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STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE
RELATIONS AND EDUCATION

Reference: Workforce challenges in the transport industry

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**SENATE STANDING COMMITTEE ON
EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION**

Thursday, 12 April 2007

Members: Senator Troeth (*Chair*), Senator Marshall (*Deputy Chair*), Senators Barnett, George Campbell, Fifield, Lightfoot, McEwen and Stott Despoja

Participating members: Senators Allison, Bartlett, Bernardi, Boswell, Brandis, Bob Brown, Carr, Chapman, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Fielding, Forshaw, Hogg, Humphries, Hutchins, Joyce, Kemp, Ludwig, Lundy, McLucas, Ian Macdonald, McGauran, Milne, Moore, Murray, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Polley, Robert Ray, Sherry, Siewert, Stephens, Sterle, Trood, Watson, Weber, Wong and Wortley

Senators in attendance: Senators George Campbell, Lightfoot, Sterle and Troeth

Terms of reference for the inquiry:

To inquire into and report on:

Workforce challenges in the Australian transport sector, with particular reference to the following:

- current and future employment trends in the industry;
- industry needs and the skills profile of the current workforce;
- current and future skill and labour supply issues;
- strategies for enhanced recruitment, training and retention; and,
- strategies to meet employer demand in regional and remote areas.

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Committee met at 9.28 am**MORRIS, Mr Montague Harold, Chief Executive, Australian Logistics Council**

CHAIR (Senator Troeth)—Good morning everyone. I declare open this public hearing. The Senate has given this committee broad terms of reference to look at current and future employment trends in the transport industry. We are considering the skills profile of the current workforce, current and future skill and labour supply issues, strategies for improved recruitment, training and retention, and ways of meeting employer demand in regional and remote areas. The committee is due to report in August 2007. All witnesses appearing before the committee are protected by parliamentary privilege with respect to their evidence. Any act by any person that operates to the disadvantage of a witness in providing their evidence is treated as a breach of privilege. Witnesses may request that part or all of their evidence is heard in private. I also remind witnesses that giving false or misleading evidence to the committee may constitute a contempt of the Senate. I welcome any observers to this public hearing. Welcome, Mr Morris. Thank you for your submission. Do you wish to make any amendments or alterations?

Mr Morris—No, thank you.

CHAIR—I invite you to make an opening statement after which committee members will ask questions.

Mr Morris—Thank you, Senator, and thank you for the invitation to be here. I want to cover very quickly in my opening statement a couple of things: firstly, what the Australian Logistics Council is, as context, and secondly, what we have been doing to tackle some of the issues that this committee is addressing. The Australian Logistics Council comprises the top 77 to 80 CEOs of freight logistics organisations in Australia including customers such as Woolworths, Toyota, the Australian Wheat Board, Xstrata Coal et cetera, and providers such as QR, Linfox, Toll and Qantas, across all modes—road, rail, sea and air—as well as senior government officials. I guess we are the senior group of chairmen and CEOs of organisations.

The industry itself, as you are probably aware, is now 14.8 per cent of GDP accounting for some \$90 billion of activity on an annual basis in Australia. It employs in excess of 460,000 people in this country. There are approximately 165,000 businesses of which in the order of 150,000 have five or fewer employees. The industry continues to grow at a rate faster than GDP growth in Australia. We have continued compound growth in an industry at a time when our ability to deliver is constrained by infrastructure investment and the catch-up required there or the requirement to keep pace with that investment, and the important investment in people, the subject of today's committee hearing. No matter which way you look at logistics in Australia, it is incredibly important to the fabric of society. We are, as you would realise, one of the most decentralised countries on the face of the earth, which means that a large part of domestic production is made up of freight costs. Likewise, freight costs are a key element of the costs incurred by our exporters. So improvement in transport and logistics in Australia saves money for customers and consumers in Australia as well as making our exporters more efficient and more competitive.

We are, though, a labour intensive industry at a time of national labour shortage. We are in the competition for labour in this country like never before because two things are happening. As

well as this growth in demand for our industry, the underlying complexity of the industry is also increasing. At macro level we are moving from management by individual transport modes—road, rail, sea and air—to an integrated approach to management. This has a direct implication, in our view, for the skills required of people working within the industry and also the way that we recruit, attract, retain, train and treat people in the industry. It provides opportunities for innovation and for a variety of careers, which really is something that we need to promote.

There is one more thing that I would like to comment on briefly. It is a strange industry. In fact the better we get at our jobs, the more invisible the industry becomes. If done right, that activity, which is a large slab of the Australian economy, happens quietly in the dead of night with minimum inconvenience and no environmental impact—it just happens—and has things on the shelves when people require them, and people do not think about that. So we have a dilemma: the better we get at our job, the less visibility it has and the less attention people pay. It is only when queues of ships off ports occur that we start to get into the paper.

So that is the industry. What are we doing about attraction and retention? We work closely, as I am sure you are aware, with the Transport and Logistics Centre—and I know that you have already heard from Dr Darryl Hull. Darryl has given you a detailed submission as well and he would also have told you about our capable people steering committee. In a lot of my comments I will be referring to Darryl's work.

We work on four priorities as the Australian Logistics Council. One is infrastructure development and investment. The second priority is capable people. The third is regulatory reform and the fourth is getting a better understanding of the strategic future of the industry. With regard to the capable people initiative, we have been very active in trying to raise the profile of the industry. We have done research which indicated that when kids were asked what they thought of logistics the answer was they did not think of it at all—it simply was not on the radar screen; they just did not consider it as a career. Likewise, the image was poor. It was probably beer guts and blue singlets and tattooed truck drivers driving long hours through the dead of night away from their families. We need to change that image because that is not what the industry is about. So we got involved in career expos, both virtual and face-to-face, where hundreds of thousands of kids have been exposed to what the industry has to offer as a career.

We are certainly pursuing branding of the industry. One of the neat things there that I should mention is that we were told that we needed to come up with a two-letter acronym for the industry, the reason being that if I tell you IT you know what industry we are talking about. If I say HR, you know what industry we are talking about. But nobody knew logistics. We also needed a two-letter acronym so that it could be texted as part of a text message on a mobile phone with a thumb. We have settled on T&L as a branding—transport and logistics. So that is part of branding.

We are very active in innovation, and I would like to talk further with you about that later. With respect to crossover points, Darryl would have mentioned to you about how people flow through their education process. As well as entering at a young age, many people have gravitated sideways into our industry. They started off as an accountant and find themselves in the T&L industry, and so on. We have done work to try to establish an education council, which has not been successful. Trying to get academics together and cooperating in a room was a little bit beyond my capability, but I have not given up yet; we will try to do that again. We have worked

closely with TALC on mentoring and a series of publications. So that is where we are now. I have some suggestions on how we might proceed but perhaps that is enough from me in my introduction.

CHAIR—Thank you for that. We will proceed to ask you questions and, if there is anything that you do want to add at the end that you feel we have not covered, please feel free to speak further to that. I would like to ask you about a couple of things. Firstly—and I know you did mention it at the start—could you give us a quick summary of your membership?

Mr Morris—There are currently 77 members of the council. I have given you our annual report which lists our membership for 2006. Our current membership is on our website and I can certainly provide that to you. As I said, they are generally CEOs or chairmen of major players in freight logistics including customers, brokers, providers, regulators, industry peak bodies from road, rail, sea and air et cetera, and other industries for senior specialists.

CHAIR—Do you have a view, or have you gathered a view, on how easy your members find the Australian Apprenticeships scheme to work with as a partner in each of the separate industries? Are there any aspects of the scheme, either administrative or otherwise, that you think could be improved?

Mr Morris—We are a very strong supporter of the Australian Apprenticeships scheme. We have worked with companies like Toll, which is one of our members, on activities to do with apprenticeships. They certainly seem to be picking that up and working with it effectively. There have not been any significant concerns raised with me about that.

CHAIR—Which of the sectors—road, rail, sea or air—uses the apprenticeships most and do you think there are any areas for further take-up in any of those sectors?

Mr Morris—I could not tell you that, I am sorry.

CHAIR—That is fine. I think in some of our earlier consultations we talked about the very long trips that truck drivers do from, say, Parkes to Melbourne et cetera. Would you think that a future truck driver shortage, if that does occur, is likely to see more use of long-distance rail on the eastern seaboard and perhaps road transport having a much shorter distribution role?

Mr Morris—Our view from the research we have done is that the increase in truck trips will continue. Bearing in mind the compounding increase in the freight task, I think the challenge is to take that increase to other modes so that coastal shipping as well as rail would be taking the increase in the freight task. It is not about reducing trucks on roads; it is about reducing the rate of increase of the number of trucks on roads, slowing the increase in the number.

The other thing that I think you will see, though, from a trucking perspective is a change in the nature of trucking. There is already industry consolidation, which means that the likes of Linfox and Toll, Manway Transport and Border Express are in a position to rest their drivers or have them hand over in relay race style so that the truck does not close down and the driver changes and is again in his or her own home that night. So the nature of the task for the truck driver will change but the growth definitely needs to go to other modes.

CHAIR—The Victorian Transport and Logistics Industry-Government Partnership said that your organisation was a key organisation in national networks. Do you work with any federal government departments to achieve your objectives?

Mr Morris—Yes. We work closely with the Department of Transport and Regional Services but also with the Department of Employment and Workplace Relations—that is with regard to our capable people objectives. We also work with other government departments on other issues—with the Department of Foreign Affairs and Trade, for example, in supporting the China free trade agreement. Logistics services is one of the areas that are being sought to be included in that program. That is probably outside the interests of this committee, I assume.

CHAIR—Yes, at present.

Senator STERLE—Mr Morris, when you talk about relay race style, do you mean the staging of drivers?

Mr Morris—Yes, I do.

Senator STERLE—Coming from Senator Lightfoot's and my side of the country, for those who are not aware, it has been a nightmare because truck drivers do not get home at night if they do the Perth to Melbourne, Sydney, Adelaide or Queensland legs. There is nothing worse than a truck driver having to sit at, say, Cocklebiddy for 12 hours waiting for a connecting vehicle. I just wanted to clear that up for the committee. I want to clear up another matter. When we talk about apprenticeships in road transport, taking out mechanics and auto-electrics, what other apprenticeships apply to the road transport industry?

Mr Morris—I really cannot answer questions on apprenticeships. I am not across the detail of that, I am sorry.

Senator STERLE—No drama. We cheated because we were having a conversation earlier. Would it be possible for this committee to have a copy of the code of conduct?

Mr Morris—Absolutely. It is on a web site but I could certainly get it to you. I will give it to you this afternoon.

Senator STERLE—That would be good. I was going through your membership list. It is varied, vast and wide-ranging across the transport industry; it includes all modes of transport: sea, air, road and rail. I notice that the mining industry is not represented.

Mr Morris—Xstrata Coal is there as part of the mining industry.

Senator STERLE—But not the large iron ore miners?

Mr Morris—No.

Senator STERLE—I find that interesting because, if it were not for the large iron ore miners, half of the towns in the Pilbara would not be in WA, so I wonder why they are not part of it.

Mr Morris—That is a good point. BlueScope Steel, for example, is part of it, but not the raw material miners.

Senator STERLE—Have they been approached?

Mr Morris—No, they have not.

Senator STERLE—Do you think that you will in the future?

Mr Morris—Absolutely.

Senator STERLE—I think it is imperative because they would have a massive say with regard to transport requirements, certainly in Western Australia and I would say probably for all of Australia.

Mr Morris—Yes. On the code of conduct that you and I spoke about, perhaps I could explain what it is about. It is in response to the chain of responsibility and the introduction of chain of responsibility legislation in the states. The ALC has pulled together some of our members relating to the retail logistics supply chain, including Coles, Woolies, Metcash, Franklins, Toll, Linfox, the Australian Food and Grocery Council, the Australian Trucking Association and the National Transport Commission. We have also been in close consultation with the Transport Workers Union. Out of that group we have developed a voluntary code of conduct across a number of areas, such as fatigue, load restraint, drug and alcohol policy, and so on. That is being implemented. That is about creating a national minimum standard against those safety areas to try and lift the safety standards of transport and logistics in that particular supply chain; also to make it simpler to live by the law. So in those two ways we are trying to make our industry safer as part of—not solely but as part of—improving our image and the work life of people in the industry so that it is more likely that people will want to work in it.

Senator STERLE—To get back to the skills shortage that we have in the transport industry, I have been very critical on a number of occasions in that I do not believe the industry is getting to where it should be in terms of school leavers. I picked up on the survey that you did. Can you tell us a little bit more about that?

Mr Morris—Yes. It was based on some work that was originally done here in Queensland. A series of focus groups were conducted in detail in Queensland and then we tested that in focus groups around the country. It asked a series of questions about what school leavers think about transport and logistics and, as I said, they did not think about it at all. But, when they were given some information, they had a very negative image. When they were presented with further information on the kinds of careers that the industry offers, there was far higher interest.

We have taken those messages into both our branding and the way that we go about the career expo activities in which we get involved. We now have a consistent set of messages on how we look and what the industry is about. It is about road, rail, sea and air. The slogan is around ‘Whatever you’re into, get into T&L’ and that is really an indication of the flexibility and diversity in the industry. The kinds of things which school leavers were looking for, according to the focus groups, were the opportunities for variety in their work and career advancement and not being stuck in the same job day in, day out for many years. International travel and the

opportunity to work internationally were high on the list, and of course it is something that clearly is available in transport and logistics. They were the kinds of things that came out of it and, again, if you are interested in the detail of the research, I am happy to provide it, Senator.

Senator STERLE—In terms of the school-based traineeships, Dr Hull gave us a very good submission in Sydney. He did give us the numbers and I think Queensland was the leader. What about the rest of the country?

Mr Morris—Darryl is the expert on that.

Senator LIGHTFOOT—Good morning again, Mr Morris. Have you had any serious discussions with your T&L industry—to use the acronym—with respect to a national training scheme? If you have, could you amplify what you have done within your industry and whether you agree with a national trainee scheme particularly with respect to truck drivers and those involved in the trucking industry?

Mr Morris—Yes, we have had discussions over time. They have not gone as far as I would have liked them to, and I think that is for a few reasons. The Transport and Logistics Skills Council, previously TDT Australia—when you get to Melbourne you will be speaking to them, I imagine—have been changing their form from the traditional skills council to a more commercially based skills council. Therefore in terms of the provisional training packages and implementation of those training packages some momentum has been lost as they have actually transitioned.

Senator LIGHTFOOT—Could you flesh out what you mean by ‘commercially based’?

Mr Morris—My understanding is that the level of the government funding has been either capped or is likely to reduce over time. I am not an expert on that but that is as I understand it. Therefore, in my discussions with the T&L Skills Council they are looking to move to a situation where they are earning money from the provision of their training packages to a higher level than they previously had to do.

Senator LIGHTFOOT—Do you anticipate that will be overseen by the federal government or a branch of the federal government?

Mr Morris—I am not sure.

Senator LIGHTFOOT—You have not got that far?

Mr Morris—No, we have not. Most of our work about national training schemes was with the tertiary level, and I alluded to that in my opening comments. I am not sure whether that is of interest to you at this stage.

Senator LIGHTFOOT—It may be, but perhaps what may be of more interest to the committee is if you do have anything by way of documentation that you could take on notice and supply the committee with concerning the advances you have made with a national scheme that the T&L industry, and your council in particular, is involved with, I am sure that we would be pleased to receive that.

Mr Morris—Sure, we will do that.

Senator LIGHTFOOT—I will go on to something a little different. My colleague mentioned the Pilbara and some of the big trucks and the tonnages that move there, not just around the Pilbara but to and from Pilbara as well. And just to refresh your memory, Mr Morris, the Pilbara is the biggest tonnage port in the world so it is a very significant area by world standards. There is a group run by the respective state police in Western Australia, and I suppose in other states as well, called ‘heavies’. They do not heavy anyone—or I have never had evidence of that—but they actually stop the trucks and weigh them. If they are a large road train, by the time they slow down and are weighed and then wind up to their 100 kilometres an hour again, there is a lot of time lost. It has been a complaint for decades now about the time lost with trucks inspected in this manner. Have you any idea of what it costs the trucking industry nationwide?

Mr Morris—No, I do not know what that would cost. Although, having been the Regional Director for Queensland Transport here some years ago in South-East Queensland, I know that we were moving strongly at that point to weigh-in-motion technology, but obviously I cannot speak with any authority about the Pilbara.

Senator LIGHTFOOT—Would your industry at some stage consider having trucks that have an integral scale or scales on the truck that you could read just as can read the tare weight of a vehicle on the side, which is always compulsory, and documentation as well? Would your industry consider a system where they could be inspected instantaneously without having to stop and run the trucks up onto scales and then run them off, or run them onto weighbridges et cetera? Would that be something that your council could consider? Countless millions must be wasted annually in time alone without any other excessive costs on these stoppages.

Mr Morris—The answer is yes. I understand that technology already exists and I suppose the question would be: what are the costs of introduction and building the technology into the vehicles as we move forward.

Senator LIGHTFOOT—But on a uniform scale—we are talking about uniformity. I imagine that your council is concerned with uniformity—

Mr Morris—Absolutely.

Senator LIGHTFOOT—and not states acting individually. That must be integral and perhaps a priority for your council. Would that be correct?

Mr Morris—Yes, it is.

Senator LIGHTFOOT—With respect to skills shortages, have you delved into the answers to the skills shortages in Australia brought about by the unbelievable boom that we are having? I have been involved in the mining industry most of my working life—less so today of course—and I have never seen anything like this in the 50 years that I have been involved, in varying degrees, in the industry. Would you give the committee some idea of your solution to the skills shortages?

Mr Morris—Absolutely, and thank you. Firstly, there is a question about this boom. It is not a matter of whether it is going to continue or not but whether the real level of skills shortages is masked by the drought. The best case scenario would be that we have record mineral prices continuing into the future and therefore record demand for minerals, and it rains again and the agricultural sector also places demands on the transport and logistics sector. So the best case scenario would even further strain our capacity both from a hard infrastructure perspective and from a people perspective moving forward. So I think the question that you ask becomes even more important.

I hesitate to say it, but we do not know enough about what the problem is in terms of people. There is a requirement for further research. The figures I gave you in my introductory comments are the outcome of recent research done both by the Australian Logistics Council and by the Transport and Logistics Centre on our behalf. But they still are rough initial figures. We need to dig into that. We need to understand state by state and regional area by regional area what the variations and the difficulties are from a people perspective.

Part of that research needs also to look at how we can grow the total pie of available resources. You mention the mining industry. Nobody really wins if the transport and logistics sector becomes incredibly successful at attracting school leavers and leaves the mining sector in Australia without sufficient labour. We also need to look at the total picture there. Part of that, I think, is the next point, which is innovation. Again, we have worked with TALC on the innovation strategy that was developed by Prof. Jane Marceau last year, and I am happy to provide that report to you. That proposes some specific steps that we are committed to taking in 2007 and beyond to improve the level of innovation in the system so that the demand for people is reduced.

Senator LIGHTFOOT—Are you finding it difficult or a bottleneck, or in some way prohibitive, dealing with the states or the territories? Is there a bureaucratic hurdle there for you to jump?

Mr Morris—On just about every issue that is so, but I do not think we are alone in that and that is the world in which we live at this point. Certainly the need to harmonise regulation across a range of areas, including this area, is high on our agenda.

Senator LIGHTFOOT—Where do you find it, and what is the biggest hurdle in dealing with the states or in obtaining statistics?

Mr Morris—Over time the industry has gone from being a modally based, state based activity to now be a national if not international supply chain activity. So in just about every area of activity the industry is straining to keep up with that. State bureaucracies are trying to come up to speed as they move from regulating by road, rail, sea and air to regulating by transport logistics. Likewise with funding mechanisms, they are trying to come up to speed across a number of modes rather than just road—that is why we see AusLink at the federal level. You see the Australian Logistics Council growing and including, as our members, the peak bodies and associations for road, rail, sea and air. So in just about every area we are straining to come to grips with this joined up, national set of activities as it emerges. This is a relatively new thing. The answer to your question is in just about every area we are saying that nationally accredited

and recognised qualifications are essential because, as industry consolidates, operators need people to operate nationally rather than state by state.

Senator LIGHTFOOT—On a scale of one to 10, are you satisfied with the progress you are making in dealing with the states and obtaining these statistics and other information that you need? How would you rate that?

Mr Morris—This is a high sense of frustration. With 10 being most frustrated, it is probably around the seven or the eight mark. I would say, though, that I would not tar all states with the same brush. But I would like to stop short of naming and shaming individual states.

CHAIR—We will not press you to that, Mr Morris.

Mr Morris—Thank you.

Senator GEORGE CAMPBELL—On a slightly different tack, has your council done any assessment or do you have any assessment of what the asset base of this industry is?

Mr Morris—No, we do not.

Senator GEORGE CAMPBELL—You have no idea?

Mr Morris—No. I would not hazard a guess, but it would be substantial, obviously.

Senator GEORGE CAMPBELL—So we do not know how much we have invested to move goods around the country, and whether we are getting a reasonable rate of return on the investment?

Mr Morris—No.

Senator GEORGE CAMPBELL—Has your council considered the issue of restructuring the industry as a way of dealing with the question of labour shortages? You talked about Jane Marceau's report; was that report done specifically for you?

Mr Morris—Yes, ourselves and TALC.

Senator GEORGE CAMPBELL—Or was it part of the knowledge-intensive service industries report?

Mr Morris—No, it is specifically for us.

Senator GEORGE CAMPBELL—I would be interested to see that, if you could make a copy available.

Mr Morris—Absolutely.

Senator GEORGE CAMPBELL—Has your association given any consideration to the restructuring of the industry?

Mr Morris—We certainly have regularly considered what is happening in the industry, particularly around industry consolidation. Is that what you are asking, Senator?

Senator GEORGE CAMPBELL—I am asking: have you given any consideration to restructuring the industry, the ways in which we move goods around the country, and whether or not there is a more efficient way of doing it than the way we do it at the moment? For example, the integration with, say, coastal shipping has always been an issue in this country and we know some of the reasons why people will not move in that direction. It always seemed to me, with 70 per cent of the population on the seaboard, that that was a fairly economical way of moving goods to various points for distribution, but that does not seem to figure in the thinking of the major transport companies that currently operate in Australia.

Mr Morris—Absolutely, yes we have. Our view is that we need to favour, for a whole lot of reasons, rail over road, particularly for the growth of the task, and coastal shipping over the other modes. Already, I understand from the Australian Shipowners Association that about one-third of Australia's domestic freight task, on a billion tonne kilometre basis, goes by coastal shipping. I understand that most of that is products such as bauxite out of Weipa and so on, but still it is one-third of the domestic freight task by coastal shipping, according to ASA.

Senator GEORGE CAMPBELL—That is export?

Mr Morris—No, that is the coastal shipping around to Gladstone, for example, and so on.

Senator GEORGE CAMPBELL—That is from Weipa to Gladstone?

Mr Morris—Yes, that kind of activity. I think that there are going to be a couple of drivers that push us that way as well, I should say. Certainly the labour shortage is one. It only takes one train driver to drive a train as opposed to a truck driver and so on. I also think that greenhouse gas and global warming are going to push us to more environmentally sustainable modes. If you graduate that, the most environmentally sustainable is coastal shipping, then rail, then road, then aviation so there are going to be a number of factors that push us in that way. We are on the record regularly as supporting the inland rail through western New South Wales and Melbourne through to Brisbane or Gladstone rail for precisely that kind of reason. If we can get modal share in the order of 80-plus per cent east-west, we should certainly be shooting for something greater than 20 per cent north-south on a rail corridor that, by any evaluation, is an international and viable rail corridor. Certainly coastal shipping is something worth looking at, and we have very active shipping members as part of our membership pushing that view.

Senator GEORGE CAMPBELL—Has your council given any thought to or has it developed a strategic plan for the future development of the industry?

Mr Morris—We are working under the Australian Logistics Industry Strategy that was published in 2002. That is the current five-year strategy that was reviewed at the end of 2006. That review was led by the Department of Transport and Regional Services and the Deputy Prime Minister released it in February at our annual forum and charged ALC with responsibility

for developing the next five-year strategy for transport and logistics in Australia. We are now heavily into the project planning for exactly that process which is the development of the next five-year strategy. It will cover those four areas I mentioned initially: infrastructure development and use; the capability of the people in the system—branding, education, skills, safety et cetera—the regulatory reform and harmonisation requirements; and the fourth area is the data and getting a better understanding of innovation and what is actually going on in the industry. So we are currently finishing up the first five-year plan, if you like, and we are commencing the development of the next five-year strategy right now.

Senator GEORGE CAMPBELL—On the issue of training, you say there are 165,000 businesses roughly in your industry. How many of those would be involved in training?

Mr Morris—I believe that Dr Hull gave you some figures on that which I would need to echo. I can pull them up if you like. Let me just quote him as the expert on this. He says that of the T&L workforce which, as he said, is roughly 500,000, 50 per cent have no post-school education and 30 per cent have some form of vocational training and 20 per cent have some higher education qualifications.

Senator GEORGE CAMPBELL—I am interested in how many of these companies are actually engaged in training.

Mr Morris—I am not sure, I am sorry.

Senator GEORGE CAMPBELL—How many people would be in training in the industry at any one time?

Mr Morris—I do not have those figures.

Senator GEORGE CAMPBELL—Can you take those on notice and see if you can provide those figures to us?

Mr Morris—I certainly will, although I should mention that that is the kind of research that we actually need now to do because we are flying blind in this kind of area.

Senator GEORGE CAMPBELL—That brings me to the second issue: whether or not you have given any consideration to it. A number of industries in this country levy their members to provide for training of new recruits for the industry, which shares the burden across the industry rather than leaving it on key employers or key companies in the industry. Has your council given any consideration to looking at the establishment of a training fund or a training levy so that you ensure that the burden is shared equally across an industry?

Mr Morris—We have not looked at the specifics of a levy. We certainly believe though that a national training fund is required to develop skills in the industry. That was the focus of discussions that I have alluded to with some senior academics, for example, and as well there was work through the T&L Skills Council looking at the vocational education and training section. We have not considered the specifics of the levy though. How it might be funded has not been considered.

Senator GEORGE CAMPBELL—Is that on your agenda for the future?

Mr Morris—Yes.

Senator GEORGE CAMPBELL—How much is poaching an issue in your industry?

Mr Morris—It is a problem. There are two kinds of poaching: firstly, from one employer to another, which drives up costs, industry turnover—but, again, I do not have figures on that. The other kind of poaching is the lateral poaching to other industries. I mentioned, for example, the mining industry, although I am not particularly pointing out the mining industry in this respect. But we do find that people come laterally into our industry and leave again based on perhaps an initial profession—accounting, law, whatever it might be. One of the training elements that we continually need to focus on in our industry is how you bring somebody—perhaps in middle age, with a wealth of experience in another industry—up to speed with our industry. But that is accentuated by the poaching elements that you have referred to.

Senator GEORGE CAMPBELL—When we were in Townsville yesterday we visited the railway workshops. I think they said they had about 10 mobile simulators for training train drivers. I did not get the impression from them that they had difficulty getting train drivers; they earn reasonable money, from what was said. Is anything like that available to employers in your industry for training?

Mr Morris—Rail is part of our industry.

Senator GEORGE CAMPBELL—I am mainly talking about road transport now. There is the maritime college for sea, most of the railways seem to have these training facilities, but there does not seem to be anything in the road transport industry.

Mr Morris—I am not aware of it.

Senator GEORGE CAMPBELL—Do you think the regulation that exists in the road transport industry is reasonable?

Mr Morris—Regulation for training?

Senator GEORGE CAMPBELL—No, the regulation of the industry—the constraints on drivers, driving over certain speeds, rest breaks and so forth. They are there for a purpose. They are there to protect the rest of us that use the roads, too, hopefully. In the circumstances, do you think they are reasonable or do you think they are overburdensome, or do you think they prevent the industry from being more efficient?

Mr Morris—I think there are avoidable costs incurred by all parts of transport and logistics, including the road transport industry. If regulations could be, for example, standardised nationally, those costs could be reduced. Certainly part of our focus on regulatory reform is to identify the avoidable costs. We are doing three things at the moment on that, three specific pieces of work. One is looking, in collaboration with the Victorian government, at the Mildura region and trying to understand what the regulatory costs are that are incurred by people trying to do business in the transport industry as a result of regulation on transport and logistics. That

will give us part of the answer to the question that you have just asked. The second is that we are working with the National Transport Commission to try to understand what is holding back the road transport industry from better application of performance based standards. The requirements are clearly there, but there seems to be something which is limiting us in actually putting that into practice. So we are trying to understand what it is that is holding people up. The third piece of work that we are doing, again with the National Transport Commission, is to look at the hold-ups on introduction of B-triple truck combinations on the Hume Highway, Melbourne to Sydney. So we are trying to get information to answer exactly that question in three different ways at the moment, Senator.

Senator GEORGE CAMPBELL—Can you give us a specific example in the area of regulation where standardisation of federal regulation would be of benefit, would reduce costs in the industry?

Mr Morris—We have recently completed examination of a report done by Steve Merrick and Associates which looks at regulatory impediments on transport and logistics in Australia and sets a listing of priorities. I cannot remember off the top of my head what those priorities are, but I would like to provide you with a copy of that report, which would answer that question, if that is acceptable.

Senator GEORGE CAMPBELL—Okay.

Senator STERLE—I would like you to take this on board as a positive criticism. Once again, I am going back to the skills shortage in the road transport industry. It disappoints me that we hear from industry leaders saying, ‘What has caused the shortage is the mining companies stealing our people and paying them double,’ and ‘We can’t go fast enough,’ and ‘We need to get B-triples,’ and ‘The sooner we can pull five or six trailers, the better.’ It is all scratching the surface. I am yet to hear in the submissions that have been put forward any real, true, meaningful building blocks for the future. Let’s not talk about dragging back people who have licences who have left the workforce. That is a nonsense—it really is. We have to target the young ones who are coming out of school. You know as well as I do, Mr Morris, that the transport task is going to double by 2020. So whacking on the odd trailer here and there and getting a superfreeway for 50 ks is not going to fix our problem.

I really am desperately seeking leaders of industry to put some meat around the bones. What the heck are we going to do to train kids, to train the youngsters—boys and girls—and get them into our industry? I suppose it is more a criticism than an observation that I still have not heard about it. I have to say that if the road transport companies put as much time and effort and dollars into training the future truck drivers of this country as they do into supplying labour hire companies, I think the solution would have been found years ago. I make the observation that there is nothing coming forward yet.

CHAIR—With regard to your first five-year strategic plan, would you say the objectives that you set for that were achieved? Was the council happy with the progress of the five-year plan?

Mr Morris—Generally, the answer is yes. Obviously there were some areas in which we did not get as far as we wanted, such as application of national communications standards and so on. There were other areas that came on to the agenda after the plan was written—for example, 9-11

had not occurred when the original plan was published. But, in general, the finding of the consultancy that led the process of reviewing it was that it represented good value for money and that most of the objectives were met.

CHAIR—And were the objectives that were not met carried over to the second plan, or had circumstances bypassed them?

Mr Morris—The answer is both. Some of them, for example, have now become part of a COAG agenda, particularly issues around looking at whole-of-supply chain and so on. But certainly the unfinished business has been carried forward as the starting point for the next plan. In some of the areas, it had been identified that, where we thought that we might be able to make a positive impact as a group of business leaders, it really was beyond the capability. They are things such as activities in marketing logistics services as part of international trade arrangements, which I mentioned before, which is such a huge task that, for a group like ours with a small budget, it is beyond something that we can realistically tackle.

CHAIR—Would it be possible for the committee to be supplied with the original five-year plan, the consultant's report and the plan 'Looking Forward'?

Mr Morris—The consultant's report has not been released in full. The executive summary was released by the Deputy Prime Minister.

CHAIR—Yes, it would be useful if we could have a copy of that. If there are no further questions, I thank you very much for appearing before us today.

[10.14 am]

JORGENSEN, Mr Trevor, Chief Executive Officer, Sea Freight Council of Queensland

SQUIRES, Mr Timothy, Deputy President, Queensland Trucking Association, and State Manager, Kagan Bros. Consolidated Pty Ltd

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Squires—I am also a current director of the Sea Freight Council of Queensland.

CHAIR—Thank you for your submission. Do you wish to make any amendments or alterations?

Mr Jorgensen—No.

CHAIR—I now invite you to make an opening statement, after which we will ask you some questions.

Mr Jorgensen—Further to our submission, the transport industry—and that is where your inquiry is heading—plays one heck of a significant role in all of the areas of any industry in Australia. That is a given and you probably all know that. Having said that, it is in diabolical trouble right now because of the difficulty of attracting people into it—and I am sure you know that as well—but it is a task which is going to double. We all know that, and I am sure that has been well documented. The difficulty with that is that infrastructure is not keeping up with it. The difficulty is that if we continue on the same road then exports from this nation are going to get more expensive than they are now. That is how we see it. Having said that, I do not know whether we can add any more to that. Tim, do you want to add any more to the submission we made?

Mr Squires—Just that as you made the point, Trevor, about exports, it is also going to affect imports.

Mr Jorgensen—Imports do not worry me too much; of course, it is exports that we focus on in the Sea Freight Council. As far as your members on the Queensland Trucking Association are concerned, Tim, the difficulty is that it is just going to make the task harder and to attract people into an area that is getting harder is not going to be an easy task for anybody.

CHAIR—You might like to expand on your views on the shortfalls in infrastructure.

Mr Jorgensen—Without going right across the whole spectrum of infrastructure, let us talk about transport, road and rail. Every capital city is facing the dilemma where the port is on the wrong side of the city, in essence.

Senator STERLE—Not for Western Australians.

Mr Jorgensen—Western Australia is different.

CHAIR—Are you saying that the port is a long way away from the airport?

Mr Jorgensen—No, not so much that; it is that the port is in an area where trucks have to virtually travel through the city to get to it. Rail has to do that sort of thing too. Take Brisbane, for example, where the rail freight network is being shared by the passenger network. It is the same in Melbourne and in Sydney. The problem in Queensland is getting severe. It is well documented that the number of people moving to Queensland is getting larger and larger—and some people talk about 1,000 a week, though I am not sure whether that is true. As the network infrastructure around south-east Queensland starts to expand some serious planning has to be done on the distribution of freight. Fortunately studies are being done by Auslink and by Queensland Transport. They are working together, and that is great. Our concern is that we might be a little behind.

The simplicity of it is this: if the freight task is going to double, if the volumes are going to double, how the heck do we move that on infrastructure that is not keeping up now? Do we allow a greater mass on it? To move so many millions of tonnes a year, it would be quite simple if you could move that on axle weights which could take more. That would be beaut, because you would start reducing the tonnage, per se. But the road network is not capable because it was designed on yesterday's technology. I do not know what can be done for the future except to dig it up and start again. But that is a different direction and I will not go there.

Rail is being fixed up, but it is well behind. In New South Wales in particular the rail network is not terrific. If we could have some sort of inland rail system between Melbourne and Brisbane that would be brilliant. Again, that still has to be fixed. As you people know, state politics is involved in that and it is very difficult. That is all I want to say on that.

Mr Squires—I think there are two clear issues: the current issue, which is not unique to us, is the transport industry being able to supply bodies to do the work; and, going forward, there is a need for a whole-of-logistics-chain approach to modes used—a re-evaluation as to where they site distribution centres, a re-evaluation as to modal interfaces and the impacts all of those have on labour supply. There is obviously a need for an increased interstate rail infrastructure. Given the size of our country, there are trips that trucks should not do. We should not be running trucks from Queensland to Western Australia; it should be on rail. If we had a rail system that functioned competitively then we might have half a chance. I see a place for trucks running overnight services capital to capital; I do not see a place for them on long haul. It should not be the case. They should not be competitive in that situation. I think a whole-of-chain re-evaluation is required.

The other issue we face as day-to-day operators is that state and local governments tend to get bogged down in looking at more efficient modes—that is, better vehicle combinations that will reduce the number of trips that trucks need to do in and out of ports and even on the highways. Also, I think there is probably a need for state and local governments to look at their own expenditure to service their own states.

CHAIR—How does your organisation believe that the Commonwealth government can assist the sector in addressing some of those issues, in very broad terms? We might discuss the labour supply issue and the younger generation in a moment.

Mr Squires—As an industry, I think we have to be looking at more apprenticeship based training and more traineeships, and we should be targeting kids out of school. In saying that, I understand that, again, we are not unique and that that is probably an approach that is going to be used by most industries. Personally, I have had a lot of success with trainees we have brought into our business in the last couple of years.

CHAIR—Does your part of the industry believe that there should be a national accreditation scheme, say, for truck drivers so that people who reach a certain level of training get accreditation for it—quite apart from the licence system, of course?

Mr Squires—Yes, I believe that should be the case.

CHAIR—You would be in favour of that?

Mr Squires—Absolutely.

Mr Jorgensen—We debated this the other day, as a matter of fact. Tim and I have differences of opinion—that is, the Sea Freight Council and the Queensland Trucking Association—on this. I believe there has to be a star rating, if you like, for transport operators—one, two and three stars, very much like bus drivers have. However, as Tim rightly pointed out to me, it is a very difficult thing to police. It is a very difficult thing in a competitive world and perhaps legislation has to somehow or other be brought in to monitor that. It is no good giving a bloke a shirt with five stars on it and sticking him in a truck when you know damn well that he is only a one-star operator. That is what would happen, maybe.

CHAIR—Do you think he should be paid accordingly? I suppose there has to be some sort of incentive.

Mr Squires—It is a leading question.

CHAIR—It is supposed to be. I would like your views on it.

Mr Squires—In a nutshell, I believe so.

CHAIR—Effort should be rewarded.

Mr Squires—It is a very difficult question to answer given the fact that we are an industry that works on very small margins.

CHAIR—I understand that.

Mr Squires—I think that part of that—and how Commonwealth and state governments could help—is condoning open discussion on what I would like to call a minimum sustainable safe operating rate. I would like to do that without coming up against the ACCC. It is a critical issue.

There are people out there who carve rates. You have the good guys and you have the guys who do not want to be good and will take every shortcut in the book. It costs us to operate legally. There are operators out there who can just walk in and offer \$10 a container cheaper and there is no loyalty. I believe there is room for discussion on a minimum sustainable safe operating rate.

CHAIR—That is a fair enough statement.

Mr Squires—Schemes such as you are talking about will flow from that. If the industry can achieve a benchmark rate, the only thing it then has to play with is margins. If someone can do it smarter than me that is fine, but, at the end of the day, that will allow the funding of schemes such as you are talking about.

CHAIR—In a way, setting that would encourage turning to innovation, because the rates would no longer be in dispute.

Mr Squires—Absolutely.

CHAIR—Are either of your organisations taking measures to address the shortage of trainees and ways to attract younger people into your organisations as they leave school or as they get their heavy duty licences? Apart from what governments can do, what are your organisations doing?

Mr Jorgensen—The Sea Freight Council is involved with an organisation here which is known as the Transport and Logistics Careers Forum. It is a group of people who have been put together and I am sure you have heard of it. We encourage young people to get into the transport and logistics industry. We go out to schools and give presentations on careers nights and the like to try to convince these youngsters that this is the way to go. The difficult part about it is who the heck in year 12 wants to have a career as a truck driver. That is how the industry is seen, regrettably. We try to convince people that it is not just that. I do it personally. I get out there and I talk about the John Farnham rock band and the logistics of putting that together. That is when the lights come on. These kids are all on the phone and all the rest of it, but they are there and they are suddenly interested and that is great. That is an initiative we have taken. We also go to careers expos and the like. That is always difficult because it is just like going to the Royal Easter Show.

CHAIR—You are competing with lots of other people.

Mr Jorgensen—Yes. There are so many people around. Unless you have a big bowl of lollies on the table, the kids are not going to come and have a look at a bunch of trucks and trains. They come for the lollies, we think, but they take away pamphlets and, who knows, you might get one out of a crowd. That is an initiative we have taken. We work closely with government—the Queensland government in particular. We work with three government departments: Queensland Transport, Employment and Training, and Education. The difficult part we find sometimes is when it is necessary for governments to cut back. So when we go out and try to convince careers advisers to get the kids to come along, we find that the government is making cutbacks on careers advisers' time. So it is one competing against the other. We are trying to get out there. That is a difficult thing. That is no criticism and I do not want you to see it is that. It is just a fundamental fact of life that there is a certain amount of money to go around and that is it.

We obviously interact with the ALC fairly heavily. They have certain programs and we are into them as well. That is on a national basis. The Sea Freight Council is involved in that. They have just cranked up another one recently in Queensland called TWAG. It is the transport industry working advisory group, I think. That is good because suddenly we have the heavy weights from government taking an interest. That is beaut. Whereas before the forum was lower down the food chain, this one is right at the top end. That is good because suddenly the Queensland government is starting to look at it and say, 'Wow! This is something else and we'd better get involved in it.' Again, we have the heavy weights in there from Boeing and the union, which is good, and also Queensland Transport, Employment and Training, and Education, and that is excellent and at the top level.

We want to see more of the top level of government interested in this sort of thing because, quite frankly, if you have a crisis in water, that goes straight to the top. Why? It is because people vote and if they run out of water, you are out and that is what it applies to. But if transport is having problems, who knows and who cares? It is only when it impacts on the population that it starts to bite. When Mrs Jones sees the supermarket prices start to rise and maybe the CPI goes up, that is when it starts to bite and people start taking an interest.

But I am veering off the topic. The initiatives that we take as a council are that we get involved with the local schools, we get involved with universities by having guest lecturer spots and we get involved with TAFE colleges because each one of them is doing an international business diploma of sorts and logistics is a part of that. We do not try to convince them to become truck drivers, but we certainly convince them to become logistics managers and that is great. That is what we do.

Mr Squires—We have a lot of work to do to beat some perceptions that are out there about our industry. I think we are still seen as a whole lot of blokes in blue singlets, stubbies and thongs. We do cop a lot of negative press and we have to be seen to be combating that. We as the QTA have exactly the same functions that Trevor has talked about. We are on the advisory committee and we are also part of the TLC Forum. But it is a lot about perception and I think we have to actively get out there and beat those perceptions. We have to tackle the kids in the schools and say, 'It's not really just a blue singlets, stubbies and thongs business.' We are a very computer literate business; we have to be nowadays. We have openings—it is not just truck driving, it is so much more. I do not think that is understood by a lot of kids or a lot of people in general.

So we have some major issues to address. Talking about the perception of a lot of operators in the industry I find myself asking the question: why isn't the ALC addressing these whole-of-chain issues? Why isn't the NTC looking at these whole-of-chain issues, infrastructure et cetera? The perception out there is that maybe those councils are sometimes talking to the wrong people. They are talking to people who have severe business interests at stake instead of maybe talking to some base level operators who want to see the future rather than line their own pockets.

CHAIR—Thank you.

Senator GEORGE CAMPBELL—It intrigues me that you are here representing the Sea Freight Council of Queensland but your submission is primarily focused on the road transport

industry. Is that a signal that you see that as being the real problem area within the transport industry generally?

Mr Squires—It is one part of the internodal interface. I think it is a vital part. The road is a vital interface with the sea transport, otherwise you sit containers on docks and they stay there.

Senator GEORGE CAMPBELL—Do you see that as being the area where there are critical problems as opposed to the industry more broadly?

Mr Jorgensen—No, there are more along the chain. The thing is that transport flows into all of those. One of the biggest issues faced by the whole chain at the present time is the harmonisation of business hours. Anybody who has had a look at that can see government does not interface too well with private industry because private industry works longer hours than government. There is all this sort of stuff. The distribution centres do not work the hours conducive to the 24-hour operations of the waterfront. But the Sea Freight Council is somewhat of a misnomer, we do not just focus on ships, pilotage, tugs and all that. We stay away from that. We are into sea freight along the chain and transport is something which goes through every one of those. That is probably the best answer I can give to your statement that you find it a bit difficult to understand the Sea Freight Council's role in this when it is about transport. There are lots of other issues as well. If you wanted to, we could talk about that interface between the actual port, the stevedores, if you like, and the transport industry, but that would take all day.

Mr Squires—You should not get me started on that!

Mr Jorgensen—I will not get you going on that.

Senator STERLE—Go on; feel free!

Mr Jorgensen—Please do not think that it is just sea freight. It could also be air freight, because the same problems arise there but not to the same degree.

Senator GEORGE CAMPBELL—So that I understand, because the name Sea Freight is a bit of a misnomer, you are, essentially, focused on the transport side of the business?

Mr Jorgensen—Yes. Can I just mention to you that the Sea Freight Council is made up of people around a table like this from various aspects of industry, transport being one of them—freight forwarders, government, warehouse people, exporters in their own right, Queensland Alumina—and all sorts of other exporters who have these difficulties along the chain. That is the purpose of opening up these wounds, if you like, so that we are able to talk somewhat about all of those impediments along the chain. There are lots of them.

Senator GEORGE CAMPBELL—We had Mr Morris from the Australian Logistics Council appear before you did this morning. I raised with him whether or not the ALC—or T&L, as they are now called—had considered or were considering a strategic plan for this industry. I have never seen anywhere in the history of Federation a long-term vision of how we ought to develop our transport infrastructure. Those decisions seem to have been made at various times for a whole variety of different reasons, politics being one of the more important ones: where the road went depended on which electorate it was. We know all of that, but it has never worked to

provide any sort of long-term focus on delivering an outcome. Mr Morris said that they had not, but the minister had released in February, I think, the second five-year plan for future infrastructure development of the industry. Are you familiar with that report? I think it was a consultant's report.

Mr Jorgensen—It is a draft that has come out, I think, and we have been asked to make a submission. This is out of AusLink, is it?

Senator GEORGE CAMPBELL—Yes.

Mr Jorgensen—We have been asked to make a submission on that and, quite frankly, I have not yet got around to that.

Senator GEORGE CAMPBELL—Have you read the report? Does it provide any sort of long-term focus for development of the industry?

Mr Jorgensen—I have not read it in its entirety, so I cannot answer that.

CHAIR—I think it is an executive summary that has been released and he agreed to provide us with that.

Senator GEORGE CAMPBELL—There is a more detailed consultant's report. I presume the industry has the consultant's report.

Mr Jorgensen—That has come in.

Mr Squires—I saw that last week. It has only just come in, I believe.

Mr Jorgensen—It came out a couple of weeks ago. I saw that.

Senator GEORGE CAMPBELL—So you have not had time to—

Mr Jorgensen—No.

Senator GEORGE CAMPBELL—From your perspective, how important is it—I know there are specific problems—to have a much longer term vision of how the logistics industry ought to develop?

Mr Squires—It is absolutely vital; hence, my comment before about the whole-of-chain rethink about what they do, how they do it and how they used to do it and the perceptions of the ALC and other organisations such as the ALC—why aren't they doing it, why aren't they pushing it? Five years is nothing in this industry or in this economic growth period. We have to be looking 25 years out. We have to be looking at off-port hubs. We have to be looking at urban congestion. It is a whole-of-chain issue.

Senator GEORGE CAMPBELL—I thought a logistics council would in fact have been very focused on doing that.

Mr Squires—As I said, the perceptions are that maybe they are not.

Senator GEORGE CAMPBELL—That is true. I also raised the question with Mr Morris as to whether or not there had been any discussion across the industry about the issue of training and how you would fund that—whether the industry could set up a training fund to share the burden across the industry rather than some individual operator picking up the bulk of the training costs and others poaching people off them or sideways movement. A number of industries do run their own training funds and have their own skills centres and so forth. The leading industry in Queensland is a classic example of that. Mr Morris said that there was some discussion about a national training fund, but there had been no consideration of an industry levy in order to fund training. If the whole of the industry are not prepared to share the costs of training their future operators then who do they expect to actually meet that cost for them?

Mr Squires—My next question for you, Senator, is: does the plumbing industry have that sort of thing? When I talk about apprenticeships—

Senator GEORGE CAMPBELL—They do in Queensland, and they do in several states. In Western Australia they are part of the construction industry.

Mr Squires—They serve apprenticeships. We have had success with traineeships. We bring young guys into our business and send them out to do certificate II and certificate III in warehousing distribution et cetera. I believe that currently it is up to the individual business to do that. I do not know that the industry has considered—and you might be able to help me here—an industry fund to do so.

Mr Jorgensen—Not really, no. I understand that the ALC is looking at something but it is not a levy. It is very much like vegetable growers all having a levy on their product for research and development or whatever, and it is probably not a bad idea to stick it on in terms of tonnage or the like. The difficulty is that you are dealing with a whole bunch of people who are totally disparate, who are totally competitive and about 100,000 or so of them—

Senator GEORGE CAMPBELL—There are 165,000.

Mr Jorgensen—are little people, and you are asking them to start funding a training program. I do not think they are terribly interested. That is my opinion; I cannot say that is the opinion of council but, from what I have observed, we are expecting government to fix it.

Mr Squires—We are 96 per cent small business and what happens—and it has happened to us—is that we train people and then someone comes along and offers them five grand a year more and they are gone. It is as ridiculous as that.

Mr Jorgensen—I can see that there will be a time in the future where freight rates are just going to have to go up quite significantly. These days, people like exporters and traders, if you like, have got used to the idea that freight rates are cheap, and they have ploughed that into their equation for sale. If freight rates were to double there would be a hue and cry, but maybe that is what they have to do. But how do you stop them? The guys start nibbling at it and the whole thing collapses down—because the transport industry has done this before. The rates go up and everything goes along reasonably well, only to find that white-anting happens and then the

whole lot starts to fall down again. I am not sure whether organisations like ours or the QTA, or any other, can stop that in the market we move in. In this democracy you cannot, really. You cannot legislate against competition like that, I do not think, but you can put in place, perhaps, some of the things, Senator, that you were talking about, where you have qualified people. That is my answer to that. It is a difficult, disparate bunch of people out there who are running the transport industry. Smaller ones are starting to work for the bigger ones more and more, and the bigger ones are driving the price down—

Mr Squires—That is true.

Mr Jorgensen—because they have to remain competitive. But the work that is being given to the subbies, if you like, is not the work that the big guys want to hang on to. The work with the big profit margin is not going to the subbies. The ones with the little profit margins are going to the subbies, and you cannot stop that either. That is exactly what I would do if I were in business in transport. I would farm out the bits and pieces that were uncompetitive. But how do you stop it? How do you avoid it? I do not know.

Senator GEORGE CAMPBELL—That then puts pressure on the regulation. They are the ones who breach the regulations in order to make the margin at the end of the day. They are being squeezed so hard that it is getting more and more difficult without breaching the regulations. So obviously the bigger operators have an expectation that somehow or other the small operators are able to drive at 130 miles an hour or whatever, or work 24 hours a day.

Mr Squires—Hence the need for the minimum safe operating rate we were talking about before.

Senator GEORGE CAMPBELL—Yes. That seems to be an important thing.

CHAIR—For some years I was in charge of horticulture at a federal level, and I can tell you that the levy rate with fruit and vegetables to provide funds for research and development does work in the sense that the proposal is developed by industry and is put to their members on a voting procedure, as I am sure you know. While there are arguments about the voting procedure, it does not go ahead unless the industry agrees. Nowhere could be more diverse than horticulture, as I am sure it is in your industry. But there is an entire range of large and small. That is how it works, so in some ways it is not a bad model.

Senator LIGHTFOOT—Gentlemen, earlier in your contributions this morning you mentioned rail. Australia is very successful, as you are aware, in shifting large tonnages and large specific gravity material very cheaply. I think of the iron ore industry in Western Australia; no-one could do it cheaper. There is a problem on this side of the country with lower specific gravity material, particularly coal. You mentioned rail and the interface between rail and road transport, which happens now. Are you saying that there should be more rail and fewer trucks, or are you saying there should be more upgrading of roads with, perhaps, heavier road trains, but the investment in rail—and inferring that that may in fact fix part of the problem of the reported more than 100 ships lying off the coast of Queensland? I was not sure what you are getting at there with rail.

Mr Squires—I am talking about rail as a major line haul source for domestic freight, as opposed to the bulk commodity freight that comes in and goes out for export. It has long been a bone of contention with me that we have not got a rail system that keeps drivers in their homes at night. Very simply—I will quickly run through it again if you like—you have got vast distances for domestic freight in this country, from east to west. You have also got vast distances from south to north and vice versa. I see that trucks have a place in adjoining capital cities, in overnight markets. They do not have any place in longer distances than that. There are the Sydney to Brisbane and Sydney to Melbourne routes, but Melbourne to Brisbane should not be a road leg; it should be on rail, and rail should be competitive with road on that leg.

Senator LIGHTFOOT—Why is that?

Mr Squires—We cannot drive it legally without very expensive changeover operations. This might sound a little disjointed, but I again refer back to the whole-of-chain re-evaluation of how they do things. We cannot drive that trip legally in the same time a train can do it. When you work your rest breaks in and all the rest of it, we simply cannot do it in the same time that a train should be able to do it. Therefore, it would be good if we had the infrastructure developing that made it a world-class domestic freight rail system, as opposed to your bulk rail system that I know in Western Australia works very well and that works pretty well out of the mines up in North Queensland. But on the domestic side we are not effective at all.

Senator LIGHTFOOT—There is no problem now with gauge, is there?

Mr Squires—I am not too sure where that is at now. Are you?

Mr Jorgensen—As far as gauge is concerned?

Senator LIGHTFOOT—There is no changeover at Albury-Wodonga, is there?

Mr Squires—No, I think that has gone.

Mr Jorgensen—You will find that there is a standard gauge right through now to the Port of Brisbane, for example, but further north you do not have it.

Senator LIGHTFOOT—It is a narrow gauge.

Mr Squires—Yes, you have still got—

Mr Jorgensen—You have still got to have a changeover at Acacia Ridge.

Senator LIGHTFOOT—How important is that? If we standardise it, would it keep drivers home at night—to use your expression?

Mr Squires—I think it would have an impact. Again, with a whole-of-chain re-evaluation of how they do it and why, I think they would find that if we had an effective rail system many drivers who are currently employed on interstate transport would not have to be.

Senator LIGHTFOOT—There is also the safety factor, isn't there, with not just keeping the truck drivers home but also fatigue?

Mr Squires—Absolutely.

Senator LIGHTFOOT—How does fatigue figure in your macroplanning with respect to long hauls with drivers who are trying to race the time and trying to keep the contract and so on?

Mr Squires—In most cases those city-to-city overnight runs can now be managed through the fatigue management program. It is where you get the large distances—and, being honest with you, we have got blokes in our industry who are just live cannons. They go in up to here, purchase trucks and trailers that they really can't afford, and the only way they can keep those things running is to keep them working. I believe that most of the major companies now do not have a fatigue problem. The reason they do not have a fatigue problem is that they use these poor little old subcontractors that are trying to pay for their vehicles. Take the equation away, take the long-haul transport away from the road, and you solve a lot of those issues.

Senator LIGHTFOOT—We are told that Patrick Fox, for instance, own the trailers and the little old subcontractor owns the prime mover, and he cannot shift freight unless he dances to the tune of the big trailer owners and not so much the big prime mover.

Mr Squires—Yes, and that is exactly right.

Senator LIGHTFOOT—Is that a problem?

Mr Squires—He still has a cost of probably \$3,000 to \$4,000 to \$5,000 a month—depending on his prime mover—that he has to earn before he starts to make a wage.

Senator LIGHTFOOT—What about the concept—not that it is implemented—of whacking another trailer on a semi and making it a bit easier to perhaps lower the speed limit but allowing triples to work on, say, the Hume Highway, which is very dangerous; is that something that could be logically considered?

Mr Squires—Yes, I think there is a place. I think there is a place for all those sorts of effective combinations. We have a situation on the waterfront where we run super B-double units. I do not know if you are aware of those. It allows us to put on two 40-foot containers. They are running them in Melbourne and they are running them on the Brisbane port. Victorian transport authorities are looking seriously at having a network of roads which they can access off-port to service a whole lot of distribution centres in the immediate port area or just outside the port area. We have got a perfect situation here, where we should be able to look at the same. I talk from a personal level: I have had an application on the table for two years. Those sorts of efficiency improvements have a flow-on effect to the customer. I think we are lacking in looking at some of that. The PBS is taking too long to roll out, in a nutshell.

Senator LIGHTFOOT—What about the uniformity of road transport across the nation? For instance, in the Territory and Western Australia, where I have spent a lot of my life, we have up to five trailers behind one prime mover. They are not allowed into towns, and they are certainly

not allowed in the cities, but is that something that ought to be considered as a national initiative, making that uniform across the nation?

Mr Squires—My understanding of the PBS regime is that it will allow those sorts of applications to be reviewed. I do not know that you would want to put a triple road train on the Bruce Highway running up north, Senator. You might find a few issues with that. But certainly we have cut-off points at Toowoomba, where we can go and hook up and service Darwin and that sort of thing, and we can go out there. I am not too sure nowadays of how many trailers they can hook up. I think it is only a double. But then you can get out further and they can hook up the triples. I think there is an effective place for them. But I do believe that there are a lot more effective combinations that could be used to service the adjoining capitals and to service the local situation than is currently the case.

Senator LIGHTFOOT—I do not think Mr Fox would like a cattle train through Toorak, for instance—it might be inappropriate.

Mr Squires—No.

Mr Jorgensen—I think you would have a hard time getting it down Toorak Road! Can I just add to that, Senator. One of the difficulties I have heard is how the statistics are done. I heard you talk about statistics on fatigue. I have also heard from others in the transport industry that if a driver is inattentive for some reason—he drops a cigarette or something between his legs, looks down and smashes into something—that fatality or accident is put down to driver fatigue.

Senator LIGHTFOOT—And it may not be.

Mr Jorgensen—And it may not be at all, so I question that. When people get all emotional about driver fatigue, one wonders then how much of that is really driver fatigue. I question the way the statistics are recorded. I have not done an investigation on that, but I would hope somebody in your area would have a look at that very closely to see how it is done and in other states as well. A legal friend of mine once had the temerity to suggest that a lot of these smashes on the road involved blokes who were over 60 and just wanted to end it all. They had gone through the traumas of life and went and ran into a B-double. I thought that was a little bit over the top, but he tells me it is not.

Mr Squires—I think that happens.

Mr Jorgensen—I get concerned about some of these statistics that are taken. Emotion comes into the transport industry quite a bit and statistics sometimes get a little bit distorted.

Senator LIGHTFOOT—Can I just go back and finish on this. With the macro aspect of getting heavy freight onto ships as economically and as quickly as practicable, it seems clear that, where the company is the miner and also owns the transport—such as the trains—and the ports, there has been very little by way of a logjam getting the product onto the high seas. Where there is a mixture of ownership of government and part government—another sector of industry owns the ports, another owns the rail and then the miner—is there some importance given in your industry to facilitating freight going overseas? That is where we make our money, of

course. Is there some serious consideration being given to some system that eventually allows for the most economic export of our goods in that manner?

Mr Jorgensen—Are you talking about container freight or bulk freight?

Senator LIGHTFOOT—We are talking about both, really. You could have container freight owned by commercial bulk handling in Western Australia with respect to wheat exports, and they would get that on the ship pretty smart. I am not suggesting that farmers should actually own the railway line; I am really talking bulk, but it need not necessarily preclude containers.

Mr Jorgensen—I do not know a lot about the bulk side of things. I do know that there are ships off the Australian coast right now that are waiting around and it is alleged that there is a billion dollars worth of coal waiting to go out. I do not have the stats to support that so I cannot comment on it. Our industry is mainly concerned with container freight. We do not really get involved with the bulk freight side of it. We are an industry organisation that looks at the impediments for the small exporter mainly in container freight. The bulk guys handle it quite well.

Senator LIGHTFOOT—Where are the logjams around the coast that come under your umbrella with respect to container ships waiting to load? Are there any? Is there a logjam somewhere at some port?

Mr Squires—We do not see a lot of that. Our ports are generally reasonably efficient in terms of handling container vessels now. I guess where the drama comes in is at our level, with the local interface between the stevedore and the transport companies. That is not always where it should be. I do not know; I think your question sounds like a question you should be asking the ALC.

Senator LIGHTFOOT—We will put that down.

Senator STERLE—I have to take you to task, Mr Squires, on a couple of statements.

Mr Squires—Please do, Senator.

Senator STERLE—Coming from WA, I think if we run the lines it should be all be rail. I think you would have a grand fight from WA Freightlines and co. It is not us you have to convince. It is the users of transport. Sadly, rail is very good at what it does in huge commodity transportation, but telling the retail sector that they have to wait another two days while the train is still being unloaded is just not going to happen at this stage. I wish you were around when we were debating the Independent Contractors Bill. You were talking about minimum safe sustainable rates and subcontractors getting in over their heads. That is the true key to the word: subcontractors. I wish QTA or yourselves had been in Canberra when we had those hearings. But this is about the skills shortage.

I want to ask you a question and I want you to be as frank and honest as you can. So far we have had some very interesting summaries. Mr Ron Finemore gave us one, and I do not think one has come from heart as much as Mr Finemore's did. If you had the keys to put systems in place to address what we are here about today, the skills shortage—you had the keys to Treasury

and DOTARS and every damn thing and had a big stick—what would you do, Mr Squires, as a transport operator, who obviously has a passion for this industry? I suppose, like most in the trucking industry, you came out of school and went into it or you have a long family history and probably have not done a lot outside of transport. If you had the keys, how would you fix it?

Mr Squires—I started life as motor mechanic. I think it starts at the very top of the representative body chain, and that is the ALC. I do have a passion and I have a passion that says that there ought to be a hell of a lot more of this happening: you guys talking to operators rather than talking to the people that have a vested interest in the systems—the big operators—whom you put around a table. You can use the Paul Littles, the Tim Bloods and what have you, but think about why they are there. I am here because I love the industry and I want to see the industry go forward. I do not want to see the country stifled by a system that does not work any more. So it does start at the top and it starts with the ALC looking at this stuff 20 years into the future—not five years, but 20. The AusLink plans and what have you should be viewed as something to address all these issues 20 years out, not now. It is too late now; the horse has bolted. We have got to be looking 20 years into the future. It starts with the ALC and the like.

We also are an industry, as I said before, that cops a lot of bad publicity. I guess over the years some of it has been warranted, but I do not think it is warranted any more. We cop bad publicity about diesel emissions. The reality is that we put a very small amount of what are Australia's overall emissions into the atmosphere. We have done a hell a lot of work as an industry to address that problem. We have done a hell a lot of work as an industry to address the fatigue issue, but Joe Bloggs can still get in his car on Friday night after he has worked all day and drive 600 miles to Rockhampton and take mum and the kids. How scary is that?

It has got to come from the top. It has got to be top-down driven and we have got to be looking at these whole-of-chain strategies. Get the right people around the table, talk about why they are doing these things. Find out why they are doing these things. Talk to the Big Ws with their distribution centres in Warwick that are not serviced by rail—it is all serviced by road; and it is over probably one of the worst bits of road in the state. Ask them why they located it there. They located it there because they have a ready workforce to work in their distribution centre, probably at the cost of a lot of interstate road transport. Had they put it somewhere else, it may effectively have operated on rail.

I understand your point about Western Australia. I was involved in the rail industry many years ago when we used to do the double-deckers out of Adelaide. I do not think the rail system has grown any further since then. I do not think it has any more capacity. That is why I am talking about infrastructure development. What can we do? What do we need to do in terms of developing the infrastructure to have this roll-on effect?

Senator STERLE—I understand and we have had conversations about putting extra trailers on and doing up roads. Yes, that certainly will be part of the future solution—let us hope we can get some solution there—but we still need hands on steering wheels and we are not attracting them. As I said earlier on, by 2020 our transport task will double. So the extra trailers—B-doubles or B-triples—running is not going to solve that problem. If you had the opportunity to start afresh and it was all your decision, how would you tackle this issue?

Mr Squires—Apprenticeships and traineeships.

Senator STERLE—We do have traineeships in the industry, but they are not being picked up. It is being glossed over. In the state of Western Australia we have 11 and, of those traineeships, two are mechanics and two are in administration. The others are in furniture removal. We have a shocking psyche in WA, because industry leaders will not train and they will not share trainees because, ‘Someone will know my clients or the way I shrink-wrap.’ How do we overcome that?

Mr Squires—I was picking up, Chair, on your point before about the levy. Why don’t you charge us as an industry for training and then we on-pass that charge?

Senator STERLE—If I had the opportunity, it would be all fixed in about two hours. I do understand, but I want to hear from the operators.

Mr Squires—Let’s talk more.

Senator STERLE—I want to hear operators tell us.

Mr Squires—Chair, I listened to your point about the levy and that is exactly what I thought: why don’t you guys charge us? If we want apprenticeships and we want traineeships and we want them to be effective, why don’t we do it as a charge-back levy?

Senator STERLE—I find it refreshing—obviously you have your hat on as the general manager of your transport company, but you have a QTA hat on. Other associations have not been brave enough to take that step forward because other associations are looking for some magic fix from third parties.

Mr Squires—If you were to charge every transport business in the country a training levy as a percentage of their revenue there would be no advantage or disadvantage for anyone involved. It is something that can be passed on everywhere.

Senator STERLE—Because you are a service industry but you service too well?

Mr Squires—Correct.

Mr Jorgensen—Can I just add something here? I was born a long time ago so I remember the days when there was a training guarantee levy. Bring it back! ‘If you do not train, we’ll tax you.’ Talk to the ATO about that. I think it is a splendid idea that everybody has got to train and if they do not—bang, they get taxed for it. That is another way.

CHAIR—I should also say that, as I outlined before, the vote is taken in the industry. If it is a majority vote the levy is then compulsory—even for those who do not agree with it. So even if you do not agree with it you still pay it, once the majority vote is taken.

Mr Squires—I will be very interested in Ron Finemore’s thoughts on it because I reckon his thoughts would have been pretty similar to mine. I think it is something that we should seriously consider and we should put it to industry—maybe not put it to them; maybe tell them.

CHAIR—If they develop a proposal and bring it to you as the representative industry and you put it back to them to have the vote. I am sorry for interrupting, Senator Sterle.

Senator STERLE—No, that is fine, Chair.

CHAIR—Please go on.

Senator STERLE—I am a little bit sceptical because 96 per cent of the industry are the ‘smallies’.

Mr Squires—That is right.

Senator STERLE—My limited knowledge of the transport industry is such that, if it were left to the industry to decide on some form of levy or responsibility—they want to attract good operators, they want their half-a-million-dollar prime mover and their \$300,000 worth of trailing gear looked after, let alone the million dollars worth of freight that could be on the back—they would not do it. There would be people like you and Mr Finemore and co who would see that it is not about today; it is about the next generation. The only problem I have, Madam Chair, is that, without regulatory assistance, it just will not happen in the transport industry.

Mr Squires—It is certainly a good work-through point, Senator, but many of those people that we are talking about are the first ones to go out and pinch the fully-trained drivers. So they are getting the benefit without having to pay for it. That is why I am saying the industry levy is a great idea.

Mr Jorgensen—The other thing, too, is that the transport and logistics industry really does not get a lot of good press.

Senator STERLE—No, they do not.

Mr Jorgensen—Having said that, the federal government is really good sometimes at putting the message through some of the soaps on television. Whenever there is a crisis on one side of the thing you can bet next week on *Country Practice* that issue is raised and the whole population changes its mind. Customs do not have a problem getting their recruits. Why? Because on Tuesday night at 7.30 *Border Control* comes on and everybody wants to be a Customs man with a dog or a gun or whatever the hell. Now, why the heck can't we do something like that? The industry, the ALC, help with some of this. When you think about it, it is pretty fundamental stuff. But I wonder whether or not they do not do that. I remember seeing a movie years ago, an Australian movie, about a truckie out west who was driving a cattle train. Fantastic! People came out of there with a different view of what this bloke really did, instead of being that impediment on the road that you try and pass. I thought, ‘Hey, maybe that is another way.’ I guess that is coming from the grassroots level. We must start to change people's perception of what this industry is about. Do not leave it to industry to do it, though; try and help them.

Senator STERLE—May I pose a thought. I acknowledge that the ALC put a good submission to us—and they came and spoke to us—which was very far-reaching. But if we are talking about the betterment of the industry for generations to come and for the future of the economy, it is going to be very hard to get some common ground there as to how you can take your industry forward when users of transport are sitting at the same table. I think myself that they are further along the chain.

Mr Squires—I see a chain as an endless circle. The chain really should be about what is right for the future and what is right for the country, probably more than what is right for the people who own the rights to the rail system, the road system, the distribution centres et cetera. Give me an ALC hat, I can probably fit one on.

Senator STERLE—Sure, I just find it interesting. I think all the stakeholders have to be part of it.

Mr Squires—Absolutely.

Senator STERLE—There is no argument about that. But if stakeholders were sitting there and had the ability to say, ‘Our charges are going to go up because we are going to make sure that there are drivers for the future,’ I think the conversations might be a bit different.

Mr Squires—I think that message has to filter down. Trevor’s point was a good one: the media has to understand that everything you wear, you eat and you drink travels on a truck to get here. People do not understand that. They see dirty, smelly things running up and down the highway and they say, ‘We’ve got to get them off.’ That is fine, but how do we do the task without it?

Senator STERLE—Thank you. It has been refreshing to hear your point of view and I do wish you luck because I am on your side on this one.

Mr Squires—Thank you.

CHAIR—Thank you for your appearance here today.

Proceedings suspended from 11.11 am to 11.25 am

FAVELL, Mr Geoffrey Patrick, Acting Executive Director, Industry Development, Department of Education, Training and the Arts

NOYE, Mr John William (Jack), Acting Deputy Director-General, Queensland Transport

PERRAM-FISK, Ms Louise, Senior Project Manager, Industry Capability, Queensland Transport

CHAIR—Welcome. Thank you for your submission. Do you wish to make any amendments or alterations?

Mr Noye—No, thank you.

CHAIR—I now invite you to make an opening statement, after which committee members will ask questions.

Mr Noye—Thank you for the opportunity to be here. Skills and labour shortages have prompted the Queensland government and industry to work together to build capacity in the transport and logistics industry and to support the state's economy, as a flow-on. The Queensland skills plan, released in March this year, identified new ways for engagement between industry and government on skilling issues. For the transport and logistics industry, this involved creating a partnership between industry, Queensland Transport and the Department of Education, Training and the Arts.

At the time of preparing the original submission for this inquiry, Queensland Transport had just commenced the industry capability initiative. Since that time, we have completed a state-wide consultation process and commenced implementation in conjunction with industry for a number of strategies to help address the transport sector's skills and labour shortage in Queensland. This government-industry partnership is piloting a number of strategies, including the formation of an industry designed engagement mechanism between government and industry, known as the transport industry workforce advisory group, or TIWAG, who are now leading industry initiatives. There are a number of skills formation strategies—one commencing on the Darling Downs for road transport; another being scoped for the bus sector; and a third across south-east Queensland, yet to be scoped, which will commence later this year. We have identified pilot sites for training, attraction and retention best practice. This is where we will pilot initiatives within different sized organisations and then assist industry to showcase these results and provide a model for similar industry organisations.

We have also been providing some funding and raising funds for schools, training providers, government and industry partnerships in regional areas for attracting young people to industry. These include on-site school-to-work based programs and traineeships. One school has won two national awards recently.

We have identified positive branding as a way to improve community perception of the transport and logistics industry. In July this year there will be an extensive lift-out in the career section of the *Courier-Mail* featuring all aspects of the industry, and this will promote the

transport and logistics industry and showcase the opportunities for the community. This will be followed up with similar promotions this year. Our research tells us that branding the industry is important, an example being the tourism industry.

In 2005, market research was undertaken between industry and government in Queensland through the T&L Careers Forum. One of the recommendations was for a transport and logistics brand for T&L. This brand has been accepted by a number of peak associations and industry members, and we note in particular the Australian Logistics Council's role in promoting this brand. It is starting to and at career expos and in advertising in other areas.

Another aspect of branding is the need for some cultural change within industry to ensure that what is presented as the image of the industry resembles reality. Our work with industry will include a cultural change program to help the T&L industry become an employer of choice, highlighting things like non-salary benefits, professional development, coaching and mentoring, flexible working arrangements and a culture of trust and employee engagement.

These ideas around branding also support the findings of the consultation process that the industry would find it difficult to address. These issues, effectively, are separate sectors. There needs to be a combined voice on transport and logistics issues, with the road, rail, sea and air sectors using one industry brand. This could be assisted by avoiding duplication of effort in initiatives being undertaken. We look forward to addressing your questions.

CHAIR—Thank you for outlining some of the strategies. We are particularly interested in the attraction, training and retention of suitable workers for the transport industry. How have you found the Australian Apprenticeships scheme to work in practice, and do you have any suggestions for improvement of it?

Mr Favell—I guess the Australian Apprenticeships scheme seems to work fine. In Queensland we still refer to them as apprenticeships and traineeships. Of course, in the transport industry, it is mainly traineeships. Some of them are certificate III and above. They go for two years, which at the national level may be counted as apprenticeships for reporting purposes anyway. There are also the automotive and mechanic type apprenticeships that go alongside the transport industry. We work very closely with DEST at the state level to address any issues we have with the apprenticeship system. I really cannot think of anything more that I could add to that comment.

CHAIR—That is fine. Has your government done any estimate of the shortages—to which the parliamentary secretary refers in his letter—that you are facing and will be facing and could you tell us specifically in what areas they are occurring?

Ms Perram-Fisk—We have not done any research yet into that ourselves. It is very early days for our program. However, I think that highlights a very important point for us—we do have a need in our industry for better information. At this stage, we are basing our decisions on individual studies and strongly held anecdotal beliefs in a lot of cases. That is something that we do have a critical need for—better information in relation to making decisions and future directions for our policymakers. It is very important.

CHAIR—So you intend to do some research on that?

Ms Perram-Fisk—We have not made any decisions yet as to what research we would be undertaking. That is not specifically within our project brief, but it is certainly something that we would be looking to support and assist with, as appropriate.

CHAIR—And the positive branding to which you referred—could you give us some more details about that? Again that is something that many other witnesses have mentioned as in the negative perception of the transport industry.

Mr Noye—I will just kick off and pass to Ms Perram-Fisk. It has been particularly important in our discussions with industry. The transport working group covers all sectors of the industry and the union movement. They have been particularly supportive of that positive branding. The *Courier-Mail* lift-out I mentioned is a big plus and the Australian Logistics Council's pushing of the branding across all their work. In fact, Ms Perram-Fisk is on one of the ALC subcommittees working with that as well.

Ms Perram-Fisk—One of the things that we really found was that there was—and I guess you have heard this from many others too—this perception that any of us that work in this industry wear a pair of stubbies and a blue singlet. If a parent comes along to a careers show and sees something that is very exciting—and there are a lot of exciting parts to this industry—they may be quite surprised and they may even encourage their child to go in that direction. But then their child applies and, from what they see when they go out for the job interview, there is absolutely no congruence.

Part of our issue is that we believe there needs to be this cultural change process in line with the branding process so that we say, 'Look, this is what we are,' but we are showing that that is what we actually are in reality. Now, as you know, our industry is very fragmented and that is an issue in itself—many of the people within the industry do not have HR people. They do not know why there is a skills shortage. Many of them, if you went to their depots today and said to them, 'What do you do?' would say: 'I run an ad and I get a bloke. But it seems to be getting harder. I am getting fewer blokes.' That is the sort of thing that in reality they say to us in a lot of the smaller organisations. So, while there is a part of the sector that is leading the way, there is certainly a lot that we feel we could assist in that regard.

I will tell you a short story that might help you understand where we are coming from with our pilot sites. There is an organisation here in Queensland, in the TradeCoast area, called Sunstate Cement. They employ 50 people. A couple of years ago they were in the situation of having a severely ageing workforce. I think the majority of the organisation were well into their late 50s. They are in a rural situation. The small business has a multimillion-dollar turnover—it is quite amazing. They do not have an HR practitioner in the organisation, but they have really taken up the challenge to become best practice at attraction and retention. This small organisation has just taken out the national award, through the Australian Human Resources Institute, for HR excellence. They are the sorts of things that are going on in pockets of industry. We have been working very closely with Sunstate. They still have no HR practitioner in their organisation. Their people have incredible morale and they have great succession planning in place; they have some quite innovative practices going on. They have been speaking regularly at breakfasts and different things that we have taken them to. Other industry is now contacting us and saying: 'We saw you there with Sunstate. How do we get some of that?' That is really part of the branding.

Senator STERLE—What do you call HR people?

Ms Perram-Fisk—Don't say that! I am one of those guys. What is so important is that, if we do not engender pride within the industry itself, in what they are doing, we cannot effectively move for change. I think that is very important.

CHAIR—Did they change the age profile?

Ms Perram-Fisk—Yes, they have reduced their age profile and they have a very good succession plan in place that I think any organisation would be pleased to have. They have been very successful. We can certainly give you their case study if you would be interested in looking at that.

CHAIR—Yes, that would be very interesting. Thank you.

Ms Perram-Fisk—That is just one organisation that is doing things like that. We are working with a number that are doing those types of things and they are having a very positive influence on the industry.

Senator STERLE—I would like to talk about the traineeships. Could you firstly tell us how many traineeships and apprenticeships are in the transport industry at this stage?

Mr Favell—Not off the top of my head.

Senator STERLE—That is all right. You can take it on notice and get back to us. Could you also tell us the sectors they are broken up into and, if possible, the number of males and females?

Mr Favell—I have some data here but I would like to double-check it. I can provide it on notice.

Senator STERLE—Sure. Could you tell us about the school based traineeship program?

Mr Favell—The school based traineeships in Queensland have been a great success. There is a significant number of them across all industries. If there is a traineeship available, then it can be accessed by a school based arrangement. We work with various schools and employer groups or whatever to look at different models for the school based traineeships. One is now gaining some momentum around the Oakey area. They are promoting school based trainees. In Queensland, despite the fact that we have a very large percentage of the national number of school based trainees and apprentices, we have a commitment to try and double that over the next three years. We are working on new initiatives to increase the number of school based trainees.

Senator STERLE—We actually had the pleasure of meeting a young man in Townsville yesterday who is a school based trainee with Queensland Rail. Of course, he is excited. He said that the best part about it is having the ability to do it for two years. When he finishes year 12, those two years will count as the first year of his apprenticeship, which I think is a wonderful initiative. How do you assist industry in setting up the traineeships?

Ms Perram-Fisk—I will give you the example of the current Oakey initiative.

Senator STERLE—What is Oakey?

Ms Perram-Fisk—Oakey is a little town near Toowoomba. It is about 1½ hours from here. Oakey has a small school. It runs on a budget of something like \$450,000 to \$500,000 a year, off the top of my head. That school has the most amazing morale and innovation that I have seen, and I have seen a lot of places. They have realised that the Darling Downs area is a very significant transport area and that they need to keep their kids locally. With the support of DETA, the local TAFE and another private training organisation in the area, they have gone all out and provided a best practice initiative for school-to-workplace traineeships.

They are not only doing that; they are also doing the step before that and getting kids ready to go into those traineeships. These are kids who are perhaps not even doing that well at school but are doing outstandingly in this program. The way they do it is very innovative. For example, kids may sit in a schoolroom working on the maths equation: something times something equals what? Kids who might be struggling with that are working on the problem: a semitrailer is this long, a pallet is this big, it can be stacked this high, so how many pallets will fit within the legal requirements? These are the sorts of things they are teaching. They are being quite different in the way they are approaching it and the kids are saying, 'I understand its practical application.' They are getting it. It is a fantastic program. DETA and Queensland Transport have realised—

CHAIR—Can you just tell us what DETA is?

Ms Perram-Fisk—I am sorry. DETA is the Department of Education, Training and the Arts.

CHAIR—Thank you.

Ms Perram-Fisk—We have recognised that it is really important to support them in this because they currently have 70 kids going through this. They have gone as far as they can as a small school, so we have assisted them with some funding and what we hope to do with that is to frame up this model. Using the Queensland traineeship model has been very successful, and we have added to and built on that and so we are very keen to be framing that up in the next 12 months. Industry is also supporting it and they have come in to the tune of \$1.3 million to support this program, according to the Oakey principal's estimate in his last submission to us. It is very well supported by industry, it is very well accepted in the community and it is having success.

Senator STERLE—That sounds tremendous. Are those 70 young Australians school based trainees?

Ms Perram-Fisk—They are not all trainees yet. Some of them are working their way towards being trainees, yes.

Senator STERLE—So they have structured workplace learning where they go out and do the job and not get paid but learn?

Ms Perram-Fisk—Correct.

Senator STERLE—Is the \$1.3 million pumped in by the community or the transport industry?

Ms Perram-Fisk—It is from the transport industry and the community. For example, someone has donated a truck to them and someone has donated tools. They have tyres. Findlays Bulk Services has donated a site. Where they work on site they have a workshop off to the side. All of the mechanics, transport operators and heavy vehicle operators work there and the kids work in real time with them on that site. The school teacher—his name is Ross Haylock—is there with them and he is mentoring and coaching them through and getting them used to what it means to work in a transport and logistics environment and then taking them that step further by liaising with industry and getting them into industry as trainees.

Senator STERLE—It sounds very similar to a submission we had where someone talked about Shepparton. I think they are doing something similar down there, which is fantastic. But this obviously has not extended to the broader education system in Queensland. Obviously the community saw that there was a need to continue training in the transport industry and in supplying transport, but what sort of support do you get from the rest of the schools? Is it just up to the one single careers adviser to grasp the bull by the horns or do you put that in as part of the criteria, for transport as an industry, or do you just rely on expos?

Ms Perram-Fisk—There are a number of schools that are already participating in this program. There are an equal number queued up saying: ‘As soon as it’s framed and ready to go, we want that as well. We can see how we can do that in our area. We are a transport location.’ So there are a number of areas that are looking to do that, and part of the support from the Department of Education, Training and the Arts and from Queensland Transport is to assist that school to get to the point where, say, in six months we have that framed and are ready to roll it out and duplicate it in other areas because it is a program that is already well supported by the system. It just has those additional bits added and it is ready to go.

Senator GEORGE CAMPBELL—I think what Senator Sterle is driving at is: what drives your school based apprenticeships system? As I understand it, it is very much the school to industry partnerships in the local areas. The focus would be on whatever industries exist in the area of that school where they would build partnerships with the school through the school based apprenticeships system.

Mr Favell—Certainly, the partnership between industry and schools is very important in attracting a cohort of potential workers for any industry. It has been quite successful in the marine boatbuilding industry—not the marine transport industry—down on the Gold Coast, where they have worked very closely with the schools to attract school based trainees and apprentices. The Oakey example that Louise spoke about shows that that is gaining some momentum now in the transport industry as well, as a pathway on which young people can go from a school-to-work transition to a school based apprenticeship or traineeship and then into the industry longer term.

Senator STERLE—So your role is administrative? Is that the Queensland government’s role? Or do you assist in funding?

Ms Perram-Fisk—We do assist certain initiatives with some funding.

Senator STERLE—Can you elaborate on the funding initiatives?

Ms Perram-Fisk—Yes. With the Oakey initiative that I just spoke about, we are providing funding collectively between Geoff's department and ours.

We need to take that manual arts teacher away from doing, and enable him to frame up the system for us so we can help to duplicate it. It is a very successful program in isolation there, but we can see much wider benefits, and not just for Queensland—we can see this as being of benefit to many schools in many remote areas.

Senator STERLE—Most certainly. Can you provide us with a copy of the pilot program?

Ms Perram-Fisk—Yes, certainly.

Senator STERLE—Thank you.

Ms Perram-Fisk—That will also then feed into our requirements under the Queensland Skills Plan. We did provide that as part of our original submission, but we can certainly get you another copy of that if you like. The Department of Education, Training and the Arts have a program which is outlined for us. That is in the Queensland Skills Plan. Hence our partnership and how we have come together.

One of the things in there is about our skills formation strategies. One of those is the marine boatbuilders, which Geoff mentioned earlier. That is a very successful community-union-industry-government engagement with training providers within local areas. Then, when they start to gain momentum, they spread and become part of cultural change within industry and how they do business. It also brings competitors together. The next one, which we are commencing now, will build on that Oakey initiative. It will be in that Darling Downs area. We will be looking at including a number of other players within that.

Senator STERLE—A lot of foresight has gone into that Oakey one, then—not just to make sure that the area has truck drivers in the future but also to sustain their economy and other industries that rely on the transport industry to keep them competitive and alive. It is fantastic.

Ms Perram-Fisk—Yes.

Senator LIGHTFOOT—Good morning, gentlemen; good morning, Ms Perram-Fisk. My question is probably also best directed to Ms Perram-Fisk.

Ms Perram-Fisk—Louise is fine, if you like; my surname is a bit of a mouthful!

Senator LIGHTFOOT—It's not so bad; we have had many not as attractive but longer. I used to think I understood the idiosyncratic lingua franca of Queensland, but did you say, in your earlier contribution, that you had advertised for a bloke? You said—you were quoting someone, I think—'You advertise for a bloke and you may get one bloke.' It gave the impression, which I am sure is not true, that only blokes can drive trucks, and that is certainly not the case in Queensland. Or is that the case?

Ms Perram-Fisk—I think there definitely still is the perception that it is a man's world. I sit on a number of committees and I know a number of the groups that you are meeting with, and I am very often the only female even at that executive level. In the depots that I visit and the organisations that I attend, it is rarer to see women.

Senator LIGHTFOOT—That is interesting, because there is a perception that Western Australia and Queensland are perhaps the two states that have most in common over quite a broad cross-section of areas of employment and in other areas too. I make that point because the mining industry in Western Australia often has a bias towards female drivers, none of whom, I think, could be referred to as 'a bloke'. Nonetheless, some are quite petite. Others are less petite. But the fact is that the mining industry—and I have been involved in it for a great deal of my life; it allowed me the luxury of entering parliament, incidentally—choose women because they drive some of these 250-tonne dump trucks or ore trucks more meticulously and more gently. They have more patience with the trucks and, as a result, there is less damage and less maintenance required on trucks. So, as a bloke from the northern part of central Western Australia, I think that the industry here is probably missing out on some talent if it does not show some sort of bias towards female drivers with heavy equipment. It is not just limited to big dump trucks, of course, but is in other areas of moving ore with machines other than trucks as well. I am surprised to hear that it is not prevalent here in Queensland as indeed it is in Western Australia and has been for a couple of decades.

Mr Favell—Whilst I have no evidence on the mix of male or female workers in the industry at the moment in the road transport side of things, there are a number of initiatives in the mining industry in Queensland which are doing exactly what you have said. The Queensland Resources Council has a proposal with us at the moment about different ways of attracting women into the mining sector. What has come out of the evidence is that a lot of the stuff that you have mentioned has been replicated in Queensland as well.

Senator LIGHTFOOT—Yes. I did qualify that by saying 'prevalent'. If it is not prevalent, it is obviously there in some form. Perhaps the prevalence of it is what could be looked at.

Ms Perram-Fisk—I believe that probably quite a lot of organisations are very keen to have women join their organisation, but I think it is still about that branding—that in some way it is not that attractive in some of the roles—and therefore they have not yet made that leap. I know you are speaking to Queensland Rail at a later time today. They have certainly been taking steps over the past few years to attract female drivers to their organisation.

CHAIR—We were impressed by the admittedly small number—nevertheless a number—of female apprentices when we visited their workshop yesterday. That was very good.

Ms Perram-Fisk—Very much so.

Senator LIGHTFOOT—I was very pleased to hear your outline of the concept that the smallish town of Oakey has. It is something that the nation could perhaps look at as a microcosm but expand into something of a macro for education across Australia. Given that one could perhaps describe Queensland and Western Australia as the engine houses of the Commonwealth at the moment because of the demand for minerals—and South Australia and the Northern Territory, of course, are coming up behind us—we could well look at that on a national basis.

Could you outline in more detail the Queensland government's efforts to overcome the barriers to entry to trades and disciplines that young people may wish to choose? What are the barriers to them? Is one, for instance, that families wish their children to have degrees from tertiary institutions and not trades? Is that a barrier to entry into trades?

Mr Favell—That is rather a big question. The Queensland Skills Plan did outline the platform for the Queensland government addressing skill shortages, and there was very much a focus in the Queensland Skills Plan on trades. There has been a review of trades in Queensland about the duration of trades and different other issues that impact on trades that has been undertaken by the Training and Employment Recognition Council in Queensland. There have also been some reduced durations of some apprenticeships over recent times. The broader issue, I suppose, is about ensuring industry leadership in addressing the skills agenda, and that it is not going to be addressed by training alone. It is about that whole issue of attracting, retaining and developing your staff. The new engagement mechanisms that the Queensland Skills Plan outlined for different industries—whether they be centres of excellence for some industries like building construction, mining, aviation, manufacturing and energy or skills alliances or direct engagement mechanisms; we have all our skills formation strategies—all aim for them to identify to us what the barriers are and then for us to come to government with some suggestions around how we move those barriers if needed.

Senator LIGHTFOOT—What are manifestly the barriers to entry of young people into trades?

Mr Favell—The Skills Plan also identified wages. Wages for first-year apprentices are low, and there has been a review of wages for apprentices done in Queensland as well as a result of the Skills Plan.

Senator LIGHTFOOT—But there must be a clear vision of reward for effort at a later stage for apprentices. Is that something that is built upon—the concept or the perception that the reward will come later if you put the effort in now?

Mr Favell—I guess that we would say that is the fundamental principle of the apprenticeship system for both the employer and the apprentice—that it is a longer term commitment and the benefits are at the end. The likes of the construction industry have done some charts that say you can start as an apprentice and end up earning just as much money as if you had gone to university as an alternative. For us it is about the industry identifying that and the industry coming up with ways to try and address those areas.

Senator LIGHTFOOT—But you cannot give the committee some dot points on the inhibiting factors, the barriers, for young people entering apprenticeships in Queensland?

Mr Favell—It is probably something I would have to take on notice. The Queensland Skills Plan did articulate it. I just need to review that and give you some more—

CHAIR—If you could give us the level of detail that we would like, that would be good.

Senator LIGHTFOOT—That would be fine if you could take that on notice and give that to the committee. Where are the areas that you see offer the greatest growth with respect to

apprentices? You could give us that answer on an industry by industry basis. For instance, is it in the mining industry, the transport industry, the building industry, or all those areas, and, if it is in those areas, what is the top one?

Mr Favell—I can certainly take that on notice as well.

Senator LIGHTFOOT—We would probably want it more accurately on notice. I appreciate you being frank with the committee.

Mr Favell—Obviously the building and construction industry is booming and there are a significant number of apprenticeships in that industry. We would still see a significant growth for apprenticeships there. Likewise with manufacturing and mining. I think they would be the top ones, but I would certainly like the chance to gather the data and provide you with some accurate information on that.

Senator LIGHTFOOT—Is there a positive bias in Queensland towards encouraging Aboriginals and Islanders, of which you have considerable numbers, comparatively speaking, to come in and learn trades?

Ms Perram-Fisk—We were very pleased with the 70 that are coming through the Oakey initiative. I believe there are about five that are from the Indigenous community there. We were delighted when recently the top performer there won a national award with the Chartered Institute of Logistics and Transport as their trainee of the year.

Senator LIGHTFOOT—What was his or her training?

Ms Perram-Fisk—He is doing automotive but is also working on site in the transport depot that I was talking about. So he is getting a very wide range of opportunity there. He also did the transport and logistics pre-traineeship program. I think that stood him in good stead to win that national award in Perth.

Senator LIGHTFOOT—It is very encouraging to hear that, but the figure is five—no doubt there are significantly greater numbers than five. Oakey is not the epicentre of employment for apprentices, is it?

Ms Perram-Fisk—No. We have recently been meeting—and as you would appreciate, Senator, we are still in the early days in this program—with all the Indigenous groups. A lot of those are centralised through the Department of Education, Training and the Arts as well. We have entered into a partnership with them so that we will be able to place a number of their people through our skills formation strategies into programs with industry. We are looking at how we can do that. We are also looking at a focus on Indigenous women in particular because we think that a market that is quite untapped at the moment for us in this industry is women. So we are looking at Indigenous youth and women as well.

Senator LIGHTFOOT—Queensland is also like Western Australia in that it has very isolated areas with respect to Aboriginal people, and Torres Strait Islanders in your case. Do you have a plan that could embrace apprentices from those areas, notwithstanding the isolation, so that they have the same opportunity as people in built-up, urban areas?

Ms Perram-Fisk—Answering from a Queensland Transport perspective, we certainly have regional areas on our radar very strongly, and everything we have done to date has included regional areas. In about a week's time we have a new employee starting with us whose task is to do an engagement strategy that will help us to roll out these strategies and be very inclusive of our people in our regional areas.

Senator LIGHTFOOT—I am sure the committee would appreciate it if you would take on notice a question with respect to Aboriginal and Torres Strait Islanders who are engaged in formal apprenticeships throughout the state.

Mr Favell—Yes. From our point of view, the Queensland Skills Plan does have the development of an Indigenous training and employment policy as one of the key actions. That is being developed now. The other point is that the employment program that used to be part of our department, which is now with the Department of Employment and Industrial Relations, does have a role in helping Indigenous people enter into and maintain their involvement in apprenticeships and traineeships across the state, particularly in remote centres. That program has a number of Indigenous employment and training support officers employed across the state who are specifically required to help get Indigenous apprentices into employment and also to keep them there. It also has Indigenous employment and training managers to look at local regional communities for employment opportunities for local Indigenous people particularly related to some of the big mining aspects that are happening in different remote centres and also related to civil works—road works and that sort of thing. So there are a number of things happening.

Senator LIGHTFOOT—That is quite laudatory, but we would like to see the figures when they come in.

Senator GEORGE CAMPBELL—Mr Noye, are you aware of the second five-year plan that has just been released? Well, the executive summary has just been released by the department of transport.

Mr Noye—Yes.

Ms Perram-Fisk—Yes, we are aware of it. We have just received the executive summary and we understand that the report will be released at the next freight council meeting in Canberra in about May.

Senator GEORGE CAMPBELL—Will you be responding to that five-year plan?

Ms Perram-Fisk—Yes, we will be.

Mr Noye—Yes.

Senator GEORGE CAMPBELL—Does that five-year plan contain a focus on a long-term vision for the industry?

Ms Perram-Fisk—Our understanding is that that is the mandate that has been given to the ALC by the Commonwealth government. I believe that is in connection with the funding that they have been provided with.

Senator GEORGE CAMPBELL—Will that address issues such as technology and innovation in transport as well as the issue of skills?

Ms Perram-Fisk—I understand that it is at a national level and that they are components that would be considered. Once again, I believe that is being led by Hal Morris and Dr Darryl Hull, and they would probably be in the best position to give you some detailed information on that.

Senator GEORGE CAMPBELL—Given that state governments generally are big players in the transport industry, what role will you have in the development of that plan, or is it essentially being left to ALC?

Mr Noye—We received some correspondence from Mr Morris recently asking us to provide some input, so we will be responding to that.

Senator GEORGE CAMPBELL—But, as part of this process, will you have a role in digesting and regurgitating the outcomes?

Mr Noye—I would think so. I am sorry that I am not across all the detail of it. Louise is on one of the ALC subcommittees, as we mentioned, and we are quite involved with the ALC.

Senator GEORGE CAMPBELL—From what we have heard so far it seems that, whilst skills or labour shortages are an issue in this industry, even if you were to solve that you are not going to resolve a lot of the problems that are emerging for ‘delivery systems’, if I can use that term, right across the Commonwealth into the year 2020. Aren’t they talking about doubling the amount of goods that will be transported by the year 2020?

Ms Perram-Fisk—Yes.

Senator GEORGE CAMPBELL—That is going to take some radical thinking in terms of how you restructure the intermodal interface between different sectors of the industry. It seems to me that that will probably require a radical change in thinking in terms of how some of these issues will be dealt with. It will not simply be about more bums on seats behind driving wheels, and it worries me if the state governments will not be a part of that, given that they have such an integral involvement particularly in land transport around the Commonwealth.

Ms Perram-Fisk—We are from a corporate area. We have a division that specifically deals with land transport issues and we have another division that deals with rail, ports and freight issues. They work very closely with, and are also members of, the ALC. So, while we would be able to have input from a skills and labour perspective, which is our mandate, I know that those from the rail, ports and freight area and also from the land transport and safety area are very actively and heavily involved.

Mr Noye—But also with the Department of Transport and Regional Services there is a lot of regular discussion on the freight side in particular and on sorting out the problems and issues of infrastructure.

Senator GEORGE CAMPBELL—Is it intended that this report, this process, will finish up at COAG at some stage?

Ms Perram-Fisk—I think you would have to check that with—

Mr Noye—I would expect so but I could not be certain.

Ms Perram-Fisk—No, we could not be certain, but Hal Morris would be able to confirm that.

Senator GEORGE CAMPBELL—Perhaps I should have asked him that this morning. Mr Favell, is the Queensland Skills Plan a public document?

Mr Favell—Yes, it is.

Senator GEORGE CAMPBELL—Is it on your website?

Mr Favell—It is on the website, and this is the document here, as it stands.

Senator GEORGE CAMPBELL—You do not need to table it as it is a public document, but could you make sure we get a copy of it.

CHAIR—If you could send a copy to the committee, that would be helpful.

Senator GEORGE CAMPBELL—One issue that has been around for some time in the training and skills area is the push for people to stay on till year 12 irrespective of where they might finish up in employment in the future. I think about 70 per cent of kids are in the category of those who do not make it onto university campuses. I think about 30 per cent go through to university. What degree of targeting of kids in that year 10 to year 12 range is occurring within the schools? Certainly, if you are looking for a skilled electrician or motor mechanic, having kids stay on till year 12 is probably advantageous in terms of the education levels required in that area, but I presume that if you are looking for a truck driver or a train driver then kids who have year 10 education probably have a sufficient level of education to be able to train in that area and to make good truck drivers.

At a previous inquiry, the head of a training organisation in Maitland, who was a former transport minister in the Askin government in New South Wales, made the point—and I think it is a pretty telling one—that if you take kids at year 10, kids of 16, out of school and train them as boilermakers then chances are that at age 65 they will still be boilermakers; but if you take a kid out of year 12 and train them as a fitter and turner, chances are that within five years they will be the manager or the foreman of the site, so you have spent a lot of effort on training but you have lost that person to the actual skills that you were training them for. There is some logic in that. It does not always apply but there is some logic in that.

So I wonder whether or not there is any real targeting taking place to try and fit kids and their education standards to the shortages that are out there within industry. Obviously the Oakey thing is focused on transport because that is an issue in that area, but have they actually tried to look at the kids to see what their suitability is for various aspects of the transport industry, or to try and guide them into other areas of the more skilled trades if they have that focus or level of education?

Mr Favell—The Department of Education, Training and the Arts is a pretty wide portfolio and I am not right across the education side of things at the moment. But I do know that the *Education and training reforms for the future* white paper was released in Queensland some time ago, which included the earning and learning capacity issue. It requires the development of senior education training plans for all students as they progress through the senior phase of schooling. It also requires achievement plans to be developed, which is really about key local people, whether they be from TAFE, schools or industry, working together on what the opportunities are at the local level and trying to match students to the opportunities that are there. I am not able to comment any further on how successful that has been, but that is certainly a requirement that came out of the *Education and training reforms for the future* paper.

Senator GEORGE CAMPBELL—The reason I make the point is that in the metals training area they had a number of young people, I think about four or five, who were struggling with year 10—in fact they were about to drop out of school. They were brought in and given some training on how to use an acetylene cutting tool and they did a bit of welding. Those kids got a flavour for staying in the trade and actually went back to school to complete their year 10 because they needed the mathematics. But they went back because they understood why they needed the mathematics, rather than not having any interest but doing it because it was something they had to do at school. They were able to connect having the understanding of mathematics with being able to perform as a tradesperson out in industry. It just seems to me that we have taken a very general approach to the education levels that kids need or should achieve before they enter the workforce, without really looking at where their entry point may be in terms of the workforce and trying to relate that back to the education they have to have to competently operate in that area.

CHAIR—Thank you very much for appearing before us. When your material is ready would you send it on to the committee; it would be very helpful.

[12.12 pm]

AXT, Ms Wendy, Manager, Learning and Development, Queensland Rail

GREEN, Mr Robert John, General Manager, Trackside Systems, Infrastructure Services, Queensland Rail

ROWLAND, Ms Lyn, Executive General Manager, Human Resources, Queensland Rail

SCANLAN, Mr Michael, Group General Manager, Passenger Services, Queensland Rail

CHAIR—Good morning and welcome. Thank you for your submission. Do you wish to make any amendments or alterations?

Ms Rowland—No.

CHAIR—I now invite you to make an opening statement, after which committee members will ask questions.

Ms Rowland—I wish to make a short statement relating to our submission and to introduce just a couple of other colleagues as well who bring specialist knowledge should that be required by the senators. Before going any further, I thank senators for taking the time to visit our facilities in Townsville yesterday. This was an opportunity to see first-hand some of the challenges confronting us in maintaining a skilled and professional workforce nationally, and especially in regional centres. It was also an opportunity for the committee to demonstrate to QR's employees that the national parliament is not only aware of their significance to the nation and to the national economy but also looking for ways to help them deal with the challenges confronting the workforce. By all accounts, you left our apprentices feeling quite special yesterday so we thank you for that.

I will tell you a bit about QR. We are Australia's largest national rail operator, offering passenger, freight and logistics services. QR also owns, maintains and manages access to 9½ thousand kilometres of rail in Queensland. We have been established in Queensland for more than 140 years and became a GOC in 1995. We employ 13,000 employees throughout Queensland and with our purchase of ARG in the west and CRT in the south we have approximately 14,000 employees now. We are located in 500 locations nationwide. Our employees are located in Queensland, New South Wales, Victoria, South Australia and Western Australia.

We offer about 300 job categories grouped under eight occupational streams. We have six award classification streams, a feeder apprentice training stream and a management stream. So we are quite comprehensive as a full business. Some 35 per cent of our employees are engaged in operational roles, 25 per cent in engineering trades, 12 per cent in civil infrastructure, three per cent in the professional stream and one per cent in technical roles. The remaining 24 per cent work in administrative, management, apprentice and trainee capacities. At any one time, QR

employs more than 425 apprentices and 40 trainees. We will provide more information on that as we go along.

A key message from our submission to the committee is that the workforce challenges confronting QR are significant—from attracting youth to our organisation, in particular our regional locations; sourcing trades; recruiting qualified and experienced engineers; and populating significant capital works programs. However, these are not challenges for QR alone and nor are they challenges only for the rail sector or the transport industry; these are challenges for the national economy. Transport is a key link in the supply chain for mining, agriculture, manufacturing, retail, tourism and construction. Australia's export earnings are at risk from any weakness in the supply chain, and so in turn is the domestic economy. Similarly safe, efficient and reliable passenger rail services are vital in the planning and management of population centres that support commerce and industry, particularly in places such as the thriving south-east of Queensland and the western seaboard.

At the same time industry and unions are tackling key issues from the inside. You have seen in various submissions already presented evidence of the considerable resources being devoted. However, while key players such as QR contribute to all efforts to address the challenges, we also encourage the consideration of measures that will provide immediate assistance. QR's submission to the committee is that organisations such as QR who invest heavily in training and skills development should be acknowledged and supported and those who do not make a contribution should be given incentives to do so. We have made clear recommendations in this regard in our submission. We welcome the opportunity to discuss the issues.

To assist the committee in its inquiry, I also wish to table at this time some short but concise documents analysing the QR workforce situation. Three years ago, when we determined that there was going to be a sustainable labour issue for QR, we started looking at our own demographics, the demographics of Queensland and those of the rest of the country to help us inform the strategies that we needed to put in place. This is the second and most current volume. These volumes are around the supply and demographics of QR. They are all about the dynamics of our workforce. Volume 2 is about the changing expectations of QR's emerging workforce. I think by now everyone understands that gen Y have vastly different expectations, particularly around their industries and their managers. Volume 3 is around QR's ageing workforce, a significant issue for us, particularly the transfer of knowledge and growing of capability from that ageing workforce. Volume 4 is around the drivers of skill shortages in QR.

We tackle issues like the ageing population; lack of women in our industry and in our organisation; significant reduction in tertiary graduates to support our industry; desires of youth to stay in cities and not move into rural or regional locations for work; remuneration and our incapacity at times to keep up with the market; and our image—that QR and rail in general need to do a lot of work on their image. Collectively, the reports frame QR workforce challenges in the context of national market trends.

CHAIR—Thank you for that. I move that we table that. It will provide us with a lot of information, I am sure. Yes, we did enjoy our visit to QR yesterday, and we did enjoy meeting with the apprentices. It was great to get that feedback from them, so that was excellent.

I think we have all gathered that some aspects of the industry do have a poor image, but obviously, from the figures we were given yesterday, you have managed a dramatic increase in apprentices in recent years. I gather that QR has something like 1,800 people who apply for each intake, and of that, given the screening process, you get it down to the people you want. Obviously, QR is an attractive employer. How have you managed that situation, where quite a significant number of people want to apply and then you are able to select who you want?

Ms Rowland—Three years ago, when QR identified that labour was going to be an issue, we set up a single unit in the organisation around employment, workforce planning and career transition. Part of that unit was the establishment of QR Careers, which is our centralised recruitment agency that recruits for the whole business. It also manages bulk recruiting, be that apprentices, trainees or driver trainers. So we started to use technology to help us streamline our recruitment processes, particularly for apprentices. Coupled with that we did quite a significant amount of work on our image. Our research showed us that apprentices were not particularly interested in QR because they did not know enough about QR and they did not know enough about rail.

So we received some help from an external agency and came up with a new image which has the slogan, 'More than I'd imagined'. We went to market with this slogan, looking for apprentices to come and join QR. We had a significant campaign using avenues that young people generally listen to, such as radio. We did some advertising through schools and colleges; we attended 32 trade fairs at the secondary college level across Australia. We used our own apprentices to initiate discussions with their friends about becoming apprentices. We particularly targeted women in our last round of media advertising. In the calendar year 2006 we received 2,600 applications for apprenticeships. We then went through a short-listing process at the careers centre, and then the applications of those who were short-listed were sent out into the field, where the managers, in conjunction with people from the careers centre, helped interview and recruit.

CHAIR—So the workplace was getting people it wanted and needed by that selection process?

Ms Rowland—Absolutely. Our view with QR Careers is that they take the recruitment chore away from managers, but not the hiring chore. So the managers still go through the interview and selection process; that is their accountability.

CHAIR—You recommend also in your submission—and you have actually used the words yourself—that industry, including yourself, should be investing more heavily in learning and development. But you have also flagged your own problems, and we saw some evidence of this yesterday, with other operators poaching your skilled employees. Other parts of the industry have suggested to us that this is quite widespread. Do you have any safeguards to prevent businesses losing the value of what should be an obligatory investment in this way?

Ms Rowland—Up until a couple of years ago QR had a very limited turnover. We were at about five per cent. In the last 12 to 18 months in the trades area that has risen to 15 per cent, and we have also seen a small but significant surge for us in the loss of engineers. So, in both those areas, we have to look carefully at not having a huge capacity to increase wages in one area without affecting other parts of the business. We looked at incentives that sat outside the pay

system. We set up an incentive called StaySmart, where we would offer an incentive to hot spots around the state that had been identified through our career centre as having a significant number of vacancies we were unable to fill. So we would pay a retention payment, particularly to tradespeople in those areas, and we would use the incentive as an attractor in our advertising as well.

CHAIR—Was that taken up to your satisfaction?

Ms Rowland—It was taken up to our satisfaction except for, I think, areas like Rockhampton, where we still struggle with qualified tradespeople, mainly because that particular location is an entry point into the mining industry. But we are working hard with the RACS group in Rockhampton to try to remedy that.

CHAIR—What proportion of your employees are women? I know this is probably covered in the folder you gave us, but we would like to get it on the record.

Ms Rowland—Eleven per cent of our employee population are women.

CHAIR—And obviously you are taking steps to encourage more women to join.

Ms Rowland—Yes, we have quite a significant women's strategy that not only includes changes to areas of bulk recruitment—for example, for apprentices and trainees—but looks at the women who are in the business already and at retaining them. We have a very good stepped development program for women in the business. We look at flexible work arrangements, and we work with managers to see whether role descriptions can be more attractive to women. We use the women in the business as marketers for the business, particularly with apprenticeships. We sent letters to our current female apprentices saying, 'If you have friends or family who might look to be apprentices in QR and you've enjoyed yourself, why don't you let them know?' This year we increased our apprentice rates for females from six per cent to 15 per cent of the intake.

CHAIR—We met some very successful products of that system yesterday, so that was very good to see.

Senator GEORGE CAMPBELL—Thank you for the visit yesterday. It was very informative, from our point of view, and helped us understand some of the problems and some of the better approaches you are taking to try to deal with the issues. As an organisation, do you have a strategic plan?

Ms Rowland—Yes, we do.

Senator GEORGE CAMPBELL—Can you make that available to the committee?

Ms Rowland—We certainly can.

Senator GEORGE CAMPBELL—I am particularly interested in any elements of it that look at interface with other forms of transport, which is an emerging issue in what we have been talking about. I will come to your recommendations. Recommendation 1 is fairly clear. You are

the second group this morning to suggest it, so that is encouraging. But can you explain just what it is you are getting at in recommendation 3—why you want such a review? What is it about the traineeships this is prompting that recommendation?

Ms Axt—We currently receive funding for traineeships up to certificate III level in rail operations. We do, however, have at least 35 people participating in certificate IV in rail operations, for which we receive no funding. That is largely around training train controllers. There is a shortage of train controllers, and we need to continually train them up to cert IV level. There is also very little funding available for certificate II, particularly in rail infrastructure. We have a number of people doing certificate II in rail infrastructure who will not be able to move on to a certificate III level, so that will be the qualification they will attain. As I mentioned earlier on, funding is really only available around cert III.

Senator GEORGE CAMPBELL—So is it the flexibility of this that you are concerned about?

Ms Axt—Yes.

Senator GEORGE CAMPBELL—In the attachment to your submission you talk about tertiary, certificate and diploma qualifications. It has been said to us in other inquiries we have had that there is a growing need within industry for people to have a mixture of both diploma and tertiary qualifications rather than having someone who has come through the tertiary system or someone who has come through the TAFE system—that they be able to mix and match some of those qualifications. Is that a similar issue with you or does that issue not arise? Is that what you are trying to say in this part of your submission?

Ms Rowland—Yes. I think it certainly is an issue for QR. At the moment we have a list of what we would consider 850 skills training programs that we offer inside QR. They are very much about technical, operational and IT based skills training. Where we are moving with our graduate certificates is that we are trying to say that we need a capability as well as a skills framework. The capability framework is about having a mix of aptitudes that we believe people are getting through the graduate certificates, particularly in areas of industrial relations, the capacity to work within new and changed legal frameworks, logistics and bulk handling. We also work with the Central Queensland University to have a specialised rail engineering course. So there are those sorts of developments. We are trying to have a skill based, capable workforce. We do a lot of work in the soft skills area around leadership and management development, logistics and high-level technical training, which we believe our business needs to move into the very competitive commercial environment that it is going into. Skills alone just will not get us there.

Senator GEORGE CAMPBELL—Are you finding difficulty getting the flexibility out of the tertiary system to be able to do that—or out of the TAFE sector?

Ms Rowland—Because of the size of our organisation, we find that if we go into partnership with a university they can design and are very eager to design some fairly tailored certificates for us, which we enjoy. We have enjoyed a long relationship with TAFE, particularly for our apprentices, but we are finding there that they have such a huge demand that we are not perhaps getting the quality or the attention from TAFE, particularly in regional areas, that we once did. We appreciate that they are under enormous stress and pressure as well.

Senator GEORGE CAMPBELL—In your submission you make some fairly positive comments about TAFE and its capacity. Does that mean that you use TAFE exclusively? Are there no private providers in areas where you have people in training, or don't you believe they are adequate enough to deal with the issues in your industry?

Ms Axt—We use TAFE almost exclusively. There is one private organisation that we have trialled this year, but we found that the TAFE colleges still suit our needs better.

Senator GEORGE CAMPBELL—Thank you.

Senator LIGHTFOOT—What is the ratio—even just a generic figure would do—between private sector ownership of track in Queensland and government ownership?

Mr Green—I do not know that figure.

Mr Scanlan—I think we would have to take that on notice. If it includes cane railways—

Senator LIGHTFOOT—No, excluding cane railways.

Mr Scanlan—Excluding cane, my understanding is that there is the Weipa railway, there are private sidings which belong to individual companies, and I understand that some of the mining companies own a piece of track. But they are in the very small percentages. It is a very high percentage that would be government owned.

Senator LIGHTFOOT—It would be less than 10 per cent private?

Mr Scanlan—Yes.

Senator LIGHTFOOT—Would it be less than five per cent private?

Mr Scanlan—I estimate that it would be less than five per cent.

Senator LIGHTFOOT—That is a low ratio. Is there a study being undertaken at the moment that could give the committee some clue as to whether the ownership of government track in Queensland could be responsible, at least in part, for the logjam of coal exports? In other words, have you done some comparison with perhaps Western Australia, where there is no logjam, say, with the export of iron ore because it is private track? That may be a coincidence.

Ms Rowland—We might take that on notice.

Senator LIGHTFOOT—Could you?

Ms Rowland—Yes.

Senator LIGHTFOOT—Do you have a program of re-laying track to heavier rail and at the same time a program that incorporates the use of concrete sleepers as opposed to wooden sleepers?

Mr Green—There certainly is. My background is more in the railway signalling area per se, but certainly with infrastructure services in conjunction with network access there is an overall strategy with regard to re-laying, and there is a concrete sleeper strategy across the whole network, depending on the traffic task.

Senator LIGHTFOOT—You would say virtually then that where you are replacing sleepers they are invariably concrete, or are there some that you replace that are still wooden?

Mr Green—There still are some locations where there is timber or steel, but predominantly they are concrete sleepers.

Senator LIGHTFOOT—That is a fairly significant investment by QR?

Mr Green—It certainly is. I am not privy to the total dollars associated with that.

Senator LIGHTFOOT—Do you also have a program where you are going to standard gauge as opposed to continuing to maintain narrow gauge?

Mr Green—Not that I am aware of, no.

Senator LIGHTFOOT—You are quite happy with the narrow gauge and what it delivers for you?

Ms Rowland—I do not think we have come prepared to answer those questions.

CHAIR—I think we are going to range slightly out of the subject matter. Perhaps, Senator Lightfoot, if you do have questions of that nature, you might like to put them on notice. I am sure that other sections of the department could find that out.

Senator LIGHTFOOT—Yes, I am quite happy to do that. I guess what I was getting at was whether the maintenance of standard gauge is impairing, say, the employment position with respect to QR, and whether that is affecting the ratio of apprentices that you can employ. That is really what I was driving at.

CHAIR—You can perhaps think about that; that would be helpful.

Senator LIGHTFOOT—What about the overall position with respect to expansion in Queensland? You have expanded outside. There is no other state in Australia that has done that. I think in some areas it is commendable that you have expanded outside your state. Has that been a good investment?

Ms Rowland—Expansion within Queensland?

Senator LIGHTFOOT—No, has expanding outside the state been a good investment?

Ms Rowland—From a people perspective and with respect to skills and as a basis for the swapping of employees and learning of other developments, yes, it has been a significant investment. At the moment, for example, ARG in Perth have undergone extensive commercial

awareness training for all their employees. We have now introduced that training into QR. We see that their culture has moved significantly to where we would like the rest of the business to be, so we are using their training methods and their programs inside our organisation.

Senator LIGHTFOOT—Is that intended to be a growing investment outside the state? Are you going to grow that investment or is that a static investment?

Ms Rowland—We would hope to grow all our investments.

Senator LIGHTFOOT—Yes, and we hope you do too. What about the apprentice ratio outside Queensland with your other investments? Is that roughly on par with the Queensland apprentices?

Ms Rowland—No, our current knowledge is that ARG have a limited number of apprentices. However, as a pilot, using the 457 visas, they have recently brought in 17 tradespeople from Zimbabwe to supplement their workshop areas and to see how that would work. That is six months in and the pilot seems to be going fairly well, although there are some cultural hurdles to overcome. CRT in Melbourne have a very small number of apprentices. They are a very small organisation, with only 270 employees.

Senator LIGHTFOOT—Do you see a time when, perhaps, Queensland government may divest itself of part of its rail network?

Ms Rowland—I think we need to take that on notice.

Senator LIGHTFOOT—Those are all the questions I have.

CHAIR—Thank you, Senator Lightfoot. Senator Sterle?

Senator STERLE—What is QR's position on 457 visas?

Ms Rowland—We have access to 200. We do not intend to use them for trade staff in relation to the general QR Queensland based business. We have used them for six engineers that we have brought in from Hong Kong and one from Europe and one from the UK. That is about the extent of it.

We currently believe that, apart from engineers, you can still get the skills you need in Australia. We firmly believe that. The opportunity is there to look in other states as other industries close or move on, particularly in Tasmania or Victoria around Geelong. We have had people down there scouting around. We have put out leaflets and flyers. We have tried to attract many of their skilled employees to come to Queensland.

Senator STERLE—Have you been successful?

Ms Rowland—We are having relative success. We would of course like them all to go to Rockhampton but they all want to live on the coast. It becomes difficult.

Senator STERLE—I am glad to hear your position on 457 visas is that you believe you can build a very capable workforce here of Australians. I want to ask you about recommendation 3. Could you clarify that for me please?

Ms Rowland—Is this the recommendation we spoke about before in relation to limited funding for—

Senator STERLE—No, sorry. I thought we were doing No. 2. When Senator Campbell was asking the question, I was thinking of the apprentices we met yesterday and they were tremendous. They made it very clear that QR was the best employer to do your apprenticeship with because QR does supply certain rates of pay, bookwork and fees. They also made it very clear that they need more money. So I was off thinking about that. Thank you.

CHAIR—Thank you. That is a very comprehensive submission and we will welcome the further information that you have provided. Thank you for appearing before us.

Committee adjourned at 12.41 pm