



14 October 2014

## Action plan recognises the strength of oil and gas

The Federal Government's action plan for Australia's future can help build on the economic benefits flowing from the nation's growing oil and gas industry, boost competitiveness on the international playing field and attract further resource development.

While more work is needed, reforms announced in the *Industry Innovation and Competitiveness Agenda*, have the potential to position Australia as a leader in global energy development, informed by cutting edge science and using advanced technologies.

Recognition of the oil and gas industry as one of Australia's key economic drivers and a source of future growth through a number of initiatives including the establishment of industry growth centres is a positive step forward.

Investment to improve the focus on science, technology, engineering and mathematics subjects in primary and secondary schools along with reforms to the Vocational Education and Training system can deliver a job-ready workforce for future resource projects.

A 2013 report from the Australia Workforce and Productivity Agency predicts that more than 22,000 new jobs will be created in the industry by 2018 when most of the \$200 billion worth oil and gas projects now under construction move into production.

Ensuring we train enough Australians to fill these permanent, well-paid roles will be a challenge requiring a strong collaborative effort by industry, government and the education and training sectors.

We can now aim much higher. There is the potential for another \$180 billion in investment in the oil and gas industry over the next two decades, which would create 150,000 jobs across the Australian economy.

While employers prefer to recruit and develop local Australian skills, they also need a flexible, well-administered skilled migration scheme.

The industry therefore supports the announced reforms to sponsorship requirements; streamline arrangements for existing approved sponsors; reform English language requirements and move to a risk-based approach for compliance and monitoring.

However, the lack of reform to the existing labour market testing arrangements is disappointing. Labour market testing makes the process of employing temporary skilled migrants significantly more difficult, and will hamper the participation for Australian employees in the international talent development and sharing programs of global oil and gas companies.

Beyond the announced reforms to build a skilled labour force, broader reforms to labour market arrangements remain urgent.



A key part of the Agenda's focus on building a skilled workforce is the need for broader labour market reform. Industrial relations reform is well overdue in Australia. High labour costs and low productivity are an unsustainable mix – particularly for major project construction. APPEA encourages further reforms to the *Fair Work Act* to introduce a new form of enterprise agreement to specifically apply to construction of major capital projects, such as large mines and LNG plants. These reforms can help secure future growth in Australia's oil and gas industry.

Reforms to ensure that Australian regulators not impose additional requirements beyond those already applied under trusted international regulation are also supported.

Currently misalignment between Australian oil and gas industry standards and international standards mean that machinery and equipment that is manufactured overseas and meets international standards is then required to be retrofit to meet Australian standards. The oil and gas industry acts globally, procuring goods and services on the basis of internationally recognised standards.

Federal and state regulations for onshore and offshore facilities, with varying degrees of prescription of Australian standards, result in significant cost and productivity impacts. Examples include: pressure equipment, lifting equipment, electrical and onshore structures. This is an unnecessary barrier to efficient construction and major maintenance.

**Media contact: Chris Ward 0408 033 422 or [cward@appea.com.au](mailto:cward@appea.com.au)**