



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE  
RELATIONS AND EDUCATION

**Reference: Workforce challenges in the transport industry**

THURSDAY, 3 MAY 2007

ADELAIDE

BY AUTHORITY OF THE SENATE



## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:  
**<http://parlinfoweb.aph.gov.au>**

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

**Thursday, 3 May 2007**

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

**Participating members:** Senators Allison, Bartlett, Bernardi, Boswell, Bob Brown, George Campbell, Carr, Chapman, Eggleston, Chris Evans, Faulkner, Ferguson, Fielding, Forshaw, Hogg, Humphries, Hutchins, Joyce, Kemp, Ludwig, Lundy, Ian Macdonald, McGauran, McLucas, 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 Barnett, George Campbell, Lightfoot, McEwen 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.

**WITNESSES**

**GRANT, Mr Anthony, Vice Chairman, South Australian Freight Council ..... 15**

**HORNE, Mr Ronald Martin, Secretary, South Australian Section, Chartered Institute of  
Logistics and Transport in Australia ..... 28**

**KNAPP, Mr Evan, Senior Project Adviser, South Australian Freight Council ..... 15**

**McKINNA, Mr Lachlan John, Executive Committee Member and Convenor, Skills and Careers  
Working Group, South Australian Freight Council ..... 15**

**PATTISON, Ms Sandra, General Manager, Statistics Division, National Centre for Vocational  
Education Research ..... 2**



**Committee met at 9.45 am**

**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 that 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.

[9.49 am]

**PATTISON, Ms Sandra, General Manager, Statistics Division, National Centre for Vocational Education Research**

**CHAIR**—Do you wish to make any amendments or alterations to your submission?

**Ms Pattison**—No.

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

**Ms Pattison**—The NCVER is the official collection agency for all statistics in this country regarding vocational education and training as well as other research around vocational education and training. We have put a submission in to this committee to assist it with its understanding of what is happening in the transport industry in relation to nationally recognised training. We have provided a number of statistical tables in this report by way of a large amount of information that I am happy to take you through today. We are more than happy to help this committee in any way by providing additional statistics if required.

**CHAIR**—Thank you. Perhaps that will become more evident as the committee move through questions. Do you want to expand or elaborate on what you have put in the submission?

**Ms Pattison**—I can do one of two things: I can take you through some of the key summaries of the statistics—

**CHAIR**—That would be helpful, thank you.

**Ms Pattison**—I will do that and then we can go from there. We have provided information about apprentices and trainees and the amount of training that has happened with apprenticeships and traineeships over the last five years. If you look at table 1 of the data tables, over the last five years from 2002 to 2006, the number of commencements by apprentices and trainees has declined from 25,450 to just over 20,000 in the last five years.

The majority of the training that is undertaken in the transport industry with apprenticeships and traineeships evolves around storage and storage handling, and around transport—train driving, truck driving in particular. There has been a slight decline in the number of people coming into the system over the last five years. This then flows through to the numbers that are in the system. This has also dropped over the last five years; however, during that time the number of completions has increased. If you look at table 3 of this report, the number of completions by those undertaking an apprenticeship or traineeship in an area where the outcome is in transport or storage has risen from just under 10,000 to over 13,000.

If you look at the profile of the students who are undertaking an apprenticeship or traineeship, the majority of them are male, 75 per cent of them are over the age of 25 and just over half of them were existing workers in the workforce, so they were not new entrants to the workforce, which is comparable with the age demographic there. The sort of training we are talking about is

listed in those tables and, as I said before, it is predominantly around things to do with transport—transport driving, train drivers and storage, so logistics and storage as well. Do you want to ask questions about apprenticeships or traineeships or would you like me to go through the other statistics?

**CHAIR**—If you could go through the statistics in a summary manner and then I am sure we would like to ask you about apprenticeships.

**Ms Pattison**—We have also provided information about all students who are undertaking courses to do with transport and the transport industry. The numbers there are higher: it is around 40,000. I would like to draw your attention to table 13 in particular. It is a summary table where over the five-year period from 2001 to 2005, we have had a number of students enrolled in courses which have an occupational intention to do with the transport industry or storage areas from around 41,300 in 2001 to around 40,340 in 2005. So overall the number of students who are undertaking training in this area has remained relatively stable during that period. Again, if you look at the demographics of these students, the majority of them are male, doing high-level qualification certificate IIIs and above and are aged 25 and above. So demographically the apprenticeships and all students are very similar in that respect.

We have provided a number of more detailed tables about specific training packages and qualifications that are undertaken there but we can go to the detail of that if we need to later on. The other key points in the statistics that I would like to bring to your attention are to do with graduate destinations. What are those students who have actually undertaken the training and graduated doing post training? I will point you to table 22 in this report, which is a summary over time of the outcomes for those students in the transport industry training areas. There are a couple of things of note here. These are students six months after they complete their training. A lot of them—61 per cent—are in permanent employment post their training. But that is lower than all other graduates, so there is a higher casual workforce here post training. They are receiving benefit from training, but they are not necessarily receiving as much benefit as all graduates. The level is slightly lower. Overall, four in five of them undertook study for employment related reasons in the first place and most of them are satisfied with the quality of the training that they have undertaken.

We have some more detailed information about that, but I would like to point you to the last page of this report now and tables 24, 25, 26 and 27, which are about employers' views—in particular their views about training. We asked in 2005 all employers about vocational education and training and training in general. Out of that, we have put out some figures on those employers who were in the transport industry. With reference to the transport industry, there are fewer apprentices and trainees. In table 24, 20 per cent of transport industry employers had an apprentice or person undertaking a traineeship in the last 12 months, compared with 28 per cent of all employers. If you look at the transport industry employers requiring vocational qualifications, the figure is slightly lower than that for employers overall. Twenty-eight per cent of all employers spoken to in the transport industry said that they had jobs requiring a vocational qualification, compared with 35 per cent of all employers. The table headed 'Undertaking nationally recognised training' is about employees undertaking training while in the workforce as part of their job requirements. The figures are 16 per cent compared to 24 per cent.

Overall, the satisfaction with vocational education and training as a way of meeting skill needs of those employers was rated lower by the transport industry employers than by other employers. In table 25, you can see, for example—and this is the one that I would like to highlight the most—the apprenticeship and traineeship statistics. Sixty-nine per cent of employers in the transport industry are satisfied with it as a way of meeting their skill needs, which is 10 percentage points lower than all employers. As per other industries, the transport industry is citing recruitment difficulties and the major recruitment difficulty that they are citing is a shortage of skilled people in that industry. We are not finding many differences in that survey between the transport industry employers and other employers. The only thing that I would like to draw to your attention is in table 26. Employers in the transport industry had a lot more difficulty in finding staff. Overall, 30 per cent said that they had a lot of difficulty and 13 per cent said that they had some difficulty, whereas the figures for all employers were 21 per cent and 20 per cent. Overall, the level of difficulty is comparable, but within transport they are saying that it is much more difficult for them.

**CHAIR**—Thank you very much. On that last point, you have said that the proportion of employers in the transport and storage industry having recruitment difficulties is about the same as all industries. The special pleading of most of the other submissions claim that transport and logistics is facing a unique labour crisis. Your figures do not bear that out.

**Ms Pattison**—No, but these figures were from employers who were asked in 2005, so with the mining boom in particular they may be finding that it has got worse since then.

**CHAIR**—So the comment that this has become a lot more difficult in the last two years would probably be true?

**Ms Pattison**—We have no evidence for that. We are in the field with the employer survey now. Towards the end of the year, that will bear fruit.

**CHAIR**—In your earlier tables you also had a high proportion of workers already within the industry undertaking training accounted for. What do you think that says about employer attitudes?

**Ms Pattison**—I will go one step further and come back to that question. Some of that within the apprenticeship and traineeship sectors will be due to some of the licensing requirements changing, particularly in truck driving. So some of that will be due to some form of qualifications required that were not there as a requirement beforehand. That is where some of those existing workers will come from. It is something that is evident in apprenticeships and traineeships in all employers but it is higher in the transport industry. Other than the licensing requirements, I do not have any explanation to give for that.

**CHAIR**—In recent years a higher proportion of students in T&L related courses have been women. What do you think has caused this?

**Ms Pattison**—In what courses?

**CHAIR**—Transport and logistics courses. Are there any factors that you know of that have caused that rise in the training and employing of women?

**Ms Pattison**—No, not that I know of.

**CHAIR**—Do you think industry or government programs are having any effect on that?

**Ms Pattison**—I am not aware of any programs that would affect that.

**Senator GEORGE CAMPBELL**—I am looking at tables 1, 2, and 3. Tables 1 and 2 show a decline in the number of commencements or people in training yet table 3 shows an increase in completions. What is the logic behind that?

**Ms Pattison**—The completions will be following through from earlier commencements. The majority of the training is in certificate III qualifications. Some of these programs would take up to four years. So there is a flow-on effect from earlier years coming through.

**Senator GEORGE CAMPBELL**—So it would be a combination of the years coming together?

**Ms Pattison**—Yes, that is correct.

**Senator GEORGE CAMPBELL**—In those figures that you give for the transport industry, under what group do you classify electrical mechanics or auto mechanics?

**Ms Pattison**—I would need to take that question under advisement.

**Senator GEORGE CAMPBELL**—There is no tradespersons classification in any of those.

**Ms Pattison**—There will be tradespeople across all of these occupations that the trainees are undertaking.

**Senator GEORGE CAMPBELL**—This identifies the ASCO group—people that are under training in the transport industry.

**Ms Pattison**—That is right.

**Senator GEORGE CAMPBELL**—But the tradespeople in the trades, mechanics and so forth, are not included in those groups. Where are they classified?

**Ms Pattison**—They would be under different occupational groups. We can provide that information for you if you wish.

**Senator GEORGE CAMPBELL**—Can you?

**Ms Pattison**—Yes.

**Senator GEORGE CAMPBELL**—That would boost the figures considerably, wouldn't it?

**Ms Pattison**—When we looked at the training packages in particular we took out of automotive the heavy transport automotive one. We did not include all of the other mechanical information. We can include other automotive as well.

**Senator GEORGE CAMPBELL**—For example, the railways have electrical mechanics, fitters and turners et cetera employed in their workshops, yet they are not included in your categories here under that industry.

**Ms Pattison**—We kept this specifically focused on occupations to do with transport and storage as opposed to occupations that may be working within the transport industry. We can, as I said, increase this list to include them.

**Senator GEORGE CAMPBELL**—But if we want to get a complete picture of persons within the transport industry who are training then those numbers are relevant.

**Ms Pattison**—They are relevant, but not all of them of course will be training within the transport industry.

**Senator GEORGE CAMPBELL**—Well, a significant number of them are.

**Ms Pattison**—That is correct.

**Senator GEORGE CAMPBELL**—Can you readily get those figures?

**Ms Pattison**—Yes, we can.

**Senator GEORGE CAMPBELL**—What is the meaning of the second dot point under the heading ‘Key findings on vocational education and training outcomes’? It says:

- Transport graduates are less likely than all employed graduates to report receiving benefits ...

What does that refer to?

**Ms Pattison**—We asked the students about the benefits they received from training—whether it was a job related benefit or a personal benefit. That is a summary of the statistics. We asked: overall do you believe you had a benefit from the training? Those who were studying courses with the transport industry had a slightly lower rating in receiving overall benefits from the training. Those figures are borne out in a table.

Just bear with me while I find the actual table. In table 22, at the fourth bit of the table, nearly halfway down the page, you can see, ‘At least one benefit’ under ‘Benefits of completing course (summary)’. There were a number of benefits. It is around 70 per cent so it is still high but it is lower than the overall category of all other graduates.

**Senator GEORGE CAMPBELL**—So 30 per cent of them are of the view that they received no benefits.

**Ms Pattison**—That is correct, but if you look at the time series there it has also been decreasing, so over time there have been more of them achieving benefit from the training.

**Senator McEWEN**—What is the definition of ‘benefit’? Does that substantially mean wage increases?

**Ms Pattison**—It could be a number of things. There would be a number of questions they would be asked. It could be about a specific job related benefit; it could be about improved employment circumstances. There would be a number of questions around that. I will get you the list of those questions as well.

**Senator BARNETT**—Is it set out in schedule 3 there? Under table 22, the third section says ‘Benefits of completing course’. Is that what you are referring to?

**Ms Pattison**—Yes, it is. It is a summary statistic giving those where there is a benefit related to them.

**Senator GEORGE CAMPBELL**—If a third of the people in the industry do not believe they are getting a benefit out of the training then there is a problem somewhere, isn’t there?

**Ms Pattison**—It would depend on what training they were doing. What we do not have a good handle on is the direct relationship between the training and the employment, post training. We are doing a study at the moment which is looking more directly at the movement between the training undertaken and the employment, post training, because some of those students—even though they are working in the transport industry—may not necessarily have been undertaking a specific transport industry qualification. It may have been training in occupational health and safety, so it is peripheral and related, but it would not be training specifically in transport, storage or warehousing.

**Senator GEORGE CAMPBELL**—When will the results of that study be available?

**Ms Pattison**—We anticipate they will be available in the third quarter of this year.

**Senator BARNETT**—When was that question asked? Was it right at the end of the training?

**Ms Pattison**—Yes, it was. This was asked in a survey of students. So if we are looking at the 2005 data, they were asked in May 2006 about their training experiences.

**Senator GEORGE CAMPBELL**—Would the people referred to in tables 1, 2 and 3 all fall into the category of traineeships?

**Ms Pattison**—They would predominantly fall under the category of apprenticeships.

**Senator GEORGE CAMPBELL**—Apprenticeships?

**Ms Pattison**—I think so. Can I take that on notice and look at how many of them would be, by definition, in the states, an apprentice as opposed to a trainee?

**Senator GEORGE CAMPBELL**—Could you do that? I am not aware of any apprenticeships in forklift driving or in areas such as that.

**Ms Pattison**—They are predominantly certificate III qualifications and higher.

**Senator GEORGE CAMPBELL**—If you could give us a breakdown of those figures that would be helpful.

**Senator LIGHTFOOT**—I would like to ask you about the attrition rate in the transport and storage industry. Is that being covered by graduating students? I think 13,800 students graduated in your last statistical year. Does that figure cover the loss of people within that industry?

**Ms Pattison**—The completion figures there would be of all students who have gone through to successful completion of their qualifications in all courses. We do not have any way of being able to viably look at non-completion rates. With apprenticeships and traineeships we are calculating completion rates and non-completion rates within the transport industry. I do not have the figures but we should be able to provide you with some information on that.

**Senator LIGHTFOOT**—Could we have that? Leading on from that—you may like to take this on notice again—is this question: is the biggest problem with maintaining graduates in South Australia that they are being sourced from Western Australia, Queensland or some of the other states? Is that correct?

**Ms Pattison**—We do not have any migratory information at all, so I would not be able to answer that for you.

**Senator LIGHTFOOT**—How would you describe the employment within the transport storage industry? Would you describe it as critical and as having a serious problem in getting enough trained people within the industry? How would you describe it in your own words?

**Ms Pattison**—I would describe it in the same way as I would describe a lot of other industries in that there are employers who are saying that they are not able to get skilled workers and, in terms of workplace replenishment, that becomes an issue for all employers, including those in the transport industry.

**Senator LIGHTFOOT**—How does the apprenticeship trainee scheme work? I assume that all students attending are part-time students: they have full-time jobs and they attend part time. Is that correct?

**Ms Pattison**—The definition of an apprentice or trainee in most people's eyes is that they are a full-time apprentice or trainee, and the apprenticeship or traineeship will encompass a training plan which will have an on-the-job component and an off-the-job component. Some of the apprentices or trainees will be going to TAFE one or two days a week to undertake training, depending on which year they are in and which program they undertaking. But the majority of students under the apprenticeship system are full-time apprentices or trainees, so they are seen as being employed as an apprentice or a trainee.

**Senator LIGHTFOOT**—You have made a generic reference to the types of trades, but I am at a loss to find out how you obtain a diploma or a certificate for storage. Would you explain it to the committee? What are the jobs?

**Ms Pattison**—I refer you to appendix D, which has a listing of training packages within transport and in industry for apprenticeships and traineeships. If you look at appendix D of the report, you see it lists the types of specific qualifications that we are talking about and that the apprentices and trainees are undertaking. It ranges from a certificate III in automotive mechanical heavy vehicle road transport to a lot of other automotive qualifications. If you look down the list—

**Senator LIGHTFOOT**—Yes, I have it. Thank you for referring us to that. That will save us going through. It is quite comprehensive; I am quite surprised.

**Ms Pattison**—Yes.

**Senator LIGHTFOOT**—Do you have a figure for critical mass in South Australia?

**Ms Pattison**—I do not have any individual state numbers, but I can provide a breakdown, for example, of commencements by state from table 1 if that would be useful for the committee.

**Senator LIGHTFOOT**—Yes. You probably understand that, while the Senate is federal, we senators do have some sort of bias towards the states that send us here. The Senate used to be called the states house. I think some people still allude to that.

**Ms Pattison**—As a data provider putting in a submission, we wanted to try and keep it simple enough that we did not bombard you with 40,000 different tables.

**Senator LIGHTFOOT**—No. It is very good. There are no problems there whatsoever. I wanted that critical mass to compare it with that of Western Australia, where we have an abundance of jobs and our employment rate is significantly below three per cent. It would be nice to see those two figures. I think your unemployment rate here is about five per cent, but I am not asking you to confirm that; I just say it by way of interest. Do you have any statistics about those who immediately leave on completion of these jobs because they have got a licence to travel, in a sense? If they have a certificate that says they can be diesel fitters, that they are fuel distributor experts or something of that nature, do they tend to roll their swag, to use an expression, and go?

**Ms Pattison**—One of the statistical information gaps we have is on destinations of apprentices and trainees. We pick up some of them through the student outcomes survey in terms of their apprenticeship or training if they are training afterwards, but we do not have any detailed information on what happens to apprentices and trainees when they finish their apprenticeship or traineeship. By ‘finish’, I do not necessarily mean completing it. Some of them will finish earlier; they will stop doing their apprenticeship or traineeship. We do not have a lot of statistics on the reasons for stopping and whether they are still working within the industry.

**Senator LIGHTFOOT**—So when students complete certificate II or certificate III some would immediately go on to a diploma?

**Ms Pattison**—Some would articulate through to higher level qualifications. From the student outcomes survey we know how many of the graduates are going on to further study. Overall but

not within the transport industry about 32 per cent of them go on to do some additional further study.

**Senator LIGHTFOOT**—I thank you for your contribution. In a sense that is a great position to be in—not being able to supply enough of your students to employers—but it does cause problems.

**Senator McEWEN**—I am interested in the casual versus permanent employment statistics in table 22. You have mentioned that there is a high casual workforce number after people have graduated. Is that reflected in other industries, so is it a similar sort of outcome in other industries, or is it high in the transport industry?

**Ms Pattison**—It does vary by industry but it is higher in transport than it is overall for all graduates. I have not got any statistics on comparisons with other industries, but I would be able to pull those out for you.

**Senator McEWEN**—Do you keep any statistics on gender? Are there more women who are casual employees after completion of a certificate than there are men?

**Ms Pattison**—It is certainly true overall that of all graduates within the system a high proportion of the casualised workforce is female.

**Senator McEWEN**—And that is in the transport industry as well?

**Ms Pattison**—I would need to take that on notice.

**Senator McEWEN**—Do you keep statistics on wages for apprentices and trainees in the sector?

**Ms Pattison**—No, we do not have any wage information about apprentices and trainees.

**Senator McEWEN**—What about the size of employers in relation to these statistics? Do you match the size of an employer with the number of completions of certificates?

**Ms Pattison**—With the employers survey, which was in the last table I spoke about, in terms of where difficulties in recruiting occurred, we do have a size cut through that data that I could have a look at for you. We do not have any information on employer size in relation to the apprenticeship or traineeship collection or the other students in courses collection.

**Senator McEWEN**—Do you have any sense, from your own knowledge of the statistics, of whether small employers, as opposed to the larger multinational transport companies, are less likely to take on apprentices and trainees?

**Ms Pattison**—Smaller employers are less likely to undertake training in the workforce. Smaller employers are more likely to have one apprentice or trainee, as opposed to many apprentices or trainees. If you look at the make-up of the apprenticeship and traineeship system, you see the majority of apprentices or trainees are in an organisation in which they are the only apprentice or trainee. So while you have large multinationals which have a lot of apprentices and

trainees, if you look at the distribution of apprenticeships and traineeships you see that a lot of the people are the only apprentice or trainee in their organisation.

**Senator McEWEN**—Do you keep statistics about how many apprentices and trainees have what we would call small employers and how many have large employers?

**Ms Pattison**—We do not have a reliable indication of the size of employment on our apprenticeship collection.

**Senator McEWEN**—What about statistics on access to VET based on rural, regional and urban locations?

**Ms Pattison**—Based on the employer or on where an individual student or apprentice would live?

**Senator McEWEN**—Based on where the student would live.

**Ms Pattison**—We can provide all of the statistics on apprenticeships, students and courses with a cut by regionality. If that is something that this committee would like, we can do that as well.

**Senator McEWEN**—Yes, from the point of view that we would be interested in areas where there is high regional unemployment as to whether there are opportunities missing for people to undertake training in this particular sector.

**Senator BARNETT**—Can you break it down as to where the employer is?

**Ms Pattison**—For the apprenticeship-traineeship collection we can.

**Senator BARNETT**—That would be useful, because we need to know where they are geographically located.

**Senator McEWEN**—Ms Pattison, just out of curiosity: is the NCVER collecting statistics on outcomes from the ATCs? Is that part of your brief?

**Ms Pattison**—Where Australian technical colleges have apprentices or trainees—and they are all apprentices or trainees—they would be in our data collections. Having just consulted with my colleague, I can say they are not identifiable as coming from an Australian technical college.

**Senator BARNETT**—Thank you for that and thank you for the statistics and the charts provided by the Centre for Vocational Education and Research. They are tremendously useful. I think it is an absolute credit to your organisation. I want to follow on from Senator McEwen in talking about the small business sector. In Tasmania, for example, we have nearly 50 per cent of the private sector workforce in small business. Have you got any statistics that can tell us how many apprentices and trainees are based in the small business sector and the break-up between small business and large business? You referred to multinationals, but we need to do it on the basis of numbers employed.

**Ms Pattison**—We have not got any reliable information on employer size in our apprenticeship-traineeship collection. We do, however, have information on the type of employer—whether they are a government department or a private sector organisation—which may be of some use to you.

**Senator BARNETT**—That would be helpful. So you cannot tell us about the benefits to the small business sector of traineeships and apprenticeships. I will go on. You answered a question about casualisation of the workforce in the transport and logistics sector being a little bit higher than in other sectors. Can you say why that is?

**Ms Pattison**—No, I cannot. All we have got is that there is a slightly higher casual workforce among those working within the transport industry six months post training than there is for all graduates.

**Senator BARNETT**—In today's *Adelaide Advertiser* I notice that the Premier has announced some new trade schools for South Australia, focusing on the areas of need, I assume, for South Australia. Have you had a look at that and can you give any comment as to why he has chosen those particular areas? Would they be consistent with your views as to the areas of need in South Australia?

**Ms Pattison**—I have not seen today's paper and I do not know what the areas actually are, so I cannot comment on that.

**Senator BARNETT**—He has also, I understand, advised that the school leaving age will be increased from 16 to 17 and that all young South Australians will either be in training or apprenticeships, or in school. I just note that. There is clearly considerable competition amongst the employer types—the different industries—for apprentices and trainees. But the transport and logistics area, based on the evidence we have received to date, do not appear to be providing encouragement for apprenticeships and traineeships as much as other industries are. Can you advise us of the reasons why or provide any statistics in that area?

**Ms Pattison**—I cannot provide statistics, but some of the reasons will be the same as in some other areas. With young people in particular there is a trend to not being attracted to some of these jobs in the first place. We have not done a study on the transport industry, but we have done a South Australian based study—with a report that is due out fairly soon—on what attracts people, and young people in particular, to the traditional trades. Some of the findings from that report indicate that those who go into a particular apprenticeship or traineeship in the trades area do so because it is something they have wanted to do as opposed to having had it promoted to them and been talked into it, and that their peers did not have as much influence on their decision-making process as we thought they would. That study is in its final publication stages at the moment and it should be out within the next couple of months.

**Senator BARNETT**—That would be useful. Thanks for that.

**Senator GEORGE CAMPBELL**—In that study did you look at the influence of careers officers in schools and the impact that they have upon whether or not young people choose trades or blue-collar type employment?

**Ms Pattison**—In that particular study we did a number of things. We spoke to students in years 10, 11 and 12, we spoke to apprentices and trainees in the first and second years of their apprenticeship or traineeship and we did some very specific focus groups. One of the things that came through from the students in years 10, 11 and 12 was the fact that there was information about apprenticeships and traineeships there but they had to ask for it.

**Senator GEORGE CAMPBELL**—So there was a reluctance—

**Ms Pattison**—Not necessarily a reluctance, but, with the amount of career information that is available, they needed to seek it out for themselves as opposed to it being promoted heavily by some of the career guidance counsellors.

**Senator GEORGE CAMPBELL**—Were you able to identify any bias among the career counsellors in terms of pushing students towards the tertiary system?

**Ms Pattison**—Certainly those who had the potential to have a higher TER score were encouraged to go down a university path.

**Senator BARNETT**—Have you got any data on the relatively high average age of apprentices and trainees in the transport and logistics industry?

**Ms Pattison**—As we pointed out in the summary page, nearly three-quarters of all of the apprentices and trainees in the transport industry are over the age of 25, whereas it is more like 50 per cent amongst all apprentices and trainees. There is a trend towards older apprentices and trainees within the transport industry. A lot of existing workers put onto apprenticeships and traineeships by default are more likely to be in the 25-year-plus group.

**Senator BARNETT**—Going back to the 70-30 division in table 22 under ‘benefits of completing course’, you said that was consistent with other industries that you are aware of. Is that correct?

**Ms Pattison**—It is slightly lower than 70 per cent for all graduates. The benefits received from the training are perceived as being slightly lower than they are by those who are working in the transport industry post training.

**Senator BARNETT**—Would the benefits of completing the course that are referred to in the third column be the same benefits referred to when you assess other industries?

**Ms Pattison**—Yes. Those questions are standard across all industry groups.

**Senator BARNETT**—I am just getting clarity. You said you asked that question a year after they had completed their apprenticeship or traineeship or thereabouts.

**Ms Pattison**—It can be up to a year. The survey goes out at the end of May every year to students who graduated at some point during the previous year, but we ask them about their training experiences and employment circumstances as of the end of May.

**Senator BARNETT**—Do you get a good response rate to that survey?

**Ms Pattison**—Yes, we have a very good response to that survey. We have quite a rigorous follow-up. Amongst graduates we would have about a 45 per cent response rate. There is a slight bias in those who respond but it is no more than you would have for any other survey and it does not affect the results.

**CHAIR**—I would like to ask a couple of follow-up questions. Do we have any information about the background of people who commence training after the age of 25?

**Ms Pattison**—We know their prior qualifications, their schooling level, their country of birth and the language that is mainly spoken at home, their Indigenous status, whether they are a person with a disability and the postcode of where they live. So we have some regionality information about them. These are all self-identification questions.

**CHAIR**—If you could give us the breakdown on that, that would be good.

**Ms Pattison**—We can give you some student demographics.

**CHAIR**—Regarding the higher proportion of existing workers undertaking apprenticeships in the transport industry compared with other types of apprenticeships, I think some of the statistics we looked at earlier in your submission showed that those employers were very willing to train existing people in their organisations. Is that correct?

**Ms Pattison**—That is what is occurring.

**CHAIR**—Is there a reason for the relatively high number of graduates employed as casual workers?

**Ms Pattison**—No, not that I am aware of.

**CHAIR**—The last part of your submission suggests that some employers in the transport industry are having recruitment difficulties as a result of skills shortages but that the employers are reluctant to engage with the vocational education and training system. Is there any data on the reasons for their lack of engagement?

**Ms Pattison**—With that survey we would have some information on reasons why they do not have an apprentice or trainee or why they do not have jobs that require one. We do have some information on that. It is a substantial piece of work to pull that information out because it is all very qualitative, but I can ask someone at NCVET to go through and try and summarise some of the reasons that that is coming through within the transport industry.

**CHAIR**—Yes, that would be very good; thanks for that. That has been very valuable and it has given us a lot of factual data on which to base our other anecdotal evidence. Thank you very much.

**Proceedings suspended from 10.30 am to 10.47 am**

**GRANT, Mr Anthony, Vice Chairman, South Australian Freight Council**

**KNAPP, Mr Evan, Senior Project Adviser, South Australian Freight Council**

**McKINNA, Mr Lachlan John, Executive Committee Member and Convenor, Skills and Careers Working Group, South Australian Freight Council**

**CHAIR**—I welcome witnesses from the South Australian Freight Council. Thank you for your submission. Do you wish to make any amendments or alterations?

**Mr Grant**—No, not that I am aware of.

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

**Mr Grant**—Thank you for the opportunity to provide input to this Senate inquiry into workforce challenges in the transport industry. The South Australian Freight Council is the state's peak multimodal freight and logistics industry group, which advises both the Commonwealth and state governments on industry related issues and is funded both by governments and by industry. The South Australian Freight Council represents road, rail, sea and air freight modes and operations, freight services and service users and assists the industry on issues relating to freight logistics across all modes. SAFC members, particularly the skills and careers working group, view issues relating to workforce development as critical to achieving a successful future, warranting the activity that your committee is currently undertaking in this area.

The transport and logistics industry is a key enabling sector and a significant proponent of the economy in its own right. As of the 2001 census, national employment in the sector was estimated at 411,000 persons. At this point it must be noted that statistical information regarding current and future employment within the industry is poor and in itself a key challenge in understanding and rectifying the problem. In terms of the figure of 411,000 employed persons in the industry that I just mentioned, it should be noted that this is out of date. While it will likely capture the majority of persons working in the hire and reward sector, it will omit many persons who are working within other industry sectors but are primarily undertaking transport, storage or logistics related functions—principally, in-house logistics. For example, the storeperson at the local supermarket is generally counted in the statistics as being involved in the retail industry, and the driver of an in-house distribution truck is often counted as being involved in that specific industry. Reducing the national figure of 411,000 by state population, SAFC estimates that the local industry, hire and reward only, employed approximately 31,000 persons in 2001.

Let me state unequivocally that the South Australian Freight Council strongly supports the view that there is a skills crisis—a lack of skilled workers available and interested in working in the transport and logistics industry in Australia. Without remedy this will have a profound effect on our ability as a nation to compete economically on the world stage and thereby sustain our existing standard of living.

I do not propose to reiterate all that was said in our formal submission to the inquiry. However, I would like to briefly address the key components of the shortage. Firstly, growth in the Australian economy is forcing the transport industry to grow itself. The total transport task—the volume of goods multiplied by the distance travelled—has been widely forecast to double in the 20 years to 2020. This impact will be measured in the tens of billions of net tonne kilometres. At the same time, our population is ageing, which will impact upon the number of people in the workforce available to undertake the freight and logistics task. The current unemployment rate has been steady below five per cent for some time, limiting the ability of the industry to recruit high volumes of new workers.

The transport and logistics industry has a traditionally poor image as an employer, with positions viewed as poorly paid, dirty and uncouth. The public only views the industry as having jobs, not careers—an important distinction. The industry workforce profiles indicate a significant issue with ageing, which will lead to wide-scale retirement in coming years. The average age of truck drivers is 45 years, with the average age for train drivers even older.

A 2005 report into the transport and logistics industry workforce in the north-west crescent of Adelaide also found that 26 per cent of workers intend to leave the industry within the next two years. While there is some doubt as to the veracity of this figure due to the survey response rate, even if half of this number do leave, it will be a major blow to the industry. Concurrently, the resources sector is expanding hugely, with South Australia expected to figure significantly. This expansion requires a large influx of workers. While the mining industry can afford to pay attractive wages to facilitate recruitment, the ultracompetitive nature of the transport and logistics industry prohibits this. Consequently, the transport and logistics industry is unlikely to win this battle for employees, exacerbating the present situation.

Returning to the present, skills shortages are already being reported. While the evidence at this stage is primarily anecdotal, the roles most frequently reported as having current shortages include all licensed classes of truck drivers, train drivers, forklift operators, rail track infrastructure workers, transport engineers, roles requiring higher level marine qualifications—for example, marine surveyors, marine engineers, pilots et cetera—and mechanics. Improved statistics are required in order to quantify these current shortages. Urgent steps are required to combat the shortage now before a lack of skilled workers begins to constrain Australia's transport and logistics system.

We believe that there are five overarching strategies that need to be progressed: image change—presenting the industry as a viable and exciting career choice; careers not jobs—demonstrating career pathways comprising positions of significance and value; improving the education sector's offering of training to the industry; removal of barriers to entry, such as insurance restrictions that prohibit young drivers from using their higher level skills, even when licensed to do so, and with an employer willing to entrust high-value equipment and potentially multimillion-dollar loads to them; and providing better information about the significance of the industry to the public to allow them to make informed choices and hold informed opinions. Some initiatives are already underway. This committee will already have heard from many parties on their individual actions. However, it must be noted that they are individual actions and the coordination of the initiatives across the industry is poor.

The council has sought to combat this lack of communication in its activities as best it can, partnering with like-minded organisations across the nation on a project-by-project basis and participating on committees addressing these issues where they exist. Specifically we have our own skills and careers working group within the council, which is formed from a variety of transport and logistics industry players, government personnel, training organisers, skills boards and the like. Our premier achievement to date has been LINC, the Logistics Information and Navigation Centre. LINC is currently a web portal linking the public and industry to information aimed at demystifying freight operations and services and presenting logistics industry careers to prospective entrants in a positive light. Designed, researched and project managed in house by the council, LINC contains career briefs and pathway information, industry information for the general public and links to more complex information for industry professionals.

The council is undertaking comprehensive redevelopment programs of the current web resource. We are undertaking this upgrade through partnering with TALC to become a pilot program in the TILIS—Transport Integrated Learning and Information System—web megaportal. The LINC stage 2 web resource is expected to be launched in late 2007. In concert with web redevelopment, the council is seeking to partner with like interstate organisations to improve the quality and volume of information provided and to ensure that the system satisfies the needs of the industry around the nation. When the two upgrade programs are completed, LINC will be able to create targeted state-specific information to enhance accuracy and usability to national audiences. For example, Victorians will be able to look at a careers brief and gain state-specific information on pay rates, relevant awards, local training organisations and courses, and accurate state licensing information.

LINC stage 2 also envisages the engagement of a full-time human resource with responsibility for the ongoing maintenance and upgrade of information provided through LINC and to undertake transport and logistics related careers programs and interventions. However, at this stage this development is beyond the existing resources of the council. A substantial increase in funding for the council is required to facilitate this proposed ongoing development of LINC. While sustainable options for funding the development of the resource are being investigated, it is expected that government funding, both state and Commonwealth, will be required.

The skills and careers working group is also active in a number of other areas, including: assisting in the development of a transport and logistics curriculum statement approved by the Senior Secondary Schools Assessment Board of South Australia, to allow students to be able to undertake transport and logistics related studies as part of secondary education in the Northern Territory and South Australia; supporting and utilising the ‘common industry brand’ in a new careers initiative; participating in the national careers expo series over a number of years; supporting the development and work of the SHIFT, or Shaping Individual Futures in Transport, program; piloting a project based learning program for junior secondary students to provide practical knowledge of the industry and break down stereotypes; participating in local and regional careers events, such as the Festival of Opportunities.

In closing, I would like to reiterate that this issue represents a crisis for the industry and, due to the industry’s facilitating effect, represents a crisis for the national economy. I thank the committee for listening to our statement. My colleagues and I will now be pleased to answer any questions you may have.

**CHAIR**—Thank you. Are there any indicators of how expensive transport and logistics training is compared to other forms of training?

**Mr McKinna**—There are few subsidies available to industry entrants that can be drawn on, and the traditional training organisations are fee for service, so it is very difficult. We are naive as an industry as to how to go about getting government funding to assist entrants. The skills and careers working group have recently got a person from an employment agency that specialises in assisting people that may be transferring from Holden, for example.

Holden have just gone through a big redundancy program. We have identified that a lot of the skills that people at Holden have can easily be transferred, with some training, to our sort of industry. So we are working with government and unions to try to draw on that resource. We just cannot get mechanics, electricians and those sorts of people. Take the likes of Holden and others whose manufacturing base is starting to erode. The same thing applies to Mitsubishi here. Some of it will apply to Electrolux and the like. It is very difficult because we cannot get fee-for-assistance funding, because we do not have the knowledge and understanding of how to do it. We are starting to gain that understanding.

I think the biggest issue is that federal and state governments really do not understand the importance of transport services to the national economy. We know of it, but governments are very naive. Tony has mentioned something like 411,000 people nationally. My personal belief is that it is way over that, probably by another 200,000 people, but I have no statistical evidence to support that. We are doing some work with a national group that is trying to identify it. While currently transport is identified as having an impact of about nine per cent on the GDP, we believe it is closer to being 14 per cent if we include all of the private organisations that own their own trucks and do not feature in fee-for-service types of work.

**CHAIR**—I think we do understand the importance of transport, which is exactly why we are having this inquiry. It was basically a bipartisan suggestion that we have the inquiry and we have all agreed on the terms of reference, so we do want to see what your needs are for employment in coming years. Given that, as we all know, land freight is going to double by the year 2020, the question is: where are we going to get the skilled and unskilled employees that we need to facilitate that? Obviously, we would need to know at what level and at what expense transport and logistics training comes in at in order to compare your industry with other industries so as to have an idea of any money that should be devoted to it.

**Mr Grant**—In those terms I have heard—I cannot verify this but it has been suggested to me on a number of occasions—that in-house training within the transport and logistics industry is worth something in the region of \$300 million a year. I have heard figures for that up to \$700 million. It is generally the case that the large organisations—the multinationals and companies such as the Tolls, the DP Worlds and the Alcoas—are the ones that do major training. They do it in-house. They have their own training people. There is not a terrific amount of training outside the company. The TAFE organisation throughout Australia was undertaking transport and logistics training but has stopped doing it, as far as I am aware. It does not currently undertake any transport and logistics training. So it is difficult at the moment to point people in the right direction for their training needs.

**CHAIR**—Certainly in Queensland we heard, for argument’s sake, that Queensland Rail pays the TAFE fees of its apprentices and that makes it an attractive industry to go into. That was one example of that happening. But from what you are saying, only the larger companies are prepared to either do in-house training or pay for the training of their apprentices. Is that correct?

**Mr Knapp**—That is correct.

**Mr McKinna**—There are some smaller companies that do it. But by and large they cannot afford to, quite frankly; they are fighting for survival.

**CHAIR**—That is certainly a point that has come up in nearly all of our hearings.

**Mr McKinna**—One of the things that we have been doing in South Australia is working with educators to try to have career programs and school curricula changed to include a training program that taps into some of the logistics issues. The biggest problem we have is that the general public really does not understand what opportunities are available. It does not matter whether it is driving a truck, driving a computer or being an IT technician; we have the same shortages as all other industries have. But people do not consider a career opportunity with us. We are trying to change that perception.

**CHAIR**—You said that you have adopted a marketing campaign and used various attraction points. How do you pitch that—as in saying, ‘Get into transport and logistics’? Do you pitch it as a career path, as an opportunity to see the world or as an opportunity to get some qualifications?

**Mr McKinna**—The answer is yes to all of those. The biggest thing we have to do is to change the image of the industry. When I was driving trucks, the industry was perceived as blue singlets, shorts and thongs.

**CHAIR**—That is a recurrent theme, yes.

**Mr McKinna**—Today, I employ 60-odd people. Both the trucks and the products that they carry represent huge investment in dollar terms, so I am not prepared to go and get some cowboy and put them in a truck, for a number of reasons. But we have to make people aware that it is not just a truck driving job, a train driving job or a sweeper—that there are career paths. We go along to various school talks and careers expos. It is good for me to say, ‘Hey, I have lived around the world and I have travelled as a result of my involvement in transport,’ but kids cannot perceive that from me. They can from Evan. So when we have a careers expo, we are trying to get younger people like Evan to be there, because the kids can relate to them. They cannot relate to a 60-year-old guy who is ready to retire. That is a fact of life. So we are pitching at several levels. We need to get the schools talking about it, and we are seeing good results coming from that. We need to get the parents to understand that there is a career path, and it is not just a job. We are starting to see that happening. When you talk to parents face-to-face, they say, ‘Oh, I didn’t know that.’ We have to raise the profile of the industry.

**Mr Grant**—As Lachie has said, we have been involved with schools to quite a fair extent. One of the fundamental problems associated with schools is the career advisers.

**CHAIR**—Yes, other people have mentioned that.

**Mr Grant**—Generally speaking, they are teachers who cannot teach. I say that because that is what the industry is saying to us. They are not particularly well trained in their supposed area of expertise and generally push people towards engineering or IT. In general—we are trying to change this, of course—they know very little about the transport and logistics industry. As Lachie said, the real difficulty is to get away from that old perception. The modern day operator of a locomotive, a large truck, a ship or whatever else has to be highly educated and not only has to know the way that the vehicle is meant to operate but also has to recognise and have good knowledge of a lot of state and Commonwealth regulations. That is a complete change from what it used to be like in the past.

**Mr McKinna**—Since we have introduced LINC as an industry information source, we have had a great response. Kids can go online and look at it, and it can give them a lot of information which previously was not available. LINC is probably one of our biggest potential tools for changing people's perception of what they can and cannot do in the industry. We have used it at a number of career working groups, with schools and so forth, and we have given out literally 15,000 of these little bookmarks we have here.

**Mr Grant**—We will leave you some.

**CHAIR**—Thank you very much.

**Mr McKinna**—It is something that has been proven. We are now picking up on that on a national level, although it was designed specifically for South Australia. Evan has done the bulk of the work. He can relate to what it is and we are using him and his skills to promote that. We are off to Perth very shortly, in June, to talk to the state government about how they can use LINC. We have been talking to the Queensland government. They are very interested; they have seen it. We are doing a lot of work with the transport and logistics council in Sydney, who are adapting our formation to be a national thing. That will then give national exposure to all the schools and training organisations throughout the country, and we think that is going to be a positive. But we are limited by the funding aspect of it.

**CHAIR**—Queensland did have some interesting initiatives when we visited Townsville and Brisbane, so you may like to ask them about some of the things that they are doing, particularly in schools.

**Mr McKinna**—Yes, we are talking to them all the time.

**Senator GEORGE CAMPBELL**—You talk in your submission about the threat from the mining and resources boom, which does not look like it is going to disappear in the short term. What strategies have you developed or are you developing to be able to counteract the threat from the resources boom? One of the elements obviously is the wages that are payable by resource companies for drivers or whomever else they might recruit from your industry. Is there a capacity to compete in that area?

**Mr McKinna**—No.

**Senator GEORGE CAMPBELL**—What other mechanisms are available to you to compete with that sector of industry?

**Mr McKinna**—The big limitation in competing with the mining industry for people is their ability to pay huge wages. If we had to pay similar wages in general deliveries of product between states to supermarkets or whatever, that would be reflected in the price of the goods that you buy at every supermarket. We find that is totally unacceptable by the general community. They do not understand that everything they buy and every service they use is affected by transport, be it road, rail or ship primarily, and they want competitive pricing. You want to buy the cheapest pound of butter you can get and, if we have to compete with mining and pay wages at the same level or a similar level, that means that the price of your commodities will go up.

**Senator GEORGE CAMPBELL**—If that is the case, how are you effectively going to compete with those sectors of industry to retain a workforce?

**Mr McKinna**—Right now we do not have an answer. I can say that the shortage is causing some companies to just withdraw from the market.

**Senator GEORGE CAMPBELL**—Are you looking at any particular areas or issues?

**Mr Knapp**—The only way we know of is to recruit in even larger numbers so the numbers of persons taken out by the mining industry are replenished. We cannot compete on the dollar figure and it is the dollar figure that will determine where these people go. They may come back to the general transport and logistics industry when they feel that they have their nest egg. Especially young people will go and work in the remote areas for a short period of time for themselves, but then they will want to come back to the environs that they know, whether they are major company cities or rural cities, and then they will work general transport and logistics driving or other work when they come back. That is our great hope.

**Senator GEORGE CAMPBELL**—You have said that your strategy is to recruit even larger numbers so that you get some overflow, so in fact you are recruiting more than the industry can absorb, with the knowledge that a certain section of that will go to the resources industry. Is that what are you suggesting?

**Mr Knapp**—That is the only solution that we can think of at this point in time. As Lachie mentioned before, we are investigating other avenues, but it is very hard to compete with that huge dollar figure that the mining industry can provide.

**Senator GEORGE CAMPBELL**—How successful have you been in that area, given what you say about the image of the industry?

**Mr Knapp**—The idea is to change the image of the industry. The chairman brought up the common industry brand that was developed in Queensland. It has recently been taken on by the Australian Logistics Council and us and placed through the LINC, Logistics Information and Navigation Centre, resource. The branding words in that are: ‘Whatever you’re into, get into T&L’—T&L being the transport and logistics industry. What we are trying to demonstrate there is that it is not just a truck driver and train driver industry, that if you are an accountant you can be a part of the transport and logistics industry or if you are an IT professional you can be a part

of the transport and logistics industry as well—that it is a combination of other industries. It is putting a young face on it and we believe that is working.

Our other strategy is that we have looked at breaking down the stereotypes. Within LINC, we have career briefs. Each career brief outlines a particular job in the industry such as a medium region truck driver, which is a low truck driver licensing class. It shows the career progression for that driver—what they will start earning at an award rate; what in reality they will be likely to earn in the marketplace as it is now—and they can follow all the other career briefs in that chain eventually ending up at a multi-combination or an interstate truck driver driving a triple road train, or company management and they will be able to see those pay rates et cetera. What we are trying to do is show careers and not jobs, and that is another of our—

**Mr McKinna**—And it encourages people to understand that the skills that they have in the transport industry or what they generate in the industry are transferable right around the world. The Australian Trucking Association—which is the peak body for all of the various state associations—has been working pretty hard and looking at people from overseas. We all think that Chinese cannot drive cars or trucks, but when you go to China and see the conditions in which they drive they do pretty well and they make some of our people—the problem we have there is the language barrier and the difference in the understanding of legislative requirements. The fact that they have to be able to read things is a challenge, but it is something that we are looking at. Hopefully that might form part of the future progression. But, as you can imagine, the labour movement sees that as a restriction for their members and maybe people are waving the flag of cheap labour. I do not see that as necessarily going to be the case. If they come here, they will be employed under the Australian award conditions that apply.

**CHAIR**—Yes, that is right.

**Mr McKinna**—But that is a fight that we have to get people to understand that.

**Mr Grant**—I also think it needs to be understood that in South Australia in particular, as Senator Campbell said, we have this major growth in the mining sector. Currently, depending on whom you speak to, with the level of mining exploration, South Australia is either the third or the fifth most active in the world. But it is not just mining. We have a huge defence industry in South Australia which is growing all the time and dramatically so and we have the contract, as you would be aware, for building the frigates. That has a very large logistics component in terms of rail, road and sea, and we have a growing wine industry. South Australia produces somewhere between 60 and 70 per cent of Australia's wine. That is still in a growth stage. We also have a large vehicle manufacturing base in South Australia. General Motors Holden are and will be increasing their exports overseas. The most beneficial part of their business is overseas exports. All of that requires transport and logistics and, in that case, it is primarily using road transport for delivery to export terminals and then it is taken away by sea. So we do not just have the mining area to contend with; we have a number of other areas which are all in growth stages.

**Senator GEORGE CAMPBELL**—I understand what Mr Knapp is saying about trying to present the industry as having careers. It may well be that you have roles for accountants and IT professionals, but we have been around most of the country on this inquiry so far and the only message that really comes through from every organisation we have spoken to is your problem—the problem of getting bums on seats behind wheels in trucks. It is not in the other

areas—the logistics of the industry. It is really a driver shortage. We heard in Perth yesterday I think from one company that had five container trucks sitting in the yard ready to roll and no drivers to drive them.

**Mr Grant**—I think in one respect that is correct. Truck drivers are the most visible problem, but it is not limited to truck drivers. It would be unfortunate if the focus were solely on truck drivers because there are shortages in the rail industry and there are shortages in other sectors of the industry. I think that is the point we want to get across. If we lose sight of those other sectors and their shortages and we confine ourselves and put all our efforts into solving the problem related to truck drivers, we will find at the end of the day that all these trucks cannot go anywhere because the rest of the industry is not operating. So we have to be very careful in defining where the problems really are.

**Senator GEORGE CAMPBELL**—It has been suggested—and there is no reason to doubt the evidence we have been given—that by the year 2020 the transport and logistics industry in this country will need to double to handle the demand. If it is struggling now, what logistics strategies are you putting in place to meet the challenge of 2020? It seems to me that a radically different approach is required than just looking at whether you can recruit sufficient numbers to meet your demand of today. We need to look at a whole change in the way in which we shift goods and services in this country to deal with the problems we will face by 2020.

**Mr McKinna**—The industry is going to get bigger in terms of the number of vehicles. We will have B-triples running between Adelaide, Melbourne and Sydney. We will have road trains operating in selected areas throughout the eastern states that are bigger than they are now. That all has to happen. We will have trains that will be able to double stack and not be limited by the height of the tunnels and bridges between Adelaide and Victoria. That sort of infrastructure is going to help us meet the challenge of the freight task. While I do not have a shortage of drivers right now in my fleet, I cannot get forklift drivers. The biggest shortage in the industry throughout Australia is forklift drivers. I have 22 forklifts in one section and those forklifts work a double-shift operation, and I cannot get people to operate them.

We are limited by how we get young people and how we train them. It is a stepping stone for the industry. We are looking at working within the school structure to get kids. They can get a licence to operate a forklift in a controlled environment at 16. Once people get into the transport industry it becomes a life choice. They are not in it for a little while and then move to something else, as with the hospitality industry; they usually stick at it and progress along the line. From my point of view, I am working hard to get the young kids at school into the industry. One of my managers is 25 years of age. He controls a business that has turnover of about \$14 million. We grabbed him at age 19 straight out of school and put him through traineeships and all that sort of stuff, and he now runs the place. That is the sort of thing we have to do. We use him as an example when we talk to school careers officers because they can relate to what has happened with this young fellow.

**Senator GEORGE CAMPBELL**—You say that one of the big problems is poaching—and we have heard this in other states as well—and that only a small section of the industry is doing the training. We have asked other industry associations around the country about their views of a training levy or a training fund. The response so far has been reasonably positive. The purpose of it would be to spread the cost of training across the whole of the industry rather than a small

section of the industry being burdened with conducting the bulk of the training for the use of the rest of the industry. What is your association's view of establishing a training fund or a training levy?

**Mr McKinna**—In this state, we have a building industry levy and a motor trades association levy, which creates an apprenticeship scheme. The building industry levy is a farce; it does not produce the level of training that we want. The problem we have is with the management of those funds and how the program is designed. I head up a number of training organisations as part of my role with the South Australian Road Transport Association and I chair the transport training centre. We had an almighty fight with a section of government that wanted to put on a levy that was only going to favour a very small section of the community. The biggest problem we have is that funds that are usually dished out by state and federal governments for training organisations, for example, have been grossly abused and the money does not necessarily get to the people who need it. That is why I say there is very little funding available for job training skills.

**Senator GEORGE CAMPBELL**—With due respect, Mr McKinna, that is not the experience all over the country.

**Mr McKinna**—It may not be all over the country—

**Senator GEORGE CAMPBELL**—There is a substantial training facility in Victoria that we have seen, called DECA, which trains drivers and does it in conjunction with TAFE, which I would have thought was the sort of model that could be looked at for this industry elsewhere, where it does not exist.

**Mr McKinna**—There was also one in New South Wales until recently. It went to the wall. DECA has been bailed out three times.

**Senator BARNETT**—Thank you very much for your input today. Mr McKinna, you mentioned that the transport and logistics industry took up about nine per cent of GDP and that it could realistically be closer to 14 per cent. Can you explain to the committee how you get that 14 per cent figure and what it is made up of? That is a big increase on nine per cent.

**Mr Knapp**—The nine per cent figure comes from the Australian Logistics Industry Strategy. It primarily captures only the higher reward sectors—the companies that sell transport and logistics services. The transport and logistics services that are undertaken by businesses in house—for example, the huge amount of transport and logistics operations that Coles or Woolworths would have—are not included in that figure. The Australian Logistics Council has commissioned a company to attempt to meld that into the figures. While they have not completed that, they are currently looking at a figure of about 14.8 per cent for the transport and logistics contribution to the Australian economy.

**Senator BARNETT**—When will that report be released and would it be available to our committee?

**Mr Knapp**—It would certainly be available to your committee. I cannot tell you a release date, but I will find out from the ALC.

**Senator BARNETT**—And you could let us know?

**Mr Knapp**—Certainly.

**Senator BARNETT**—Thank you. In your submission you make a reference, under ‘Competitive threats’, to the Olympic Dam example, with the BHP plans for 880 dump trucks. I was amazed to read that and consider those very big expansion plans at Olympic Dam, in terms of uranium and so on. You referred to the fact that they are going to need approximately 3,500 truck drivers. Those numbers are significant. I was wondering what is happening. You indicate that it will come out of the mainstream industry. What plans and preparations are being undertaken to deal with that type of demand? Mr Grant, I think you indicated earlier that you are facing a crisis in terms of the skills shortage or the labour shortage. What sorts of plans and preparations have you got in place to help deal with this sort of example?

**Mr Grant**—There is a fundamental problem for us to even start the process. That is because the Olympic Dam expansion project has not yet been given the tick of approval. They are currently working through their business case and they are spending in the region of \$500 million on an environmental impact statement. It has not been given the go-ahead at this point in time. If it works out with their business case that their dollar would be better spent in Chile or Peru—that the return on the buck would be better there—then BHP Billiton would invest there rather than at Olympic Dam. So we are not in a position, with our limited finances, to go out at this point in time and start putting in place a major campaign specific to one particular area. We can afford to go out, as we have done, in a general sense to assist the industry across the board. But at this point in time the Olympic Dam increase in production—and Olympic Dam is basically a copper mine, not a uranium mine, although people keep calling it a uranium mine—has not yet been given the tick of approval, and until such time as it has we are loath to invest our limited funds in that area.

**Mr Knapp**—Can I just make a point, Senator, on the 880 dump truck figure you mentioned. I probably should have mentioned when the chairman asked us earlier if we would like to clarify our statement that since the time we put in our original submission we have had further information that the number is more likely to be between 110 and 140 dump trucks. That will obviously reduce the figures for required truck drivers that have been stated there.

**Senator BARNETT**—I appreciate that, because Senator Lightfoot and I were looking at the figures a little earlier and they did seem to be on the high side. That is a specific. I would like to turn to the general, to your plans and preparations for the growth in the mining industry and the doubling by 2020 of transport and logistics. Do you think you need a better partnership arrangement with, say, the different levels of government or different arrangements in terms of preparing for the future? What other options have we got? You indicated that you were not really sure, but can you expand on what other options we have to prepare for this doubling of the industry over the next 13-odd years?

**Mr Grant**—We do already partner with government, both Commonwealth and state, in terms of training and recruitment and these sorts of issues, primarily through the governments’ departments of transport, not through the education sector. We have a working relationship. On our particular council we have a representative of government at all our board meetings and we report regularly to the Commonwealth through DOTARS. So they are fully aware of the actions

we are taking and we welcome feedback from them. They regularly come to us with questions and suggestions and we take those on board, and they take ours on board. So we have a good working relationship with both the Commonwealth and the state in that regard.

But at this point in time I cannot see a quick fix to any of this. As we have pointed out in our various submissions, it is very much a case of changing perceptions, of getting through a better understanding. The people are there, they are coming out of the schools; they are just not going into our industry. Transport and logistics is missing out. People are going into areas where there is supposedly a shortage, such as hairdressing—I cannot imagine why, but I have still got hair! It seems to us that the direction that training is taking, especially out of the TAFE colleges, lacks some understanding of where the real requirements are.

**Senator McEWEN**—You have various initiatives to get people into the industry. Is there anything specifically targeted at young women?

**Mr Grant**—Yes. Our focus for the industry has been the same for young women as it has been for young men. In fact, one of our main promotions—and Lachie can give you more detail on this—was about a young girl from Strathalbyn who became a truck driver and what she achieved and the money she was earning. That was used as a promo for the careers week expo the year before last. That hit the spot, and that was shown by the amount of interest we had from young girls because of that advert. The promotion was, in a way, this young lady telling everybody what she had achieved, how her lifestyle had improved and how she could fit in—that it was not a male domain. It was brilliant. Lachie can possibly expand on that.

**Mr McKinna**—We had great exposure from that. The SHIFT program, which is another industry generated program, has also taken a couple of examples of young girls. One is an unmarried mother with a child. She was able to start up her own business in a courier division, working for a specific company. We have used that as a promo and we have a couple of other, similar examples. We do not have a bent against women at all. In fact, as we talked about before, the mines rather enjoy having women drive the dump trucks because their style of operation is softer on the equipment and therefore creates less wear and tear. That is a real positive. I employ a couple of woman myself in driving trucks and they stand up pretty well against men in the job.

Our strategy is looking at two things. One is to get kids at schools and mums and dads to understand that it is not just a dirty low-paid job and there are career paths. Secondly, we are looking at people who want a change in direction in their lives. They might have been working in a factory and the manufacturer has gone broke. We have got some opportunities. We have to get those people aware through training of how our business works. You do not just go out and pick up a hammer and a saw and become a carpenter; you have to go through the steps. We have to find ways to do that. We are getting more and more registered training organisations prepared to give people a basic understanding of how to drive a forklift, how to drive a truck, how to secure a load—all of those sorts of things. You have to do an apprenticeship in some way. We have to find some way of getting some funding. We think we have found some government departments that are picking up on the potential opportunities. A lot of the funding that has been available in the past has been for people that, frankly, are below the skill level because of education or whatever, or they are unemployable. That is not what we want. We want people who are agile, who can do things, who are fit and not physically or mentally impaired. There is

no direct answer to it. It is a matter of chipping away, and we have to keep working at it. We have to keep the flag flying. We have to be out there beating the bushes.

**Senator McEWEN**—You mention in your submission that the Australian technical colleges here do not provide education on transport and logistics. Have you had any discussions with the representatives of the federal government about why that is the case and whether that is going to be addressed?

**Mr Knapp**—I cannot say we have had discussions with the federal government.

**Mr McKinna**—We have been doing some work with the TAFE colleges to try and get it back on the agenda. The facility is there but it is not seen as a priority by the school system. Some of the members on my committee are from the education department and they are working pretty hard to try and change that. It is not something that you are going to do right across the board. You would not go along to Norwood high school to try and get truck drivers. The western suburbs, your area, the northern suburbs and down south is where we could realistically draw potential from. That is what we have to do. We have to do some work with the Fleurieu high schools. There is no answer. We just have to keep doing it. We are doing some work with Western Futures, which is a school based promotional organisation. It is funded by the state government, the education department. We are doing a lot of work with those sorts of people focusing on the western suburbs because that is where we see very good potential for our industry, not just drivers but also clerical.

**Senator McEWEN**—One of the Australian technical colleges is in the southern suburbs here at Christies Beach. It is your understanding that they do not provide any training.

**Mr McKinna**—They do not provide it at this point in time.

**Senator McEWEN**—Have you had any discussions with anyone about whether or not it is likely to?

**Mr McKinna**—One of our committee members has.

**Mr Grant**—To enlarge on that, I have had some discussions with some of the senior directors of TAFE and I undertook that during the recent SA strategic plan process. One of the problems that TAFE has is that because they are not in the T&L training business they do not have people within their organisation to teach the required skills. If they move into the transport and logistics training sector, where are they going to get their teachers from? They are going to get them out of the private sector. We are not actually going to gain anything initially; we are just going to move trainers from the private into the public sector, so there is a long-term issue in getting people from industry into teaching. A lot of people do not want to become trainers or teachers.

**Mr McKinna**—Ron Horne, the next witness, will be able to explain that for you.

**CHAIR**—Thank you very much for your submission and your remarks.

[11.40 am]

**HORNE, Mr Ronald Martin, Secretary, South Australian Section, Chartered Institute of Logistics and Transport in Australia**

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

**Mr Horne**—No, thank you.

**CHAIR**—We now invite you to make an opening statement and then we will go to questions.

**Mr Horne**—Thank you for your invitation to be here. My opening statement is going to be short because the South Australian Freight Council has already made most of my points. I would also like to piggyback on the South Australian Freight Council's opening statement, and also that from Dr Darryl Hull, which was read some weeks ago. I would also like to indicate, from a conflict point of view, that I have worked with the Transport and Logistics Centre over the last 12 months. I also work with the Freight Council, as well as with private training organisations within South Australia and nationally.

The South Australian Section of the Chartered Institute of Logistics and Transport asked me to come along here because of my education and industry background, and the fact that I have a large interest in South Australia and other states in transport and logistics and education. I also have an interest in how to pathway careers and opportunities not only for young people but for transitioning people into the industry. I welcome questions.

**CHAIR**—Thank you very much. You have made specific recommendations about curriculum design and education tools. Have you had any discussion with state education authorities? Obviously, they have direct responsibility for curriculum and administration.

**Mr Horne**—On several levels. In my previous employment, I was a lecturer with TAFE South Australia. I was also with private training organisations in Australia, including in South Australia. I am also the author of a couple of training packages in supply chain management, and we have had interactions with quality branches of different departments regarding curriculum.

One of the key achievements, completed only a few months ago, was the linking with SSABSA's—the Senior Secondary Assessment Board of South Australia's—curriculum in the school system. That has allowed young people to enter the industry. It recognises the transport and distribution—soon to be transport and logistics—training packages at years 11 and 12. They count towards their certificate of education in South Australia and the Northern Territory, and will also count towards students' TER scores to go into tertiary education.

From talking to industry, their dominant need is to employ young people or transitioning people or even the not-so-young, to recognise their skills and to give them a good career path that has good entry and exit points. In this way we can utilise people coming in from other industries and vice versa—people who have skills and knowledge from our industry can transfer

into another industry. The benefit is that we will have people who have good understanding of our industry, who can meet a business's requirements and who can add value to the Australian economy as well as to the organisations that they work for.

**CHAIR**—Are you happy that the guidelines you have laid down will work towards achieving all of that?

**Mr Horne**—They will work towards it but it is not the final solution. One of my key activities—it is not a paid area—is linking with schools and organisations that need knowledge and the skills gap to develop good outcomes. As an example, a number of years ago we worked on a large national project. They did not have the skills gap and did not understand the training package, the government requirements. We had to go in not to fix but to help assist and guide that process so that at the end of the day you had a good completion rate with good outcomes and a higher benchmark than the standards required.

**CHAIR**—We are also interested in what should be the infrastructure investment priorities to look at the way in which a labour force might be deployed in the future. Do you have any views about that?

**Mr Horne**—That is such a huge subject and it depends on what state you are actually in. Different states work differently. This committee has been talking about the skills shortage in transport. A skills shortage to me is not always about numbers. The numbers are a critical point, but it is about the skills and knowledge of the operators and their professionalism. I am sorry; I have just had a mental blank. Can you ask that question again?

**CHAIR**—Yes. For instance, I might narrow it down a bit. If we were talking about changing or looking at infrastructure investment priorities in a way which would deploy a labour force properly, do you have any suggestions for South Australia?

**Mr Horne**—If we are talking about a skills and knowledge shortage, the infrastructure is, from my point of view, a lot of the training. The Freight Council talked earlier about training organisations. With TAFE not being in the transport and logistics industry since 2003, it has left a huge gap in our industry in South Australia.

**CHAIR**—Is there any reason why it went out of that training?

**Mr Horne**—The official documentation says that they could not, through marketing and admin, support the unit that they had operating. It has left a huge gap. From an infrastructure point of view, that has meant that organisations like SHIFT and the LCPs—local community partnerships—like Western Futures and Pathways North East, have to contract private RTOs that do not have the skills and knowledge about value adding to education. A private RTO, training organisation, cannot provide that. As an example, with learning and literacy, if there is an issue in the group you have, they do not have good support in that area. They do not have good support if they need proper counselling. They can bring it in through the schools system, if that is one of their customers, but generally they do not have that, whereas a TAFE would have that sort of resource. They do not have the ability to access subsidised training. Currently TAFE SA has 10,000 hours of subsidised training available for the transport and logistics industry that has gone begging. This in my mind is a waste.

**CHAIR**—That is because they could not market the existing unit properly. That refers back to what you said earlier.

**Mr Horne**—That is right. The pathways have predominantly been locked traditionally into traineeships. In my mind—and I know that I will get a number of emails over this one—traineeships are both good and bad. In a lot of cases, traineeships of companies that have done exactly the right thing have gained great productivity increases and have value-added to their company by training their people and getting 20 per cent or 30 per cent better productivity once the training was completed. Other companies have used it as a money-gathering exercise and, in one case, they will only employ people who can access the traineeship dollars, the \$4,000 or \$4,400, depending on which year we are talking about. For other companies, it has been a negative motivator in the industry because they have only put on the people they have chosen to put on—all those sorts of issues. That is why I have said it is both a good and a negative in the industry.

A lot of traineeships are being phased out or reduced and fee-for service training has come more to the fore, mainly because many people cannot access traineeships. As an example, we talked about road transport drivers. Road transport drivers that are subbies or sole traders cannot access traineeship dollars, and they are 50-plus per cent of the people working in the transport and logistics industry currently. So the ones that are subbies, owner-drivers or sole traders cannot access traineeships, so they cannot get trained. The training they undertake is for licensing or in dangerous goods. Whatever they have to do to get the job is all they will undertake. They do not undertake career training or lifelong learning, which is a major issue.

**CHAIR**—Is it the practice of any company in South Australia that you know about to pay the training fees for the people it wants to train, or will they only do it if they can access the subsidised dollars?

**Mr Horne**—There are several examples of both. A large company may have accessed the traineeship dollars and, because of their commitment to training, which is a very commendable attitude, they give the people that cannot access traineeship dollars the opportunity to take up training if they wish. So the company pays. They are hoping that at the end of the day the ones that can access the traineeship dollars and the ones that cannot will balance out, but they have given their employees a commitment. Other employers, as I mentioned earlier, will only employ people who can access the traineeship dollar. If they cannot access the traineeship dollar, or it has turned out that they cannot, they will move that person on or sack that person out of the process. The companies that do it well do it extremely well and unfortunately the companies that do not, do not.

**Senator GEORGE CAMPBELL**—You have heard it said this morning by the people who appeared just before you—and we have heard it all around the country—that there is an impending crisis in 2020 with an industry that is going to have to virtually double its capacity. To your knowledge, what work is being done by the industry or in conjunction with the state and federal government departments to look at ways and means of meeting that demand in 2020?

**Mr Horne**—As you would know from other submissions, from several angles actions are being taken. One is about infrastructure that needs to be addressed to make the task easier or more efficient. This is the logistics part of our industry; it is the plant and the planning of the

process. The infrastructure needs to be addressed. The next factor is the equipment that we use. NTC are introducing higher productivity and higher payload resources. The railways really have to come on stream and be more effective and efficient at what they do. We have to allocate the tasks to the mode that is specifically meant for that. As an example, I find it very difficult to understand that trucks are still travelling between the eastern states and Western Australia. Rail should be doing the majority of that work. Yes, there is opportunity for time sensitive or sensitive type traffic to use road transport. However, I think rail has to be utilised more. There have been suggestions about coastal shipping.

You have to match the mode of transport to the product and its time sensitivity. A business that wants to be productive at the end of the day has to get their supply chain activity 100 per cent right. It is never going to be achieved, but you can try to get there. The new e-logistics and lean logistics—the lean supply chain—talk about mapping the chain, mapping the value of your product and concentrating on your customers' needs and trying to eliminate waste through the process.

For one company I dealt with fairly recently, their product from Adelaide to Melbourne went through eight different centres. That is absolutely not productive, but they did that because that was the traditional way they had done it. They have not had a person or group of people sit down and analyse their chain. I am sure there is a lot of money that can be saved as well as a lot of human capital resources that can be saved through the process.

**Senator GEORGE CAMPBELL**—If you do not put the work in to define the nature of the intermodal mix that is required by 2020 to achieve the outcome, how do we know at this point in time that what investment we make in training is actually going to provide the workforce that is going to be required in 2020?

**Mr Horne**—That is a very open question. I cannot answer that question. I do not know.

**Senator GEORGE CAMPBELL**—Is anyone addressing it?

**Mr Horne**—I understand the TALC organisation were starting to address that. I also have a good relationship with a lot of large employers here in South Australia and on a national basis. They are looking at how they change their employment to address some of these issues. Traditionally they will employ operators, blue-collar workers and their risk managers, operations managers and fleet coordinators would come up from that operator level. They have actually identified that is not the best way to operate. They are actually employing operators now to do a specific job and what they are looking at is graduates and risk managers, people with law backgrounds, occupational health and safety, compliance and enforcement backgrounds that come in as their risk managers and their occupational health and safety people who are trained in those specific tasks to try to identify that. You are starting to see today almost every university in Australia is offering a supply chain management type degree, master's program and so forth. Unfortunately, a lot of those are slanted more towards procurement, engineering or production. They lack the risk management, the compliance issues and the operational issues that need to be addressed as part of our logistics industry need.

**Senator BARNETT**—We have had explained to us this morning that there clearly is a demonstrated need for more workers in this transport and logistics industry in South Australia.

The South Australian Freight Council indicated—and I think they used words like TAFE was not operating in the real world and you have used your own words, which have been of a similar ilk. Have you had discussions with TAFE in South Australia to rectify what would appear to be a blindingly obvious gap in the services that they provide; if so, what have you learned as a result of those discussions?

**Mr Horne**—I have had discussions at an education manager level through to the superintendent that is in charge not only of the schools curriculum but also involved with the TAFE policy-making process. I have spoken to their state program managers. I have spoken to their general managers in charge of this area. I have had very good conversations, lots of promises, lots of actions but to date what they are looking at is performing auspicing agreements with private RTOs, which are very good, but the private RTOs have the technical skills at the certificate II and III level. They lack the skills knowledge, the ability to deliver certificate IV and the diploma leading into a master's type program area. So there is a big skills gap within those areas. Those areas are skills that are needed if we are going to add value to our organisations in the future.

**Senator BARNETT**—You indicated earlier that a significant amount of funds in terms of subsidies for training is going begging in that transport and logistics sector. Can you advise us of further and better particulars of what you were referring to?

**Mr Horne**—In South Australia as well as most other states, the TAFEs are given subsidised training. In South Australia it is called FSI500 hours. They are allocated to different programs. In South Australia, there are 10,000 nominal hours available at subsidised funding for transport and logistics,.

**Senator BARNETT**—Is that per year?

**Mr Horne**—Per calendar year. The subsidised hours are as follows. If I went to TAFE and did a diploma in front-line management or something similar, it will cost me about \$500. If I went to a private RTO, registered training organisation, and did a diploma in logistics management, it would cost me about \$5,000. It is about \$9 to \$10 a nominal hour with a private RTO. In TAFE, if you do a diploma in front-line management—they do not offer a diploma in logistics management, so it is not a direct comparison—there are similar sorts of hours but, at \$2.05 per nominal hour, there is a big cost difference to the participant. The people who are trying to run the higher education level in South Australia are competing against the TAFEs; they are in direct competition. It is \$500 versus approximately \$5,000; it depends on what training organisation you go to.

There is also—and I must be quite blunt here—a huge gap in the skill level of the presenters. You can have a person who has been sitting in the TAFE system for 30 years trying to present lean logistics, lean supply chain type concepts, which are quite new from an engineering point of view, versus somebody who is actually in the industry trying to deliver that. It is a huge gap that is underestimated today.

**Senator BARNETT**—I saw in today's media a reference to the state government's plans for new trade schools in South Australia. Are any of those trade schools in the transport and logistics area that might help meet your needs?

**Mr Horne**—No. I have also had conversations with the Australian technical colleges. I have mentioned to them the SSABSA work that we have done. I have just sort of begged to go down and discuss these matters with them. But, because it did not appear in their five areas of concern, they asked me to defer it and they will call me when they are ready, basically.

**Senator BARNETT**—You made reference to the importance of owner-drivers earlier in your submission. I am particularly interested in the role of small business in the transport and logistics sector. I know that in Tassie nearly 50 per cent of the private sector workforce are in small business so it is incredibly important to the economy overall. You indicated that owner-drivers do not have the facilities to provide training and apprenticeships.

**Mr Horne**—They cannot access it as owner-drivers.

**Senator BARNETT**—They simply legally cannot.

**Mr Horne**—That is right.

**Senator BARNETT**—What can be done to assist them? Are there any special initiatives or recommendations that you would make to help them in their efforts to pursue this option?

**Mr Horne**—One proposal that was put to a private RTO here in South Australia and the TAFE—we actually negotiated with them at a negotiation table—was that they form an auspicing agreement, that they use the subsidised hours to develop a program and that that program includes licence upgrade, small business skills and risk management compliance skills. It was a general package to promote and raise the benchmark of the professionalism of the transport driver. We also talked with a couple of rail industry operators about doing a similar sort of thing. We found that one operator, Pacific National, is reintroducing cadetships, which is seen as a great opportunity—they develop young people. They are going to utilise the SSABSA requirement that is now being developed, work with young people while they are still at school, develop them, cultivate them, move them in, take them through a 12-month program, I suspect, and develop that young person in the industry for a long term. They also identify and know that these people will not stay with this company for the rest of their lives, but it is a chance that they are prepared to take. They also believe that, in developing those people, even if they do leave their organisation, they will still have a good understanding of that rail industry or rail company and they can be utilised and be a friend to that organisation in the—

**Senator BARNETT**—I can understand that. That is important and it is good for Pacific National, but I am focusing on the owner-drivers and what can be done to support them. They are a key sector of this industry.

**Mr Horne**—Very much so.

**Senator BARNETT**—They are sole proprietors, essentially. What training or support can be given to owner-drivers and that microbusiness sector generally in their ongoing efforts? It is very hard for them; they are busy operating their business and they do not get time to go off on training courses and so on. How can we help them and assist them?

**Mr Horne**—One way of helping them is, as I mentioned, with an agreement with TAFE and a private RTO. Another way is to maybe offer vouchers for them to do licence upgrades, which cost about \$1,300 and many drivers find near impossible to afford. Another way could be to change the traineeship rules for a specific industry. Another way could be to offer a grant or subsidy: DECA and the transport training centre were mentioned earlier and there are several other RTOs that may be given a grant or a subsidy to train drivers in a specific licensing group. Several options can be directed at that specific group to do that specific task. There are a number of specialist RTOs that can do that and they can be targeted very quickly throughout Australia—Western Australia we have mentioned on several occasions. They can do that. My recommendation would be to target that group, target the service providers, offer a specific grant for a time and move that forward.

**Senator BARNETT**—Finally, we have had hearings, as you know, in different parts of Australia and there are those that propose a doubling of the capacity between now and 2020. I just want to ask you about your views with respect to ports and South Australia. Is that an issue of concern for you? It certainly is on the eastern seaboard and certain ports in particular with the mining industry's growth and so on. We have heard evidence today about plans for Olympic Dam and I assume other mining resource industries in South Australia. What about in port infrastructure? How critical is that to South Australia?

**Mr Horne**—In my mind it is quite critical. It is part of the chain. Flinders Ports are dredged down to 14.2 metres, which is a major improvement. It has allowed one or two more weekly services to come directly into Adelaide, which has been good. But, from the mining industry point of view, one of the infrastructure issues is: when they bring in the large equipment where do they unload it? If they unload it in Adelaide, how is it washed down for quarantine or AQIS requirements? How is that done? There is no facility currently here. It is such a simple thing of that material being unloaded. That material coming into South Australia is quite specific. It is specialist. How can that material be taken from the port, whether it is Port Lincoln, Port Adelaide or whatever else, to a mine site? The railways are not capable of handling that. How does that move forward? That infrastructure has to be moved. These are the questions that are being asked today. Where are the skills and knowledge of the people to operate that? It has been suggested that they bring the people in from overseas. Is that a good or a bad thing? We need to have a look at that.

**Senator LIGHTFOOT**—In a superficial way, you have just alluded to what I was going to ask you about—and that is bringing trained artisans and other people with skills from overseas under the relevantly new 457 visa. Have you done much to exploit that new initiative? If you have, to what degree has it been successful?

**Mr Horne**—The answer to that is no, I have not. I have worked with the tax industry and with the refugees and so forth that are here. The language issue is a big concern, but I have not worked directly in that area.

**Senator LIGHTFOOT**—Given my experience in Europe—of course, English is widely spoken there and in the United Kingdom they do speak a kind of English as well in various places—I know the English drive on the correct side of the road, as indeed we do. That seems to me to be a starting place. But also I have been to southern Africa more times than I can care to count or remember at least. South Africa, including Namibia and the various little enclaves

within South Africa—Zimbabwe, Malawi, to a lesser degree, and Zambia—have as their official language English. Have you thought of exploiting those areas as well and perhaps training people here, taking advantage of the subsidised government allocation in each year's budget for, as you mentioned, \$500 as opposed to \$5,000? Have you thought of that area?

**Mr Horne**—To be honest, no. It is a good idea. It is something that can be achieved. No, we have not done work in that area.

**Senator LIGHTFOOT**—If you want assistance, I am sure the government, both state and federal, would be prepared to assist you with 457s and ideas as to sourcing potential skilled labour in South Australia.

**Mr Horne**—Thanks. That is very good.

**Senator McEWEN**—In your submission you mention as one of your recommendations adding T&L curriculum into primary and secondary schools and the new technical colleges in 2007-08. I presume you mean the Australian technical colleges.

**Mr Horne**—Yes.

**Senator McEWEN**—Not the colleges that were announced today.

**Mr Horne**—I would like to see both. When I wrote the submission it was the Australian technical colleges, but it was meant for both state and federal.

**Senator McEWEN**—You said 2007-08 but, in your response to a question from Senator Barnett, I got the feeling that you are not particularly hopeful that 2007-08 is going to be a goer for introduction of the curricula. Can you just expand on that?

**Mr Horne**—I can answer that very quickly: I am always hopeful. We can move fairly quickly when our mind wants to. I would like to see it in 2008. Between SSABSA—the secondary schools board of South Australia—the schools and the local community, there is no reason why it cannot happen in 2007-08.

**Senator McEWEN**—What about the issue of people being available to actually conduct the training?

**Mr Horne**—I am available.

**Senator McEWEN**—That is good to know. In your work with schools, educators and organisations responsible for the provision of education to attract students into the T&L industry, what other industries come up as major competitors to getting our young people into this industry?

**Mr Horne**—It varies from school to school. It depends on the transition broker, the counsellor. It depends on where their background is. What has been done very well with one of the local community partners, Western Futures, is that they have had dinners, breakfasts and so forth where they have brought in counsellors and told them about the different industries, about

the advantages and disadvantages and what career paths are available. That has been a great move forward. It has only just happened in the last 12 months, so we have not seen a huge result out of it.

What we are finding is that, as we talk one on one with career counsellors and give them the right information, the new information has changed their attitude towards the industry, and they are recommending the industry as an option. In the past, because of a lack of information, they have not recommended the industry as such. I see a lot of it, and a lot of my personal time is spent talking to people about the advantages of the industry and the fact that there is a good career path. Earlier I mentioned entry and exit points. A lot of people have multiple career changes today. I have had six career changes in the last five or six years, which is a good thing. We need to encourage that and recognise that, especially with young people. Generation Y want the dynamics, they want to travel, they want to do all the generation Y sort of things, and we have to have that sort of opportunity made available to them in a career path, without the blockages of those entries and exits.

**Senator McEWEN**—Also in your submission you say, in regard to the shortfall of trained drivers, that in the limestone coast region of South Australia, on any night 15 to 20 trucks are unable to move because there is no-one to drive them. What goods are they carrying? Is that mainly wine and timber?

**Mr Horne**—In the limestone region it is a bit of wine but they have dedicated companies that work for them. It is mainly the up and coming timber. There have been moves to train and take people down into that area. One of the issues for the young people down in that area getting their licensing is the training that is available in that local regional area. It has been available on a spasmodic basis, depending on whether the people are available to undertake the training down there. But it is also the policymakers within that area who do not realise that it is very easy to transition people who are on the farms into the road transport area, because they are used to handling heavy equipment and they have the local knowledge and the attitude that is required. They find it very difficult to recognise lifelong skills that those people have and move them into transport and logistics with the ability when that peak subsides to move back into their traditional or chosen role. We are saying we need a flexible career path that people can move into and out of at the same time. So the training is No. 1, but it is also recognising people's skills that they have from other areas and moving them into the industry.

**Senator McEWEN**—There are a couple of very large transport companies based in the south-east. Is it an issue for them to get trained drivers or is it mainly the smaller companies in the area?

**Mr Horne**—To my knowledge—and I am not an expert in this area—it is the smaller companies. It depends on who wins the contract. As an example, they have a dedicated contract for the pine. It is like the drivers that move the fuel. When the contract changes, the drivers move from one company across to the other and they are targeted that way. This is what happens down in the south-east as well; they do move across. But it depends on whether they are fully employed in the current company they are in and whether they can be made available. But I know that accommodation is being built down there to try to increase the population in those areas to utilise them in the transport and logistics area.

**Senator McEWEN**—Do you know whether companies like Sneaths and Scotts pay the costs for training issues?

**Mr Horne**—I cannot answer that. I suspect they do make an allowance, but I cannot answer that with any authority.

**CHAIR**—As there are no further questions, we thank you for appearing before us today.

**Mr Horne**—Thank you, Chair. I appreciate your time.

**Committee adjourned at 12.17 pm**