

31 March 2021

Committee Secretary
Joint Standing Committee on Migration
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Canberra ACT 2600

Via email: migration@aph.gov.au

Submission to: Joint Standing Committee on Migration - Review of Australia's Skilled Migration Program

Roads Australia and the Australasian Railway Association welcomes the opportunity to make a joint submission to the Joint Standing Committee on Migration's review of Australia's skilled migration program.

About Roads Australia

Roads Australia (RA) is the peak body for roads within an integrated transport system, representing an industry that contributes \$207 billion annually to the economy and supports 1.3 million jobs. RA has over 150 members and brings industry, government, and communities together to lead the evolution of Australia's roads, integrated transport and mobility.

About Australasian Railway Association

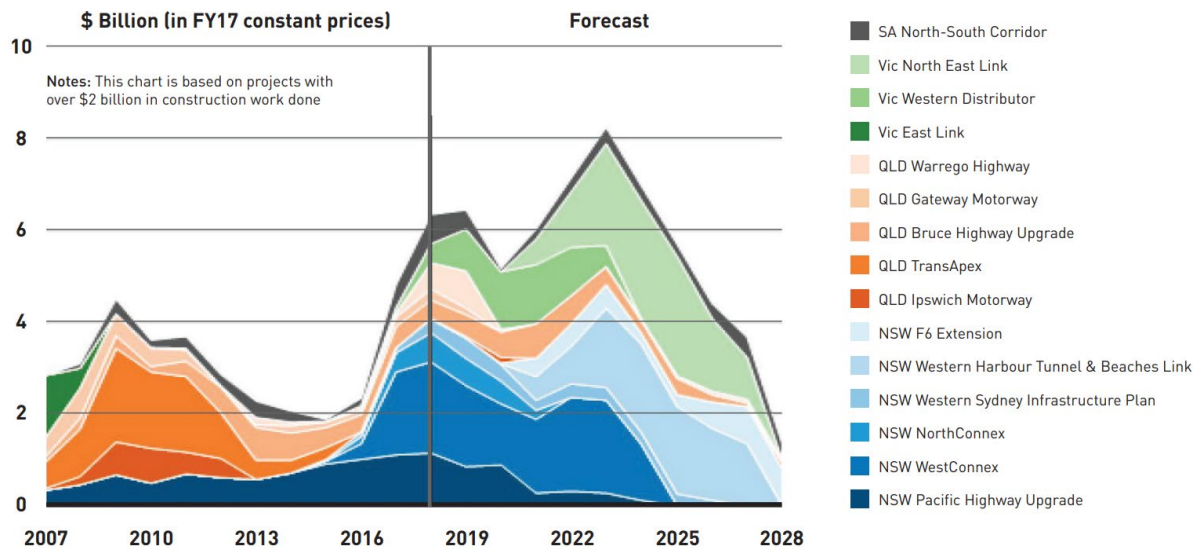
The Australasian Railway Association (ARA) is the peak body for rail in Australia, representing over 175 heavy and light rail operators in passenger and freight, infrastructure owners and managers, manufacturers and suppliers of rolling stock (trains), contractors who build the infrastructure and consultants. Our members include listed and private companies, government agencies and franchisees. The ARA contributes to the development of industry and government policies to ensure Australia's passenger and freight transport systems are well represented and will continue to provide improved services for Australia's growing population.

Australia's Road and Rail Infrastructure Pipeline

In 2019 RA commissioned BIS Oxford Economics to prepare a report, *The Economic Impact of Australian Roads*¹ quantifying the Australian road network's economic and social value. The Report highlights the significant volume of current and future infrastructure projects, with total roads, highways and subdivisions activity expected to average \$22.7 billion over the five years to 2022/23 and \$25.4 billion over the five years to 2027/28 (in 2016/17 prices), as shown in Figure 1 on the following page.

¹<https://roads.org.au/Portals/3/WEBSITE/BIS%20Oxford%20summary%20and%20report.pdf?ver=2019-12-12-100732-407>

Figure 1: Major Road Projects above A\$2bn



Source: BIS Oxford Economics

With this unprecedented spend, it is clear that there is currently a significant gap between demand from government for such infrastructure projects and the Industry's ability to supply.

RA is currently planning an updated version of the report to reflect post-COVID infrastructure and economic stimulus funding.

In November 2020, the ARA released its [Value of Rail 2020](#)² report which provides a detailed analysis of the rail industry's economic contribution to Australia, as well as the examining the social, environmental and safety benefits it delivers to society.

The report found that the contribution of rail to the economy continues to grow. In 2019, rail contributed \$29.8 billion to the Australian economy, an increase of \$3.7 billion since 2016. The number of people employed in rail also continue to grow significantly, with 165,000 workers employed in 2019, an increase of 20,000 workers since 2016.

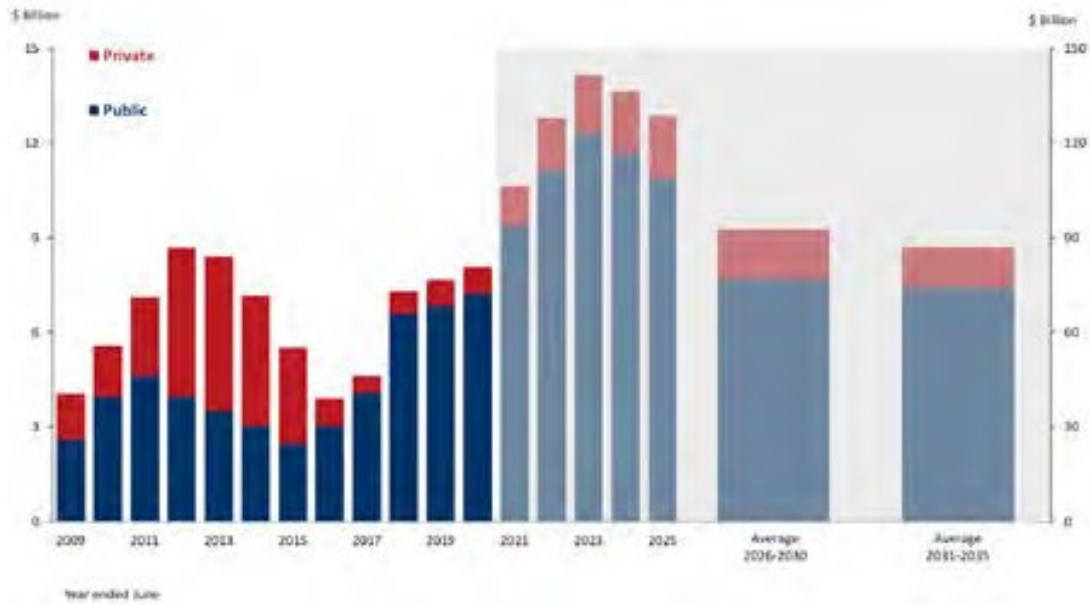
Beyond the significant economic contribution of rail, there is also a huge pipeline of rail investment forecast over the next 15 years. In separate research undertaken by [BIS Oxford Economics](#)³ into the rail supply chain, it found that based on an analysis of existing rail projects, future needs and funding availability, BIS Oxford Economics is currently forecasting approximately \$155 billion in new rail construction activity over the next 15 years, with 87 percent of this procured by the public sector as shown in Figure 2 on the following page.

Led by a range of freight and passenger rail 'megaprojects', heavy haul rail expansions as well as upgrades to existing rail assets, this strong investment pipeline provides the rail industry with an unparalleled opportunity to grow its contribution to the Australian economy and deliver even more skilled jobs.

² https://ara.net.au/sites/default/files/u16/KiwiRail_Value%20of%20Rail_171218.pdf

³ <https://ara.net.au/sites/default/files/uploads/Report%20-%20The%20Australian%20Rail%20Supply%20Chain%20-%20March%202021.pdf>

Figure 2: Australian Rail Construction Work Done by Funding Source, \$Bn, 2017/18 Prices

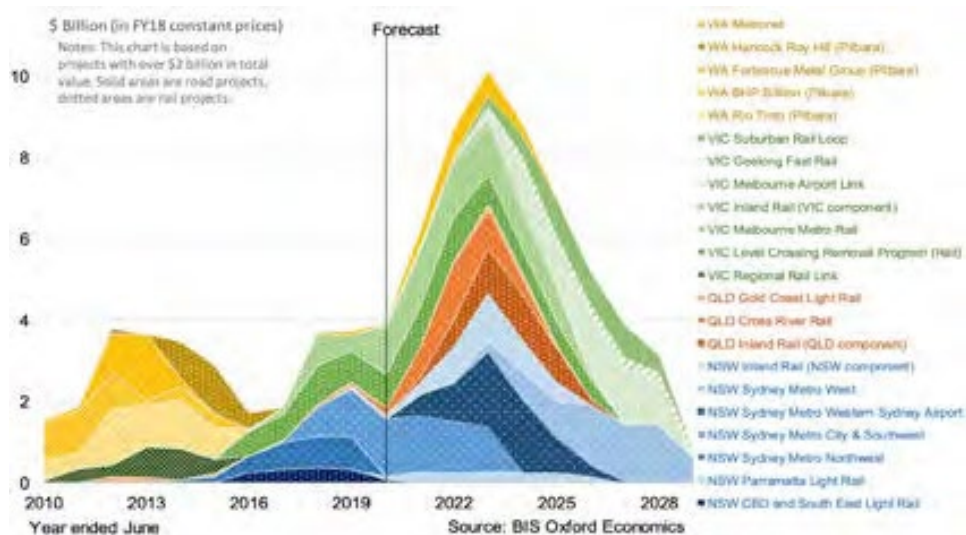


Source: BIS Oxford Economics

Within the next five years, simultaneous work on many separate major rail projects is expected to drive annual rail construction activity over \$14 billion - more than double the level of activity at the peak of the mining boom – and remain sustained at historically high levels in the subsequent decade.

Work on major projects valued over \$2 billion is forecast to more than double within the next five years – from around \$4 billion in FY2020 to around \$10 billion by FY2023 as a range of new passenger and freight assets are delivered, as shown in Figure 3 below.

Figure 3: Estimated Work Done on Major Railway Projects valued over \$2 Billion



Funding allocation for the transport infrastructure sector was further highlighted in [Budget Paper 1](#) prepared for the 2020-21 Budget:

The Government is increasing spending on its record infrastructure pipeline from \$100 billion to \$110 billion over the next 10 years with a COVID-19 infrastructure package that will provide significant near-term investments in major road and rail projects, road safety and community infrastructure. The Government will provide an additional \$10.0 billion in funding towards projects over the next four years bringing total commitments for new and accelerated projects since the onset of the COVID-19 pandemic to \$14.0 billion across the forward estimates.

Projects currently under construction are supporting around 100,000 direct and indirect jobs over their construction periods, with the Government's additional investments since the onset of COVID-19 supporting a further 40,000 direct and indirect jobs. These commitments provide a strong foundation across Australia for the economic recovery from COVID-19.⁴

It is clear an infrastructure build of this magnitude anticipates the skills and labour are available to construct the infrastructure.

The Skills Challenge for Road and Rail

During September 2020 RA published its [Procurement Reform Report: Recommendations and Strategies](#)⁵ which contained recommendations seeking to encourage, amongst other things, improving migration pathways so as to cover skill shortages. This includes a recommendation that the Government and relevant industry associations work together to ensure industry needs are met when updating skills migration programs.⁶

These issues are raised with RA by our members, and are now being highlighted in media coverage. Recently, AECOM Australia chief executive Richard Barrett called on governments to relax restrictions on using overseas-based engineers for complex infrastructure projects due to fears Australia will not get the skilled workers it needs during the pandemic.⁷

The current [Priority Skilled Occupation List](#) identifies 18 occupations considered as being critical skills to support Australia's economic recovery.⁸

Of that list, the only skills that are relevant to the construction of railways and roads are construction project managers and mechanical engineers.

The list is based on advice received (increasingly) from the National Skills Commission and from Government Departments.

⁵https://www.roads.org.au/LinkClick.aspx?fileticket=1iZ4QL_itcc%3D&portalid=3×tamp=1600849620248

⁶ Part B of recommendation 14

⁷ *Australian Financial Review* 1 March 2021 - <https://www.afr.com/companies/infrastructure/aecom-warns-of-shortage-in-specialist-engineers-20210301-p576or#:~:text=New%20AECOM%20Australia%20chief%20executive,it%20needs%20during%20the%20pandemic.>

⁸<https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/pmsol>

The skills challenges facing the rail sector are unfortunately long-standing and well understood. There are a range of skill shortages in specialist roles such as signalling, track maintenance, train drivers and controllers, as well as educators, trainers and assessors. There are a lack of direct pathways into rail from our tertiary institutions, with very limited rail specific courses on offer. This issue is compounded by a shortage of qualified rail training staff across the country, with the inconsistent nature of standards and systems across Australia's rail network making training particularly challenging.

While there are being positive steps being taken to address these issues (primarily through the National Rail Action Plan (NRAP) initiative driven by Federal and State Infrastructure and Transport Ministers), there is still a significant reliance on the ability to access international expertise.

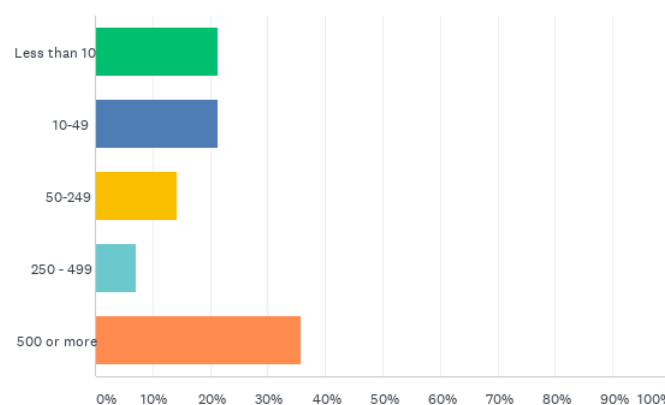
In order to get a better understanding of the importance of access to skilled international workers for the rail industry, the ARA recently conducted a survey of its members.

Of the members that responded to the survey, 68 per cent of organisations indicated that they sourced international workers through Australia's skilled migration program prior to the onset of the COVID-19 pandemic.

The majority of those organisation (over 60 per cent) also noted that those skilled international workers were critical for the delivery of high-value projects and operational roles.

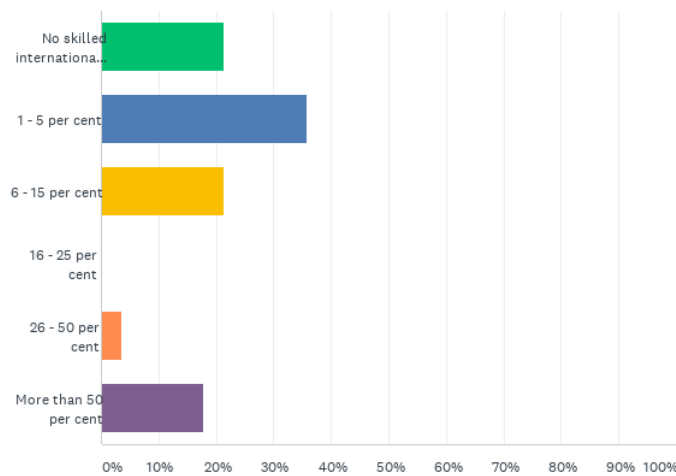
The types of organisations that responded were from a variety of different sectors of the rail industry (e.g. rollingstock manufacturing / maintenance, track construction / design /maintenance, signalling and communications, freight and passenger operators, engineering and consulting). Over 35 per cent of those organisations employed 500 or more people, and a further 22 per cent employed between 50 – 499 people per organisation.

Rail business employee numbers



It's also important to note that 57 per cent of those organisations indicated that skilled international workers make up between 1 – 15 per cent of their workforce, and a further 18 per cent indicating that more than half of their workforce are skilled international workers.

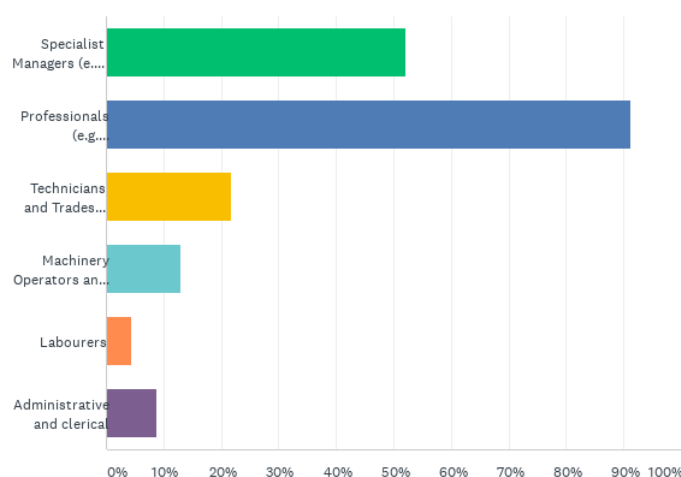
Percentage of workforce that are skilled international workers



Half of the survey respondents indicated that over the next 12-18 months, their reliance on skilled international workers is likely to increase, with the remainder of respondents expecting their reliance to resume to pre-pandemic levels.

The survey also revealed that the most in demand roles to be filled by skilled international workers for the rail industry would be professionals such as civil and electrical engineers, designers, planners, signalling specialists, as well as experienced ICT and construction specialists and managers. There will also be demand for train controllers, drivers and plant operators.

Roles that rail businesses expect to require skilled international workers



ARA members indicated that there are a number of additional occupations that should be considered for inclusion on the Priority Migration Skilled Occupation list. These largely centred on rail operations, maintenance, engineering and consultancy services (such as specialist engineers, project managers, infrastructure workers, health and safety specialists, software and ICT professionals, and signalling and operations experts).

Members also raised several challenges with the existing skilled migrations program, which included:

- The Skilling Australians Fund (SAF) levy at \$5k per individual is expensive (costs the same as Permanent Residency). Some skills on the Short Term Skilled Occupations List (SOL), which are limited to 2 years (such as drafters and landscape architects) are needed longer term and would be more appropriate on the Medium Term SOL.
- Short-term work visas are too restrictive (only one stay within 12 months allowed) and the processing time is lengthy and uncertain. There are no options for fly-in-fly-out of international experts.
- The turn-around time within Immigration Requirement of 28 days advertising should be shortened to 14 days and applied to all roles and nationalities.

RA members have also indicated similar issues to those highlighted above.

The Federal Government has created what is known as the [Global Talent Visa Program](#)⁹ that has as one of the ten target sectors 'infrastructure and tourism'. The combination of infrastructure and tourism in what appears to be a single 'target sector' is somewhat curious. They are two extremely important, yet nevertheless different, sectors of the Australian economy. There is no explanation as to why they appear to be bundled together in the one category

We would also support the points made by CEDA in their latest research report, [A good match: Optimising Australia's permanent skilled migration](#)¹⁰. When added to the restrictions from accessing relevant numbers of skilled international workers, having skilled migrants already in Australia working in a job beneath their skill/education level will only add to the difficulty in delivering on the significant infrastructure agenda put forward by Australian governments.

⁹<https://immi.homeaffairs.gov.au/visas/working-in-australia/visas-for-innovation/global-talent-independent-program/eligibility>

¹⁰https://www.ceda.com.au/ResearchAndPolicies/Research/Population/A-good-match-Optimising-Australia-s-permanent-skil?utm_source=Members&utm_medium=Email&utm_campaign=CEOMessage29March

Recommendations:

1. We encourage Government to work with relevant industry associations to identify additional occupations for inclusion on the Priority Migration Skilled Occupation list, including rail operations, maintenance, engineering and consultancy services.
2. We recommend that when formulating recommendations for Government, the Skills Commissioner must be under a duty to have regard to the ability to give effect to government policies expressed in documents such as the Budget.
3. To remove doubt and to advance the Government's agenda in using the development of infrastructure as an integral part of Australia's economic recovery, infrastructure should be regarded as a single 'target sector' for the purposes of the Global Talent Visa Program.

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Yours sincerely



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