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Projects at risk by worker shortage

Australian Financial Review, Australia

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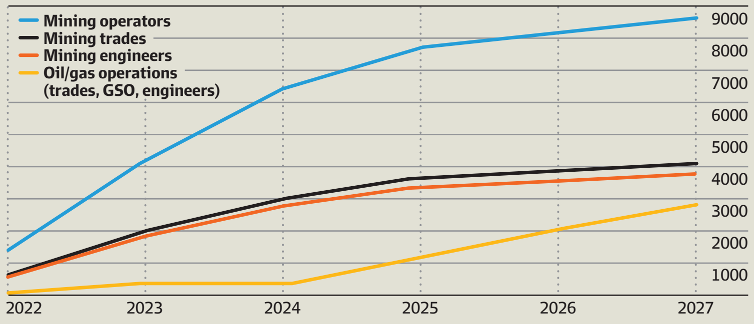
David Marin-Guzman

Help wanted

New workforce demand by skills group, Australia



SOURCE: AREEA

The resources industry will need an extra 24,000 workers in the medium term but will struggle to match demand unless there are "creative" changes to the skills and migration system, employers warn.

The Australian Resources and Energy Employer Association's workforce modelling warned more than 60 per cent of the sector's forecast labour demands over the next five years would be needed by the end of 2024 and that major projects could be at risk.

The annual forecast, released on Friday, was premised on 107 resources projects committed or likely to proceed between 2022 and 2027.

AREEA chief executive Steve Knott said the new jobs would send the industry's workforce to record highs but that it needed "creative solutions and a co-ordinated response" to match the demand.

"With vacancy levels also at record highs and not showing any signs of easing, we do not expect the industry's existing labour force to offer any real relief to this forecasted future demand," he said.

It comes as the Albanese government is looking to speed up the processing of permanent visa applications.

According to AREEA's report, about 69 of the 107 projects are expected to come online by the end of 2024 and would require 15,000 new workers.

The sector's workforce is already at record levels, with 295,000 workers directly employed. The new projections, deemed "conservative", would result in it exceeding 300,000 for the first time in either 2023 or 2024 and grow by 8 per cent by 2027.

Mr Knott said the industry was willing to work with unions and governments on training and vocational education reform and streamlining skilled migration processes to battle what he called the industry's "worst skills crisis in a generation".

"This is threatening the continuity of existing operations, resulting in temporary or permanent production downgrades, and driving other workforce issues including historic levels of staff turnover," he said.

Unions have backed the government's move to prioritise permanent migration but will play hardball on plans to increase the overall migration intake. Business wants to lift the annual intake from 160,000 to 200,000 for at least two years.

Grattan Institute senior economist Brendan Coates said the government should make it easier for employers to access overseas workers by abolishing the eligible occupation list and lifting the income threshold for temporary skilled workers from $54,000 to about $70,000 a year.

He said migrants spent more money than they earned, on average, when they first arrived, such as by setting up households, and their increased spending would add to the economy's overall labour demand.