185 billion allocated in the 2019-20 Budgets.

In addition to the Monitor, Infrastructure Partnerships Australia also operates the *Australian and New Zealand Infrastructure Pipeline* (ANZIP), which tracks the delivery of all major infrastructure projects in Australia and New Zealand. ANZIP covers publicly-funded and privately-financed infrastructure across transport, energy, water, telecommunications and social infrastructure projects, with the inclusion threshold set at \$300 million for economic infrastructure and \$100 million for social infrastructure. Analysis of ANZIP finds that the forward infrastructure pipeline – being projects planned for delivery in the near to medium-term that have not yet had a main works construction contract awarded – contains a substantial 364 projects worth \$639 billion.



The overall labour demand required to deliver this major project pipeline is expected to increase by almost a third between now and April 2024. Figure 1 depicts Infrastructure Partnerships Australia’s analysis of the labour demand for the upcoming infrastructure project pipeline, by asset class, over the next five years.

Figure 1: Forecasted Labour Demand for the upcoming infrastructure pipeline by asset class, five-year horizon



Source: Infrastructure Partnerships Australia

At the end of 2025, labour demand will re-approach the 2024 peak as expenditure on energy projects begins to dominate the pipeline. It is expected that as funding and financing certainty increases over time, and further energy generation, storage and transmission projects are announced, that this second peak will greatly exceed the first peak, resulting in a requirement for an even further expanded labour force.

As funding and financing certainty increases over time for all projects, it is expected that the current pipeline of investment across all sectors will be maintained, and therefore the decrease in labour demand seen beyond the forward estimates at the right of the chart is an artificial one and should be disregarded.

In addition to highly technical energy projects, Australia’s forward infrastructure pipeline also contains a very robust and increasing pipeline of social infrastructure projects. The increase in the demand for labour in the social infrastructure sector has been driven by the recent expansion of the health infrastructure pipeline, which has expanded from 24 projects worth \$17.5 billion in May this year, to 36 projects worth \$27.4 billion in October.

Infrastructure Partnerships Australia’s analysis finds that if the current pipeline of major hospital projects was delivered according to present timelines, 31 hospital projects worth \$23.4 billion would commence construction by 2024 – and 34 projects worth \$25 billion would be completed by 2028. Construction would peak during 2025 when a substantial 36 projects worth \$29.8 billion are scheduled to be in main works construction. This is in stark contrast to the eight projects worth \$6.5 billion currently under construction. In terms of the workforce required to

deliver this expanded pipeline, labour demand for social infrastructure would peak *at over 230 per cent on current levels* during 2024. Peering deeper into this data finds labour demand for hospital construction peaking *at over 350 per cent of current levels* during 2025. That is, the number of people currently in Australia building hospitals would need to increase by *3.5 times in the next three years* – being no mean feat, with or without significant policy reform.

Concerningly, the committed hospital pipeline is just one example of the practical implications of concentrated delivery in specialist areas, without first assessing the broader market for capacity. A large proportion of expenditure to 2025 and beyond has been and will be allocated to highly technical and complex projects, such as high-voltage transmission lines, tunnels and hospital construction. These projects will require specialised expertise and skills that the Australian labour market needs but does not currently have in the volumes required. To further compound these challenges, Australia must deliver its substantial pipeline of energy projects at exactly the same time as the rest of the world as global efforts to reach net zero by 2050 accelerate.

While a committed pipeline provides welcomed clarity to the infrastructure sector, it must be met with adequate skills, training, and professional development settings. The Government's Employment White Paper provides a crucial opportunity for the Australian Government to make bold and decisive choices that will stimulate Australia's population and skills base.

### **A two-pronged approach is required to attract and retain overseas talent, while also investing in domestic skill capabilities**

Australia faces the ongoing challenge of balancing investment in domestic skill capability and the migrant cohort composition. This is not an 'either or' proposition, believing in domestic skills development 'or' skilled migration is akin to supporting breathing-in but not breathing-out. A broad-ranging policy environment that supports both skills training and development for domestic workers, combined with visa reform that attracts and retains highly skilled workers from overseas, is a pre-requisite to deliver the upcoming pipeline. Crucially, skilled migration must include appropriate pathways to permanent residency. Skilled migration should not be viewed simply as a means to temporarily plug a labour gap, it is an opportunity to attract future Australians to our shores.

To attract and retain skilled talent from overseas, the right visa settings must be in place. Due consideration should be given to ensuring the length of skilled migrant visas are better matched to project timeframes. Given the scale of the pipeline over the coming 20-30 years, visas should have reasonable pathways to permanent residency. Introducing an infrastructure sub-class visa would better align requirements for infrastructure projects with visa conditions. In order to retain specialist skills and 'future-proof' the workforce where demand for highly technical expertise will continue into the medium- and long-term, mechanisms that entice skilled migrants to reside in Australia permanently should be explored. In the context of global competition for talent, and competing jurisdictions embarking on ambitious infrastructure programmes, Australia cannot continue to rely on traditional 'lifestyle factors' as a prime mechanism for skills attraction – additional measures need to accompany this. We must provide better signals to attract and retain global talent and roll out the 'green and gold' carpet for in-demand skilled professionals.

Appendix A contains an indicative, non-exhaustive list of in-demand occupations that our members have identified as required to deliver infrastructure in the coming decade. While this list is indicative in nature, it is representative of the range of acutely in-demand skills needed to deliver the upcoming pipeline, but for which labour supply has not lifted sufficiently.



Attracting talent from overseas is not the sole solution to addressing Australia's workforce requirements, it must be accompanied by strategic upskilling of the domestic workforce to deliver secure, future-proofed jobs for Australians, while complementing efforts to ensure an appropriate skill mix and meet future skills' requirements. There are opportunities to look laterally across infrastructure sub-sectors to retrain workers to meet future requirements of industry – in the energy sector, for instance, where there are examples of workers being retrained from traditional energy-related activities such as coal production to working with renewable delivery and maintenance.

This consideration of the future requirements of the labour force in the infrastructure sector provides opportune time for all stakeholders, public and private, to innovate in this space and consider measures which would contribute to increased productivity, ensure diversity and inclusion across all levels of operation, while meeting current and future labour force demand.

### Further information

While the upcoming pipeline provides long-term certainty for the sector, it must be met with adequate skills training and professional development settings. We must ensure that in a decade's time, we are not facing the challenge of needing people with ten years of expertise, but not having taken steps today to develop them.

Infrastructure Partnerships Australia would be happy to provide further assistance to Treasury in relation to this Review. If you require additional detail or information, please do not hesitate to contact Mollie Matich, Director, Policy and Research, on (02) 9152 6000 or [mollie.matich@infrastructure.org.au](mailto:mollie.matich@infrastructure.org.au).

Yours Sincerely,



**ADRIAN DWYER**  
Chief Executive Officer

Appendix A – Indicative, non-exhaustive list of in-demand occupations the sector requires to deliver the infrastructure pipeline

Occupation
Engineering Managers
Corporate Services Managers
Quantity Surveyor
Civil Engineering Technician
Electronics Engineers
Chemical Engineer
Materials Engineer
Production or Plant Engineer
Chemical Plant Operator
Construction Estimator
Contracts Administrator
OHS Adviser (Safety & Health Manager/Snr Advisor)
Environmental Manager
Environmental Engineer
Environmental Consultant

