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RELATIONS AND EDUCATION

Reference: Workforce challenges in the transport industry

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

Tuesday, 13 March 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, Brandis, Bob Brown, George Campbell, Carr, Chapman, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Fielding, Forshaw, Hogg, Humphries, Hutchins, Johnston, Joyce, Kemp, Ludwig, Lundy, McLucas, Ian Macdonald, Mason, McGauran, Milne, Moore, Murray, Nash, Nettle, O'Brien, Patterson, Payne, Polley, Robert Ray, Sherry, Siewert, Stephens, Sterle, Stott Despoja, Trood, Watson, Webber, Wong and Wortley

Senators in attendance: Senators George Campbell, Fifield, Hutchins, Marshall, McEwen, Sterle and Troeth

Terms of reference for the inquiry:

To inquire into and report on:

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

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

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Committee met at 9.15 am

CHAIR (Senator Troeth)—I declare open this public hearing of the Senate Standing Committee on Employment, Workplace Relations and Education. The Senate has given this committee broad terms of reference to look at current and future trends in the transport industry; 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 on the last sitting day in June 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.

[9.16 am]

HULL, Dr Darryl, Director, Transport and Logistics Centre

CHAIR—I welcome Dr Hull to this hearing. Thank you for your submission. Do you wish to make any amendments or alterations?

Dr Hull—I have two minor alterations. On page 15 of my original submission I mentioned the number of traineeships that have been commenced through some work we have done. I think the number in the original submission is about 570, but that number is now 1,292. On page 22 of the submission there is a typographical error. The figure of 200,000 logisticians should read 20,000.

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

Dr Hull—I initially placed my submission before the committee in a personal capacity because I was not sure whether the New South Wales government would be able to draw together in time all the information required. It now appears that they have, and you will note some similarities between the opening part of their submission and the opening part of my submission. However, I need to stress that I am speaking on behalf of the Transport and Logistics Centre, and solely in that capacity.

I had the privilege of sitting in on the committee's hearing yesterday. I was heartened by some of the witnesses and the questions from the senators going to the heart of some of the matters in the transport area. One of the issues raised yesterday that I would like to emphasise is the need for more and better information about what is going on in the transport and logistics industry. We have a great deal of anecdotal evidence, we have opinions, we have prejudices and we have statistics drawn up on various frameworks based on an industry model that is probably 20 or 30 years out of date now. It is extremely difficult to know the workforce challenges, at least in terms of job spaces and skills requirements, because there is a dearth of information in the area. So one of my urgings for the committee is that you see if it is possible to gain better information over a period of time to allow better policy decisions to be made and that you not simply find yourselves making recommendations on policy based on anecdotes and opinions, no matter how strongly held. We need a lot more and better information than we have at the moment about what is going on out there.

Secondly, it is my view and the view of my organisation that we need much better coordination of existing programs that operate to affect the transport and logistics sector in Australia. By this I mean coordination of Commonwealth programs between and amongst themselves—for example, programs run by the Department of Education, Science and Training, the Department of Transport and Regional Services and a range of other agencies, which operate fairly much in isolation from each other in terms of their policy impact on the sector.

We need much better coordination between the Commonwealth and the states and local government in a range of areas. This is particularly supported by the latest COAG statement on human capital in February last year, which we endorse and regard as a great step forward if it can be seen to apply to transport as well as to other parts of the economy. The Transport and Logistics Centre was in fact established to assist in better coordinating existing operations. You will discover in the submission and in the way we work that we endeavour not to duplicate anybody else's work but to encourage people to work together in different and new ways to see if we can get a better outcome for the workforce and the industry.

Thirdly, it is our view that we need far more collaborative efforts to solve the problems in the transport and logistics base as they are defined. I have a background in industrial relations going back to the late sixties and early seventies in the steelworks and the waterfront. I find that some of the continuing stand-offs that are being taken on issues between unions and employers and sometimes government in these areas are very unhelpful in trying to resolve what are basically human problems that operate within the sector. It would be advised that, if we wish to address some of these workforce challenges, we can create more collaborative arrangements between the parties to deal with not just the industrial implications but the whole workplace implications of what goes on in the industry.

Fourthly, this is an industry where you can turn over every rock and find another problem. The issues and the ideas fall out of the trees, frankly. It is very easy to lose sight of the big picture, and I think this industry requires someone—I am assuming it is probably a group such as this—to have a broader and big picture perspective of what is needed to address issues in the transport and logistics industry. There are many smaller issues that would be rectified by staying focused on the big picture, and I refer to the witness yesterday—Mr Lyle White from the New South Wales RTA—who made some very salutary comments on the notion of

qualification structure for the industry. He is quite right: in our view, were such a structure to be mandated, a host of associated problems, which are currently being tackled separately, would begin to disappear out of the industry—if not overnight then in a reasonably short period of time.

Finally, I would like to point out that, as I said in the submission, while I know you are looking at workforce challenges in the transport industry, people working in the industry are redefining it. There is new paradigm emerging in transport and logistics focused much more on the concept of supply chain and customers and less on the concept of modes. Therefore, road transport is seen by many of the operators who now work in the transport and logistics base as simply one aspect of a transmodal or intermodal set of operations that are a supply chain from farm gate to customer or from Sydney to Tokyo.

Indeed, if you look at the capital restructuring in the industry on the private side, especially at the big end of town, you can see that this is, in effect, what people like Toll Holdings are doing. It was a surprise to people in the rail industry, for example, when Des Telford was appointed managing director of Pacific National rail last year. Des has a background in logistics and does not know much about trains. Of course, in the 152-year history of railways in Australia, it is worse than heresy to appoint someone who does not understand trains, but that is the way of the world and that is the future. If we are to assist in workforce challenges in this area, we cannot do it by solving problems in the old paradigm; we have to consider the problems in the new paradigm as well.

CHAIR—You have had experience working at secondary school level mentoring students and with apprenticeships. Which sectors of the transport and logistics industry are more attractive to students and which are less attractive, and could you tell us why you think that is so.

Dr Hull—We have spent quite a lot of time in secondary schools and junior schools. We tried to do a head count the other day, and it does look as though we have contacted over 300,000 students—and their parents—in the last two years, one way or the other; about 10,000 teachers and about 4,000 careers advisers. We have been big supporters of skills expos that run in this industry three or four times a year. Our view is that, by sector, there are some areas that are seen to be more attractive than others in the transport and logistics base. Certainly aviation, air, aerospace is seen as very attractive. It is seen as one of those sexy industry areas, especially when there is a lot of travel involved and you fly overseas and do all of those wonderful things.

I might say, by the way, that we have been incredibly successful in turning around the image of the industry in the places we have worked, and getting young people to apply for jobs in the industry is now not the problem that it was three or four years ago. The problem now is keeping them because they are now given them an image where we have explained that is not all blue singlets and T-shirts and said they should have a look at it, and a lot of them go and have a look and actually do not like what they see and leave afterwards.

CHAIR—Why don't they like what they see?

Dr Hull—Mainly because, I guess, there are a series of workplace culture issues, some of which you talked about yesterday with your witnesses. There are issues to do with hours, there are issues to do with travel and there are issues to do with pay and conditions. There are a whole host of issues. A lack of career paths is a major issue in a lot of organisations. For the younger gen X and gen Y, this is not acceptable to them in terms of their lifestyle and what they want to do.

CHAIR—Yesterday we also briefly discussed reasons why the industries may not be attractive to women. It did cross my mind that there probably may well be very much the same reasons which turn females off as turn males off in terms of hours, long distance travel et cetera. It may not be so much a gender thing, although I do appreciate that that is in it as well.

Dr Hull—But I think that is a really interesting question, and again there is the lack of information. I would love to do more quantitative research on why men and women come and go and stay and leave the industry, but that is data that is almost impossible to get. Not even the human resource people in places like—I understand you went to Railcorp?

CHAIR—That is right.

Dr Hull—Not even the large rail operators maintain databases that have consistent and reliable information about that area. Railcorp itself did start a whole series of programs to try and attract women into the area of guards in the urban network and it did not work; it failed. The argument there was that it was not simply a gender thing. It had something to do with people—men or women—just not wanting to work as guards on trains in Sydney; it is just not the kind of job they want. So I think that is quite right.

CHAIR—How easy does your organisation find the Australian Apprenticeships scheme to work with as a partner? Are there any aspects of this scheme, either administrative or other, that you think could be improved?

Dr Hull—I wonder if I could just finish on the earlier question first.

CHAIR—Yes, sorry.

Dr Hull—There is an area where women are starting to join in large numbers, which is in the logistical and supply chain area. A third of all recruits into that area and into warehousing distribution and logistics are female, and the bulk of those are university qualified. So there is actually quite a high take-up and it is seen as quite an attractive job. It is more of an office job, but essentially it is regarded as a high-level conceptual job, and women are applying in considerable numbers.

CHAIR—That is good.

Dr Hull—We would have to say that rail and maritime have an interest for some groups in the population but not all. And with roads it remains, as you know, that there are some young people who want to be drivers but there are many who simply do not want to do it. We believe the attitude towards transport is determined by the end of primary school because by then kids know what transport is—it is the bloke who drives the bus, it is the taxi driver, it is the train driver—and that is the entire image of transport they then carry forward to their job-seeking period five or six years later. So we now think that if you want to turn this around, if you want to change the workforce attitudes towards transport, you have to start not in years 9 and 10, as we had thought, but in primary school.

You mentioned the Australian Apprenticeships scheme. We are working with it now in terms of traineeships. It is a topic that came up at the Australian Logistics Council national forum on the Gold Coast recently. There are issues that were raised then which I am happy to share with you now. Firstly, many registered training organisations are not offering flexible delivery. It is our firm belief, along with other people in the industry, that you cannot deliver certified training in this industry in the classroom. It has to be flexible, it has to be on the job and it has to be delivered by module, out of hours, with some distance component.

Senator MARSHALL—So the flexibility that you are talking about purely in terms of the timing and the area of the delivery of the training, not the content?

Dr Hull—Correct—not the content. It is about how it is delivered. And a lot of RTOs are simply not geared up for that. There are administrative differences between the states in enrolling apprentices and trainees, particularly for school based traineeships. It varies from state to state. If you have national companies trying to do training, it becomes a nightmare finding out whether you can do something in Victoria that you cannot do in Queensland. The paperwork requirement is off-putting for both employers and schools. The dollars offered to RTOs for training delivery differs between the states. For example, Victoria has quotas for trainees—they are predetermined and they cap how many opportunities are available—whereas in New South Wales there is no cap, nor is there in Queensland. States have taken different decisions on how they want to view this sector. Certainly RTOs will offer the qualifications that are easiest for them to train in. So they want to do a lot of administrative training, they do not want to do a lot of trades training and, frankly, they do not want to do a lot of work in transport and logistics, because the marketplace is not big enough for them in a range of areas, especially regional areas. As a consequence they do not have the trainers on board who can actually do the work, so they tend to avoid this area. I am not again just saying RTOs—they have to make a living, so they are going to go for the low-hanging fruit each time.

Some states recognise some areas but not others. For example, Queensland will recognise the warehousing certificate in transport and logistics but not administration, and yet when you are in transport and logistics in Queensland you need admin people as much as warehousing people, but it is not recognised under the Australian Apprenticeships scheme in Queensland for that purpose. It is okay: people are using it in significant numbers—we have managed to generate 1,292 extra trainees—but it could be a lot better than it is, in our view.

CHAIR—There could be improvements.

Senator MARSHALL—I want to continue with this general conversation. You say in your submission that one of the main challenges facing vocational training is the low completion rate of TAFE courses by students. You tell us that the reason for this failure to compete varies, but one of the main reasons postulated appears to be that students only attend courses to gain the specialised knowledge they need from one or two units in a full course and then return to work. Given what you have just said—and you have talked about the marketplace not being big enough—I wonder how you see the link between the employer role in seeking a full range of

skills or the full certificate and how they encourage that—whether they pay for it or whether they should pay for it—to stop that cherry picking, as you have described it. I also see that as one of the serious problems, because people do not get the qualification to then enable them to compete across the marketplace. They are really only getting the units that that particular employer may need for that particular role. How do you see the interaction between employers—and the obligations for them to constantly push for a highly skilled, highly trained workforce—and the competing needs of employees who say, ‘If I’m going to have career development in this area, I only need this particular level of skills’?

Dr Hull—The people involved in it are the employers—people like the TAFEs and the RTOs—as well as the employees. We do not have a mandated sense of certification or qualification in transport logistics. Yesterday people were waving heavy truck licences around and saying, ‘I can run a trucking company because I’ve got this licence.’ It is quite true; you can. There is no need to have any other qualifications—even less than being a bricklayer. I think that was the example that Senator Sterle pointed to yesterday. In some sense the imperative is not there to actually do more than cherry pick. That is the first point. The second point is that many employers in the industry—and I believe it is a marketplace issue—simply see training as a cost, not an investment in their people. That is the age-old argument as to how one views training dollars. If you are in an industry where there are two to five per cent margins on volume, a dollar spent on training is in fact a dollar off your bottom line, especially if you are an owner-operator, which 100,000 people in this industry are. So there is not an imperative from an economic point of view to try and make the connection between the two.

TAFE has no imperative because TAFE receives its institutional funding by the number of enrolments. If you enrol someone and they do not complete, that does not affect your budget line, because essentially if you have 1,000 people enrolled you get funding for 1,000 people. If only 20 finish, you have done your best. So there is no imperative in TAFE. In fact, I believe the funding process in TAFE works against the notion of keeping people at TAFE to complete their programs.

The way you begin to change is, first of all, to consider mandating qualifications in the industry. That is the way it has happened in the trades. I wonder how many people would actually become fully qualified bricklayers if there was no requirement for a bricklaying apprenticeship? How many people would be laying bricks on our houses now without qualifications because it was not required and it was not seen as part of the marketplace, occupational health and safety or the industry standards?

Senator MARSHALL—That leads me to my next question. If you have more to say on that, I am sure you will be able to answer it with this. There has been a growing trend for employers that might have a fairly narrow skill base within an industry, or industries that have a narrow skill base within a broader skills band, to do what they need rather than investing money in training people in a full, traditional type of apprenticeship. Bricklaying is a good example. There is a push to say: ‘We don’t need someone that knows all the skills if they’re just going to lay domestic bricks of one or two storeys. That is one skill in itself.’ Of course, if it is multistorey it is a different skill. There are paving skills. There are all sorts of fine, highly skilled quality work that is done in a bricklaying apprenticeship. But there is a push to say, ‘Why don’t we break it up and call things traineeships or apprenticeships which are very narrow in their skill set.’

Personally, my view is that people would find that unattractive because it locks them into a very narrow skill band when they would rather do the whole skill push. Do you see the narrowing of traineeships and apprenticeships to meet specific skill requirements of the day as a problem? When you talk about the industry needing to take industry standards, it is really about having people who can move from one employer to another, to a whole range of skills within the industry, and the training they get enables that even though they may not utilise those skills on a day-to-day basis with a particular employer.

Dr Hull—That is the fundamental debate that is going on right now in the transport and logistic skills training area. It is one of the reasons, I believe, why the Transport and Logistics Industry Skills Council—which you heard about yesterday, and I understand they are on your list to meet at some point—is having trouble trying to define their role. The nature of the training packages—what is actually comprised in the content of a program—has been a serious matter for debate and dispute for at least the last five or six years between a range of employers and employer federations, unions, the skills councils and educators themselves.

There is no clear view as to the right way to go. There are a whole series of positions on this. There is no doubt that some of the training packages that are operating in the industry are not flexible enough in terms of content and are too broadly based. A rail operator employing a terminal worker in Whyalla would be confused as to why they have to know how to use an overhead crane when there are no overhead cranes in Whyalla. Yet for transportability of skills, there is a proposition that says that that should be included in the qualifications

because they might leave Whyalla and go to Newcastle where there are overhead cranes. So that sort of debate, which in my view is just a question of negotiation at the national level about training packages, has become something of a killing zone over the notion of who has the right to determine what people get trained in.

As I said in my submission, it is time for intervention by somebody to sort this out because, at the end of the day, the people who will be paying the price will be the kids trying to join the industry today who are subject to the outcome of that debate you are describing. That is my first answer. The second one is that I would love to be having a big debate about whether we have too many qualifications, like in bricklaying or carpentry, where we now have roof carpenters and joinery carpenters. We do not have any of that in transport and logistics; we are still fighting over the basics. Fifty per cent of the workforce in transport and logistics has no post-school qualifications. There are 500,000 people; 250,000 have no post-school qualifications. It is our view that we should get them up to certificate II and certificate III and then have the fight. Let us have a big argument then about who should be doing what, but at the moment we have some really difficult problems in the industry.

We are trying to double our freight task and increase our passenger logistics task by at least 50 per cent in the next 10 years using an undereducated, underskilled workforce and with increasing levels of technology. So I think the issue is slightly wider than the content of units. But I do believe that that is one of the spinning points right now in the industry and unless that is resolved in the next couple of years—

Senator MARSHALL—I think you make a good point, but my point of view is that in order to attract people to get up to certificate II or certificate III level you need something that is going to give them a broad range of attractive skills that will give them a future career across the industry and not just with an individual employer. Therefore, you would want employers to be able to recognise that that person with a certificate II has had formal training in all these skills, even though they may not necessarily have been using those skills on the job. If you have dozens of different qualifications, they become meaningless across the industry unless you know that this qualification taught this and this at this TAFE and it included those practical skills.

Dr Hull—Yes, I agree.

Senator MARSHALL—If you were a transport operator—if that is what it is called—with a certificate III, employers across the country would know the range of skills that people with that qualification would have. That is certainly more marketable and saleable.

Dr Hull—I am in violent agreement with you.

Senator FIFIELD—Dr Hull, you mentioned in your opening statement that you thought the Department of Transport and Regional Services and DEST should better coordinate their activities; that, in effect, they operate in silos. Could you give an example of where you think they could coordinate?

Dr Hull—Yes, at my Transport and Logistics Centre. We were established by agreement between the Commonwealth and the state two years ago, but it was essentially between the New South Wales transport minister and the then Commonwealth transport minister, John Anderson. John Anderson asked DOTARS to help put us together because he recognised the need to do something like we are now doing. We then very quickly found ourselves running up against a whole series of DEST programs of the kind we have talked about this morning. I went back to my contacts in DOTARS and asked: ‘Who do we talk to in DEST?’ and there was silence. The final answer was: ‘We really don’t have much connection with DEST.’ We have had to find our own way through the Department of Education, Science and Training because at the government level, as it is in New South Wales, it is said quite clearly—and I agree and understand—why would you put up a capability building unit in the New South Wales Department of Transport when the role of the department is infrastructure and regulation? It is not a people department, even though almost every decision that the state and federal transport ministries make impacts upon the people who work in the industry. But the way the portfolios are structured, it is not your turf. The same thing applies with vocational education and training.

CHAIR—And DEWR.

Dr Hull—And DEWR as well—absolutely. I hope against hope that somewhere in Canberra there is a committee of all these people that meets quietly, has a beer and sorts out all the policy stuff, because that would make my—

CHAIR—I think you are right about the beer, but I am not sure about the rest.

Senator FIFIELD—They are probably hoping the same thing themselves—that someone is doing it.

Dr Hull—Yes, they might be.

Senator FIFIELD—You mentioned the national coordination group in your submission. Do you see that as a mechanism to address those sorts of problems, or do you see that as something broader?

Dr Hull—After two years of doing this with local, state and Commonwealth agencies, it is my view that all that is required is the facilitation of information exchange. A lot of people simply do not know what other people are doing. I do not think it necessarily needs to have either a bureaucratic form, because that is an activity based outcome, or a mandated authority to direct policies. But I am constantly amazed when wandering around the corridors, even within departments, that I can discover people who do not know that this group over here are doing something that actually impacts on the same players. If it were nothing more than information exchange on a regular basis, that would be a step forward, in my view. There are some policies where I think it would be useful to consider broader coordination—and we have talked about qualifications—but, by and large, we have made reasonable progress with very few dollars just by talking with people and making sure that people know that the other person is doing the same thing.

Senator FIFIELD—So a large part of it is just raising awareness of what everyone else is doing?

Dr Hull—Absolutely.

Senator FIFIELD—You talk about the national innovation fund. Do you have an idea as to what the quantum of such a fund might be?

Dr Hull—No. This came out of a workshop at which the industry raised a whole range of innovative ideas. I am happy to provide a report for the committee's consideration. It was clear that a lot of innovation that exists in the industry comes out of a single operator. A transport operator might come up with a new way of doing something to do with bogies on the back wheels, and it goes nowhere. It just stays within that operator. Again, the notion of a national innovation fund is to see whether it is possible to disseminate and promote existing innovations or adapt overseas innovations more rapidly. It is not an uninnovative industry; in fact, it is extremely innovative, but the dissemination and implementation of ideas is very slow and does not move fast. In that sense, I do not think you need a billion dollar fund to do it, but I think the European experience with the Eureka fund showed that, on a sectorial basis, scaled down, you would be looking at a \$100 million fund to have a serious impact on the industry.

I have a feeling that if such a fund does not exist—and it is one of those wish list things that you put up in a submission—then the government will be asked to deal with it via the corporate structures through subsidies of private developments, anyway. I am looking at the example of clean coal technology, which is now being talked about, as a subsidised but private sector limit. The same thing will happen in this area and it will happen to scale. The new paradigm indicates that, even in the area of intermodal, there has to be a massive scale of infrastructure and technology in order to be able to deal with the new technologies and the new supply chain economics that are coming out.

Senator McEWEN—Earlier you made the comment that about 50 per cent of people in T&L do not have any post-secondary qualifications. Is that in itself off-putting to people who might want to get into this industry? Do you think it is considered to be a low-skill industry; therefore, it is a case of 'I'm leaving school, I won't go there'?

Dr Hull—It really has a bad reputation amongst a large number of schools across the country. We are now dealing with 3,100 secondary schools, and that is exactly what we are finding in all of them. However, the nature of the industry needs to be taken into account. As I have also mentioned in the submission there are, I think, 165,000 organisations in the T&L industry as opposed to mining, where there are about 2,000 and, in utilities and energy, about 3,000. The overwhelming majority of those organisations—about 90 per cent—employ fewer than five people. We are beginning to find that there are a huge number of disparate, small companies out there, especially in regional areas. The notion of getting post-school education to work in a group of four or five is just culturally not acceptable. Yet, when we started addressing that issue, the greatest success we had with the 1,292 trainees we facilitated through group training companies—and, by the way, I think that is another area to explore in terms of employment in regional areas—was with the Murray-Mallee group training company down in Swan Hill and Griffith, which has two-thirds of those trainees in a regional area. We still cannot figure out the magic that they weave in that area.

Senator MARSHALL—You are talking about Griffith?

Dr Hull—In Griffith and Swan Hill. They have an 80 per cent completion rate. They are doing a fantastic job. It is flexible delivery on the line. They get into the regional areas and they talk to the families and then the

families talk to the families. In our view, it does not take much—once a small group in a regional area believes that transport logistics is a good place to work, you get a flood. Everybody wants to go there. It is a lot easier to do it in a country town than a city.

Senator McEWEN—Even though they are going to work for small operators with four or five employees, the industry has a better profile?

Dr Hull—Yes. There is something very weird happening down in Swan Hill and Griffith. I know you probably will not see them on your journey, but if this is of interest to you, I would recommend you catch up with Murray-Mallee, because they are doing a great job in this area.

Senator McEWEN—Regarding the careers forums that you talk about, can you give us a bit more information about them? Where are they held? Are they held in capital cities? Do you go to regional areas? What sort of information do you give the prospective employees or students who go along?

Dr Hull—Can I distinguish between skill expos and career forums, because they are different beasts. The skills expos are the things that we run where the kids and parents come along and see what is possible, and they are run in conjunction with other industry sectors. That is where you get the 200,000 or 300,000 kids going through. The career forums are a different beast. That is where employers, schools and government come together around a regional area to try and promote transport and logistics as a career in that area. We have drawn it down as a model from south-east Brisbane. I understand the committee will probably be seeing people from the Queensland careers forum at some stage, which was started by volunteers out of Toll Holdings, including some fascinating individuals who have a great history in the industry. We thought that, if it worked there, which it appeared to over a period of time, we would try it elsewhere. We have now assisted in setting them up in Adelaide, Parkes, Newcastle, Mackay, New England, Tamworth and Narrabri. There is one running in Perth. They are also at the Southern Highlands down in Moss Vale and Townsville, and the most interesting one for us is out at Western Sydney at Blacktown.

We facilitated it by opening up a breakfast, finding out who was out there and inviting them. We do the breakfast, then we leave. We basically say, 'We've set it up. If you want to keep the forum going, work it out.' And all of these people are working it out. They have decided it is a great idea to come together on a regular basis. They might probably monthly, or bimonthly in some places, and they talk about how they can promote the industry in their area and get employers hooked up with schools through the Adopt a School program. We would recommend it as a very low-cost and effective way of beginning to focus people in regional areas on these sorts of issues, and I would certainly recommend it as something this committee might like to consider as a way forward to start getting people together in new and better ways.

CHAIR—I think British Aerospace did something like that with Salisbury some years ago in South Australia before the emphasis on vocational skills arose, and it was extremely successful from a local point of view.

Dr Hull—I am vaguely aware of that. We set up the Western Sydney one just before Christmas and we cannot hold them back. They have just decided this is the best thing they have ever covered in Western Sydney and they are now raising funds and setting up Adopt a School systems. To me it is a confirmation that, if you get some collaborative relationships going in a local area, people will do it for themselves. They are doing extremely well.

Senator GEORGE CAMPBELL—Do you have any statistics as to the outcome of all these activities? How many people have actually been employed in the industry as a result of these forums?

Dr Hull—The forums in Queensland have been going for about two years. We only started all these forums, in New South Wales and generally, in about October last year. The numbers for each forum vary. From the Queensland forum in south-east Brisbane probably about 120 or 130 people have joined the industry over that period from the work of the volunteers around the forum. We think that is probably a rough average. Probably around 100 people per forum over a period of time will join, but that is a forward projection, not a historical check at this point. As I said, with the traineeship stuff that we are doing through the group training company alliance that we have set up it is quite remarkable: it is now up to 1,292 trainees in less than 15 months, at an average cost, I might say, of less than \$300 per trainee. The group training companies carry the cost of the trainees, but with our intervention in it through providing labour, making phone calls and giving encouragement we are now under \$300 per trainee, which I still believe is probably the most effective job creation program in Australia at the moment.

Senator GEORGE CAMPBELL—And they are spread all over the country?

Dr Hull—All over the country. The Murray-Mallee people have tentacles everywhere. Every time we turn around they seem to be opening up offices somewhere else. So they are really going gangbusters. By the way, those 1,292 trainees are in transport and logistics related certificate programs. They say that there is a ratio of about two to one working with transport companies and that, if they get a transport and logistics certified trainee in, they probably get a couple of admin people in as well. So I would be happy to say that it is not 1,292; it is probably closer to 3,000.

Senator GEORGE CAMPBELL—What are the categories that they fall into?

Dr Hull—Mainly certificate IIs and certificate IIIs in road transport, warehousing and distribution and storage. It is mainly road transport that they are now looking at. Most of them do certificate II courses as trainees and go on to do certificate IIIs. We have heard—and this is quite recent—that some are going to go on to do certificate IVs, which is a great outcome if that is the case.

Senator MARSHALL—Can you explain what the figures that you gave us mean? What we see in a number of industries is that, because of the number of government incentives and subsidies, people get bums on seats, get a subsidy and then—

Dr Hull—Rack them off.

Senator MARSHALL—turn people over. One of the serious problems for the individuals who sign up for these things—sometimes unknowingly—is that then there is no government subsidy if they want to move into a traditional apprenticeship or something like that because they have had a subsidy. Can you explain what those numbers mean? How many are still in training? What is the completion rate?

Dr Hull—The bulk are still in training because the program is quite new. However, of those who have finished, we are assured by a couple of the companies that we are dealing with—and remember, it is their business not ours and all we are doing is facilitating the alliance between the companies—that they are getting about a 75 per cent retention rate at the completion of the traineeship. We have audited at least a couple of them. It would be great to go back in five years and check if that is still the case. That is the same question that we ask. We have been very worried about the use or abuse of traineeship funding, so with the group training companies that we are dealing with we have insisted on being allowed to audit their retention rates as part of the alliance. They have been happy for us to do that.

Senator GEORGE CAMPBELL—What is the completion rate?

Dr Hull—The completion rate to certification is about 75 per cent. Those who complete are retained. I have to say that the bulk of the numbers come from Murray-Mallee, and I have to say that there is a unique position down there. There is a network of companies, families and people who work together and make sure that the kids finish.

Senator STERLE—Probably too much common sense.

CHAIR—They would be dependent on this. I am not saying that it is a remote area, but it is a strong regional area where most of the commercial centres are linked by transport. In that sense, it is not as though there is a lot of public transport.

Dr Hull—There are a lot of agribusinesses there.

Senator STERLE—Just for the committee's benefit, when we talk about apprenticeships in transport, we are not talking about road transport unless we are talking about heavy vehicle maintenance or electrics. There is a lot of confusion outside the industry, in that they think that road transport, warehousing and storage are industries that have structured apprenticeships and training as such. I want to talk about road transport and ask you a couple of questions. I noticed as part of your presentation that you said that we must get to the stage where we have skills qualifications for everyone and that we should get everyone through road transport cert II and cert III. I will take you back to about 2000, when the Industry Training Council in WA put out a survey to some 2,000 school leavers—I do not know whether you are aware of it—to find out what they wanted to do when they left school. These were 15-year olds. With the 2,000, Hungry Jacks and McDonalds beat transport. No-one mentioned transport. The industry over there—both sides, that being the union and the transport forum—hand in hand with the ITC, were able to get \$8 million in funding for existing employee traineeships. Wonderful. That was picked up—fantastic. About 3,000 existing employees went through. It was so successful that it was rolled over again and another \$8 million came through.

Employers—and I will talk about road transport and I do not think that this would be different in any other state—will utilise Commonwealth funds for training. But it eventually turned out that the truth of the matter

was that in road transport and warehousing, unless there is a legislative baseball bat, companies will not train. They will not spend a single cent in training—as an industry; there are sprinklings. We heard from the New South Wales Transport Association. Lyle's presentation was from the heart, no doubt, but sadly they will not spend any money. How the heck are we going to overcome that?

Dr Hull—We believe there is a possibility with a carrot and stick approach to this, if one suggests that anything that is mandated is a stick. I am not sure that is the case. I think mandating can actually help raise awareness as well as encourage people to do the right thing. We have started to do that in the transport field in the area of occupational health and safety. Chain of responsibility was mentioned, which is one of the great sleepers for improving training in the industry. I am amazed there is still not more talking going on amongst transport operators about the implications of this. Talking is certainly going on amongst retail operators at the moment, because CEOs can go to jail if someone eats a piece of bad fruit.

The issue is that mandating a range of areas in qualifications still has to be on the cards. It will cause pain in the industry, but if we do not raise the baseline in terms of qualifications, with all the consequential outcomes of that, we are in trouble. How do you fund the training? There are various sources to do that. I am not convinced that the present situation using the kinds of subsidies that operate is the best way to do it. There are other industry models to look at—in construction, for example. Someone mentioned at yesterday's hearing the notion of levies on the industry. Some sectors of industry, by the way, already do have levies. The Taxi Council of New South Wales has levies on taxi licences which then go into a training fund. Over a period of time, on renewal of licences, that accumulates to a point where it can be spent on useful outcomes.

There are ways of funding this. I am not sure that direct subsidies to employers or to registered training organisations are the best ways to do it. I also do not believe there has been sufficient evaluation done on that process. Again, I have as many anecdotes as I suspect you would about the good and the bad on that approach. The area of group training companies, as I said, in this industry should get special attention. If you have 150,000 small businesses employing less than five people, maybe a group training company approach is a better way of addressing some of their employment and training issues than simply saying: 'If I employ two truck drivers, of course I should invest in training.' Whereas the GTCs can offer a different way of achieving the same outcome. There are different ways of skinning the cat. If pushed, though, I would have to say that the urgency of the crisis that we are facing—in spite of some of the submissions you have received, I will stand by the view that we are facing a crisis here—

Senator STERLE—Yes, we are.

Dr Hull—requires some strong intervention, and not for its own sake. I do not believe it is about ideology or process. This is an industry that requires some help. It cannot bootstrap itself. It cannot lift itself by its own bootstraps. It is too fragmented and too diverse. My friends in the Department of Transport and Regional Services keep saying to me, 'Industry should fund this,' and I keep banging my head on the table and saying, 'Look at the industry we're talking about here. There's probably 100 corporations who could fund something, and there's 155,000 who struggle to pay the fuel bill each week.' You cannot just dump it on industry in this situation, especially if you want to recognise it as a key enabler of the economy. Because if it fails, it is not just transport and logistics that fails; a whole bunch of other sections of the economy fail as well.

Senator STERLE—I appreciate your honesty, because we really have a cultural mountain to climb. When we talk about group training companies or organisations and we talk about levies, these are not new ideas. They have been around for years and years. We had in the road transport industry through the taxation rules that subsidy for training. We had that, and all we heard was screaming, whingeing and complaining about how hard done by the major employers were and the majority of the smaller ones did not have to comply because their payroll was under \$1 million, and it was an absolute drama. But it takes me back to how we are going to climb these cultural mountains. When we talk about traineeships in the road transport industry—and I admire the people of Swan Hill in Griffith, because they have the commonsense to say, 'What are we doing for the future not only of our area but our children, our community and our businesses?'—one of the largest problems that I am seeing in the road transport industry is trust. There is no way known. Correct me if I am wrong, Dr Hull, but transport companies will not share trainees or training resources because there is the fear of: 'Joe Blow over the road will know how I shrink wrap my pallets, then he will go and quote against me.'

Dr Hull—I have to say that it is one of those ironic situations. What you have said is the view that I have also obtained from time in the industry. The bizarre thing is that it is like people arguing over deckchairs on the *Titanic* because, at the end of the day, small road transport operators are forming part of this new paradigm of transport and logistics and the broader marketplace will simply make their internal squabbling irrelevant

over the next five or 10 years. I suspect that most of them will disappear. There will be a complete restructuring of road transport in Australia over the next five or 10 years because the smaller operators simply will not be able to overcome the culture that you describe. I wish it were otherwise because, frankly, each of those small operators is a small business. They are actually running family businesses and I think we have an obligation to try to encourage them to survive, not to disappear in the bowels of some major structural change in the industry.

Senator STERLE—On a happier note, Dr Hull, can you break up the 1,292 trainees and apprentices into which sectors of the industry they are in?

Dr Hull—I do not have those numbers with me. I can get them for you. The bulk of them would be in road transport, in warehousing and distribution and, as I said, some in associated administration functions at this stage.

Senator STERLE—I am very keen to see how that is progressing because I have had presentations from people in the furniture removal industry who are really doing it hard. I believe they are probably the one part of the road transport industry that is absolutely fair dinkum in wanting to train up school based trainees. You talked about Western Australia, which I am very well aware of, so if you could supply that to the committee that would be very helpful.

Dr Hull—I would be happy to.

CHAIR—I have just one further question after what you said about a crisis. If that did come and there was a long-term, permanent decline in the number of people working in the road transport industry, can you see any restructure of the road and rail partnership so that some of the long haul capability on the east coast, or even across to the west, would be taken over by rail because of the incapacity of the road transport to shift it?

Dr Hull—In a rational world with a rational market place I would think so, yes. I have been in the industry long enough to know that the road versus rail thing, at one level, is a death roll between road operators and rail operators. At another level, it is frankly irrelevant, because the new transport and logistics paradigm is now reshaping itself through a capital restructuring of the industry. The people from Toll, Linfox and Qantas who are getting together will begin to make the market more rational in their own image.

If I could make one final comment, I am hoping that you will look at notions of intermodal terminals as one of your sideways interests in this because, in my view, that is the new area of concern. It has great potential for the industry and it is a great risk, depending on who owns and operates the terminals. But I am sure that that is a conversation that will be held in another place.

CHAIR—Very good.

Senator GEORGE CAMPBELL—I note that you excluded sea from that intermodal—

Dr Hull—I can assure you that if Lachlan Payne were here he would beat me with a stick. No, I do not exclude them. In fact, as Lachlan Payne, the Chief Executive Officer of the Australian Shipowners Association, is fond of reminding me, Australia used to have a massive coastal shipping trade which seems to have disappeared in recent times and that possibly road, rail and maritime should be considered as alternatives for interstate transport again.

Senator HUTCHINS—I am sorry I got here late, Dr Hull. Were you here yesterday for Ron Finemore's presentation?

Dr Hull—Yes.

Senator HUTCHINS—He pulled out his own licence and said that he is an ex-driver or only sometimes drives, but that there are a lot of people out there who have professional qualifications to drive but who have sought to not continue to do so for a variety of reasons. Has TALC addressed that at all or looked into why it might be the case, other than the fact that maybe people are getting too old, that people have walked away? Has that been something that you have—

Dr Hull—We have not looked at it specifically.

Senator HUTCHINS—Do you have any observations?

Dr Hull—It is a broad observation based on Mr Finemore's waving around of the licence. It happens to me all the time in the industry. People pull it out and indicate that they can drive trucks and run companies. We often tend to focus on the notion of the truck driver as being the front end of transport; that is quite true. However, where we are finding a dearth of skills and competence in a range of areas is not just in front-line

operations. It is all the way through the managerial structures in the industry—a failure of supervision, a failure of management and a failure of logistics—because people get promoted on the basis of the licence and not on the basis of their qualifications, skills or competence.

There are exceptions to the rule. I hope you will meet Brian Bertwistle in Queensland who is from Toll North; he set up the careers forum in south-east Queensland. Brian started off loading trucks, just like Mr Finemore. Brian is now 68 years of age and he is out there getting kids to join the industry. His enthusiasm knows no bounds. He is the CFO of Toll North. So it is possible to move up the industry with a licence and get stuff done, but there are thousands of underskilled and undereducated people in the management structures in this industry who deserve better than what they have been able to accomplish so far.

I might also say, at the risk of having nobody from Canberra talking to me any more, I find the same dearth of managerial skills in most of the government departments I deal with in transport. People are occupying positions and offering advice on regulation and process who really are not qualified for the job, but they have a public service position and therefore, by definition, are able to manage the process. I would love to see a few more people qualified in transport and logistics actually working in the government agencies that operate in the areas. I think it would be a great boost for common understanding. That probably was not directly to your point, but it is the best I could do.

Senator HUTCHINS—That is fine.

CHAIR—Thank you very much, Dr Hull.

Dr Hull—Thank you.

[10.12 am]

DAVIDSON, Ms Kate, National Manager, Research, Tourism and Transport Forum Australia

McKAY, Mr Liam, National Manager, Transport, Tourism and Transport Forum Australia

CHAIR—I welcome our next witnesses, who are from the Tourism and Transport Forum. Thank you for your submission. Do you wish to make any amendments or alternations?

Ms Davidson—Not to the submission.

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

Ms Davidson—Thank you for the opportunity to allow TTF Australia to present to the inquiry into workforce challenges in the transport industry. We appreciate the chance that this public hearing offers for you to question Mr McKay and me as TTF's representatives on the issues raised in our submission to the Senate Standing Committee on Employment, Workplace Relations and Education. This country is in one of the most severe labour crises our members have faced in the last 30 years. TTF's submission listed a number of recommendations for both the industry and governments to address. TTF and our members believe that there is an obligation for the transport sector to evaluate all possible options in resolving labour issues and the current workforce challenges facing the industry.

Our recommendations cover a wide breadth, including both long- and short-term solutions, solutions requiring possible legislation or potential changes to regulation by government, and input from transport organisations themselves. Before you commence the questioning, TTF would like to note the following. Many industries in Australia are currently facing labour shortages and workforce challenges. The workforce issues and labour supply conditions have altered dramatically over the past decade and may continue to evolve as dramatically during the next decade. Australia has an ageing population, and, to quote the then Minister for Employment and Workplace Relations, in 2006:

... the net growth in the Australian workforce is 170,000 ... Access Economics has estimated that, over the decade from 2020 to 2030, it is expected the workforce will only grow by just 125,000 people. That averages out to a mere 12,500 people per year.

Modelling undertaken by Monash University, which was commissioned by DEWR, shows that population ageing will impact on all major industries. The report showed that Australia will face a potential shortage of 195,000 workers in five years time as a result of population ageing. We believe that Australian governments and the transport industry must be prepared to accept changes in workforce practices in order to ensure that Australia remains competitive within the global environment and to allow the transport industry to continue to be a major contributor to our economy.

We note some specific points from our submission. There are currently already severe shortages of labour. In the future, transport roles that were previously considered unskilled will increasingly need to be reassessed as technological and occupational health and safety advances require higher degrees of competency. This will have a bearing on skill profiles and future employment trends. In addition, the transport industry is suffering from a shortage not only of highly skilled professionals and tradespeople but also of semiskilled and baseline workers. Previously described as unskilled, workers who may not have formal trade or academic qualifications do have levels of competency that are currently not recognised by the Australian migration schemes. Additionally, changes must occur at Australian schools and at the vocational education and training and higher education levels if the transport industry is to achieve a future workforce that will ensure ongoing productivity levels.

Finally, the wider industry, and specifically our TTF members, is keen to exhaust all possible avenues with regard to Welfare to Work programs and other schemes designed to ensure that all Australians are given the opportunity to participate in the workforce. We would like to conclude our opening statement by noting that we, the TTF, and our members are looking forward to working with this committee to deliver inspirational changes to resolve the workforce challenges facing the transport industry. We welcome your questions.

CHAIR—Mr McKay, do you wish to add anything to that statement?

Mr McKay—No.

CHAIR—I think you indicated in your submission some of the concerns you have about the ability of the transport industry to attract and retain employees, but whether this is having an impact on tourism is not so

clear. In your view, are employment shortages in the transport industry affecting the tourism industry in Australia at present?

Ms Davidson—Yes, they are. We would be able to provide anecdotal evidence that a number of owners of smaller businesses, particularly in regional Australia, which require tour guides and bus drivers are currently having to drive vehicles themselves because they currently are not able to obtain bus drivers for those roles. That is just one example.

CHAIR—If you would provide some anecdotal or any statistical evidence that you have from your experience in tourism, it would be welcome. Are you aware that this committee last year conducted a reference inquiry into Pacific Island labour being recruited for shortages in the horticultural industry?

Ms Davidson—No, we were not.

CHAIR—In view of your comments and references, you might like to look at that report at some stage. I think it is fair to say that there was a reasonably unanimous report from the committee against that proposal, and you might be interested in some of the references to that. Some of the reasons given would apply to this inquiry as well, and you might be interested in that report. I also note that you are keen to provide eligibility for 457 visa applicants. For the 457 class of immigrants, you would be aware that the employer needs to give a guarantee that the immigrant will be employed at a minimum salary and/or award wages. How would the minimum salary for drivers, for instance, at any level of transport compare with the minimum salary at present for a 457 visa employee whom you know of?

Mr McKay—Prior to starting with TTF Australia, I worked for 11 years with the department of transport in Queensland. We had some close relationships with the industry on these employment matters. My understanding, from the figures I had at that time, was that in the majority of cases 457 visa workers were actually paid more than average award employees. I know that Queensland wages are sometimes lower than the national average. Perhaps that was unique to the Queensland environment, but in our experience the majority of employers did pay more for 457 visa workers.

CHAIR—Have you considered the training and public confidence implications of drivers who may be recruited under that qualification?

Mr McKay—I think that is an important point. It is important that we take the public with us when we deal with this crisis. Your point about the impact on tourism is very significant, especially as to those provincial areas that have a large tourism market. Mackay, Cairns and Townsville find it incredibly difficult to retain drivers for the taxi industry, buses, tour buses and charters. As one employer explained to me, and this is generally the case, when a fellow has a choice between driving 60 screaming schoolkids on a school bus to and from school every day or driving charters for \$45,000 to \$50,000 with some overtime or driving a truck at a mine for \$120,000, it is a pretty simple choice for that person and their family.

Senator HUTCHINS—That is not 457 visa involvement.

Mr McKay—It is not. It is looking at how we still need those workers to be replaced. We need more people to be attracted to the industry to replace those people. I think it would be very important to ensure that, for instance, language and cultural understanding training be undertaken in relation to 457 visa workers. Our members certainly see it as a short-term approach to the immediacy of the problem. There are structural changes that need to take place in relation to, for instance, making it more attractive to young people to enter this industry.

CHAIR—In your view, why are young people not attracted to the industry?

Ms Davidson—First of all, probably most children do not grow up thinking about being a bus driver. While they might think about being a fireman, they do not think about being a bus driver. I actually quizzed a couple of our younger colleagues this morning before I left. I said, ‘What sort of career advice did you get at school?’ They are young enough to remember school as it was only a few years ago. The obvious answer was that they got very little. There are two implications of that. One is that the breadth of career options today compared to those of a generation ago is huge, therefore it is very difficult for career advisers to be able to keep on top of opportunities for children leaving school.

The other is that when I quizzed them they did not indicate that they had ever really had a visit from any industry groups. I noted with interest one of the comments made by the gentleman who appeared prior to us that we as an industry and also transport are very fragmented. So, for example, if a career adviser wished to say to somebody, ‘I really want you to come and talk to school students about the opportunities in transport,’

they would have difficulty working out whom to ask, whereas something like a conglomerate, like a McDonalds, would be more than happy to send out from their workforce somebody who is capable of going into a school and talking to a group of school students, telling them about the retail sector.

I think that, while there are no easy solutions, one way of going forward would be to try to work out how we get some industry association representatives into schools to be able to tell career advisers about the opportunities that this industry has. This would be particularly so with generation Y, whose members are much more IT savvy than those of the generations before. Some of the advancements in technology mean that, in order for you to be able to do some transport work, you really do need some IT skills, therefore there are great opportunities but I do not think that the young are necessarily seeing them.

CHAIR—One of the submissions, I am not sure whether it was yours, mentioned that there is something like 120 organisations representing the transport industry. As you say—sorry, Dr Hull—the careers adviser would be hard-pressed to choose which one to talk to students.

Mr McKay—I would like to stress that we recognise that the industry has a very important role to play here. We are not turning up asking government to solve all of our problems. We have to play a more active role in encouraging young people to look at career options, and that these careers can have a long-term future. It is a little to do with out of sight, out of mind. The higher profile jobs are the ones that appear—whether it is being a comedian on *Seinfeld* through to any of the other sitcoms you watch, there are not too many bus drivers, taxi drivers or truck drivers or people involved in the rail or maritime industries that get featured. It is someone who makes an urban—

Senator GEORGE CAMPBELL—There was one famous taxi driver. I do not think you would encourage your kids to take that taxi cab.

Mr McKay—That is perhaps not the best example to encourage kids.

Senator McEWEN—*On the Buses?*

Mr McKay—Or *On the Buses*. We need to show younger people how vital it is to our economy and to our communities, especially the urban form. None of us would be able to move through this urban form very easily if it was all private motor car, if there was not a passenger transport system operating in urban forms. Even in provincial cities they play a vital role. You can have an excellent medical facility or TAFE college, but if people cannot get to and from those government services then they are unable to access them unless they are fortunate enough to own and be able to operate a private motor vehicle.

Senator GEORGE CAMPBELL—My starting point is trying to understand, when you say you represent a tourism and transport forum, what part of transport? I am terrified that we are going to finish up with the whole of the 120 organisations that represent transport in front of this committee over the next month or so. Already I am having difficulties coming to grips with the dimension of which groups are representing what component of transport. Or are you representing transport per se? Or is it that element of transport that has a relationship to tourism, and how do you define that as a subgroup within the transport industry?

Mr McKay—TTF Australia is a member based organisation. We have about 200 members, leading organisations involved in both tourism and transport. Your point is a valid one and perhaps we should have clarified that in our submission. I apologise that we did not. Those in transport generally are from the passenger transport side of the business. We are looking at private train operators in Sydney, through to public rail operators in both Queensland and New South Wales, light rail, private bus operations, ferry operations. We do not directly deal with freight or the logistics part of the transport industry but where it does fit, very importantly, with tourism is charter. Once people fly in they need to be able to get around this country if they are going to see it and they are going to provide jobs, especially in regional Australia. So it is those companies involved in passenger transport which we more competently represent than those involved in other parts of the transport industry.

Senator HUTCHINS—So no airlines at all?

Mr McKay—Yes, all of the airlines.

Ms Davidson—And major airports as well.

Senator STERLE—But no freight.

Mr McKay—No. Well, freight in as far as Queensland Rail and Rail Corp are members.

Senator GEORGE CAMPBELL—When you talked about the issue of getting staff to man these operations, you raised the question of 457 visas. How do 457 visas assist you in the area of tour guides if it was available to bring them in? I find it difficult to understand how you could bring someone in from overseas on a 457 visa to act as a tour guide running through New South Wales or Queensland, for example without some considerable training. It is years of experience for a lot of those tour guides. It is not just some course you can send them on; it is a long-term knowledge of the local area that makes them successful.

Mr McKay—It is. I think there would be greater capacity within the operation of the vehicles side than the tour guide side of transport operations. However, we now have almost a generation of foreign students who have spent years living and studying in this country, who have indeed tended to display a deep love and appreciation of it, and who, some may say, have seen a lot more of our country than a great many Australians have. So there is potential for those foreign students who have studied here, if they wish, to return and work for a period of time. I think it helps grow that relationship between the nations from which they come and ours. So there would be a capacity there. But you are quite right—it is not something that a two-week course can do, to turn a person who has just landed in Australia into a knowledgeable expert on the features of Sydney or New South Wales, in relation to topography, geography or sites and locations that may need to be pointed out.

Senator GEORGE CAMPBELL—The issue of bus drivers: is it really a wages issue that is the problem, or is it a genuine lack of staff in these areas?

Ms Davidson—I think it is a little bit of both. We are currently experiencing, in tourism and transport—and, I suspect, in some other industries as well—effectively an opportunity cost with some of our staff, which is that it is too good an opportunity to pass up, to go and work in the mining and resource sector at the moment. Not all transport but, obviously, nearly all tourism roles do involve a significant amount of customer service, and that can be challenging. So the opportunity to go and work in an industry that is experiencing the boom that it is, and offering the wages that it is, is tempting.

However, I would have to stress that I am concerned, and the members of TTF are indicating through all the surveys we have been doing that there is a serious concern, about the lack of labour in this country. And, just to reiterate Liam's point, a number of our members currently utilise the 457 visa scheme. They do not do it as a first option; they do it simply because, after months of advertising, they are unable to get sufficient staff into a number of their businesses.

I guess one of the things I would point to, in the part of our submission where we talk about the construction and redevelopment that needs to take place in Australia's road and rail infrastructure over the next decade, is that our members have serious concerns about how we are going to address that, with the lack of both skilled and semiskilled workers for the type of work that needs to be undertaken.

Mr McKay—I would add, in relation to the labour market, that for our members it comes down to capacity as well. Many of our members rely on, generally, state government subsidy in relation to public transport operations. So there is a limit to what they can do in terms of the market when it comes to demand and supply. They do not have the same ability to compete in the marketplace with the resource sector to attract or retain their staff.

Senator GEORGE CAMPBELL—But it would not surprise you to learn that this committee had done an inquiry three years ago, which pointed out what the impact of the resources boom was going to be on our normal communities, which got very little or no attention from the government of the day—the current government. And it would not surprise you, of course, that Qantas already use foreign labour very extensively, in terms of their flight attendants, without the use of 457 visas.

Ms Davidson—But Qantas is an international carrier and, whilst we are changing this, particularly with international students, Australia is not a country that has a good track record of bilingualism or multilingualism. And, increasingly, to compete in the international global environment, Qantas has needed—particularly, as you say, with flight attendants—to require people to speak a minimum of two languages and often three or four. Obviously, in other parts of the world that is a pretty easy ask. Historically, it has not been an easy ask in Australia.

Senator GEORGE CAMPBELL—Yet we are more bilingual than most other countries in the world.

Ms Davidson—Apparently we speak more languages but it would appear that when it comes to—

Senator GEORGE CAMPBELL—Something like 44, I understand.

Ms Davidson—That is correct, but it would appear that when our members have tried to obtain multilingual staff in the tourism industry it has been quite difficult historically.

Senator GEORGE CAMPBELL—You raised an issue about Indigenous labour. Yesterday we were at the Railcorp training facility at Petersham, and we were told that the national percentage of Indigenous people in the population is about two per cent and that they have something like 2.6 per cent Indigenous people in their workforce. If they are able to achieve those sorts of figures in the CBD of Sydney—and I presume it is spread throughout New South Wales—why aren't you able to attract more Indigenous people? What is the percentage of Indigenous people employed by your members?

Mr McKay—We would not be able to answer that, but we could ask our members. I am sure they would keep statistics like that. This is one of the points we want to make: industry needs to respond as well. There needs to be a good corporate citizen doing what it can to ensure that skills are being acquired across the entire community and not just those that traditionally may have been foremost in employers' minds. What we are trying to stress here is the impact that skills training and employment can have in Indigenous communities.

In Queensland, we have a number of Indigenous communities that are located close to very profitable resource and mining operations. Rather than simply always reaching out and taking the trained labour from provincial cities and urban centres, we would like to see people looking at that resource base and trying to create some role models for those communities of people who do train, get skills, get employment and have a hopeful future. That can then encourage those in the Indigenous community to finish school in greater numbers than they currently do and to seek and learn from employment in greater numbers than they currently do. We have entered into a dialogue with our members about how they can contribute in a real way to this issue and the fact that there is no time like the present because at present there are economic and social policy reasons for utilising all the resources available to this nation.

Senator GEORGE CAMPBELL—It would be interesting if you could provide those figures on Indigenous employment, Mr McKay. One of my concerns is that through a whole series of inquiries we have done over the years this committee has been told by companies that, yes, they would like to do something with Indigenous employment and that, yes, they have a memorandum of understanding with local land councils et cetera, but nothing ever seems to get translated into actual jobs for Indigenous people in those areas. I would be interested to know what the percentage of Indigenous employment is amongst your members and how that sits with the percentages being employed through Railcorp in New South Wales.

Senator HUTCHINS—Yesterday 457 visas were mentioned, and Mr Ron Finemore spoke about how expensive it was for him to even look at bringing in truck drivers from Poland who in the main had an understanding of English. In your submission you talk about Pacific Islanders, and I am not sure in which area you were looking to do that. Ms Davidson, you said that 457 visas were not the industry's first option, yet Senator George Campbell made the point that only a few years ago this committee highlighted what was seen as a pending difficulty with the mining boom and that in fact there would be a skilled labour shortage and probably a semiskilled labour shortage as a result of that boom. I do not mean to be offensive, but it does not seem to me that your forum or anybody else took any notice.

What would the view of the forum be on some sort of target that you would have to meet for training, or even some sort of compulsory contribution that you would need to make to fill these skills shortages? They are going to continue to be there, particularly if mining and tourism are going to be our great cash cows. Does the forum have a view? I know you said the forum had embarked on levels of training, but that seems to have been not all that productive in effect because they run off somewhere else, or indeed they can be poached not only by mining companies but by others. Does the forum have an answer? I know that in your submission you have offered a number of suggestions.

Ms Davidson—I will make a couple of points, and then Liam will respond. When I said that it is not their first option—and it is interesting hearing about your inquiry three years ago—one of the issues we raise in our submission is that there are up to 1,800 Australians being turned away from engineering courses in this country every year. I am not quite sure what pressure or influence our members can have on government policy for the federal funding of places in specific courses, but I guess that in itself is an issue. We have young people who would like to be engineers who currently cannot become engineers.

I would also suggest, and we go back to this point time and again, that even if we were able to take every single person in this country who may not have a job at the moment and upskill them and train them, we would still face a shortage of labour. One of the difficulties of that is how you manage in the short term, in the next 20 years, when our natural birth rate has failed to produce enough workers for the workforce, the types of

people you may wish to bring in to try to fulfil both the skilled and semiskilled shortages that are already being faced by some of our members.

Mr McKay—In relation to a levy or a contribution—

Senator HUTCHINS—Or a target.

Mr McKay—In relation to a target, without a proper brief from our members I would not be able to articulate their response to that. But they have articulated to us that they are willing to look at all options and willing to engage with government at all levels to try to come up with some solutions to this crisis. It is having an impact on their business and a negative impact, therefore, on their growth.

Senator HUTCHINS—The inquiry still has a month or two to go; I wonder if it would be possible for you to take it back to the forum to see how willing they might be to comment and be specific on what I raised. You said, Ms Davidson, that there has been a severe labour crisis for the last 30 years and, as you have just reiterated, you do not see that that will be dealt with—or can be dealt with—at all.

Ms Davidson—I would like to just clarify what I said. I said that this is the worst labour crisis in the past 30 years.

Senator HUTCHINS—I am sorry; I misheard you.

Ms Davidson—What we have continued to say is that our members would like to seek solutions in all shapes and forms. We will certainly try to get back to you on specific training levels and levies. We cannot speak on behalf of our members without inquiring with them first, but I would observe that a number of them have currently chosen to use the 457 visa scheme. As you are well aware, there are costs involved both in being a sponsoring employer and in the fees associated with the processing administration and looking after any potential workers when they come here. Given that they have chosen that course it would be interesting to see how they are going, and we will try to get some feedback from them.

Senator HUTCHINS—If the mining boom is attracting people away from the sector, is one of the issues wages?

Mr McKay—Undoubtedly.

Senator HUTCHINS—Even though your own anecdotal evidence is of people being paid more money on 457 visas in Queensland, do you think that people would be very concerned that a short-term solution is indeed one that may signal an undermining of wages? I just wonder if you would like to comment on that. You may not agree with me on that but clearly, if you agree that wages are an issue, if you are being seen to bring in labour from other countries that is pretty much tied to you for a certain period then isn't that going to have a knock-on effect? If your bus drivers here are only getting an X amount of dollars then that bus company over there is going to say, 'That is all I am going to pay too', and so their workers will say, 'I'm not going to stay here, because I can go somewhere else.'

Mr McKay—I understand your point and I think it is a view that is held by many people in the community and there is genuine concern. I would like to emphasise that our members are all very large corporations that pride themselves on abiding by agreements into which they enter with their workforce and on following legal statutes in dealings with their workforce. I think there have been examples in the media, of which I do not know all the details, of some unscrupulous employers who may attempt to take advantage of this scheme to undercut the price of labour. That is not where we are going with our submission and we would oppose that. Our members are not looking at that option. This is the only place they can obtain that labour, so, whilst wages are undoubtedly an issue it is not the only issue and perhaps not even the most significant. The most significant issue is the shortage of people who can fulfil the role. That coupled with a sector which is able to pay higher wages at this point in time is contributing factors to the crisis that they face. We would in every way want to see proper regulation and inspection of this scheme to ensure that it was not used to undercut the living conditions of Australian workers.

Senator HUTCHINS—But the situation would be that there are labour costs and there is not a lot of fat in the industry. If company A can have a rate that is less than company B then that is not going to encourage people to stay in the industry. It becomes a winding down effect. I know that is not what you are saying is the intention of it but we might argue that we have been flagging that there has been this crisis coming for some time and it has not been dealt with appropriately.

Mr McKay—I understand your point. I will take it onboard. I will just add that perhaps some people may suggest that you do not need 457 visas in an attempt to wind down wages or conditions in this country.

Senator HUTCHINS—No, you do not. I have a copy of the *Australasian Transport News* here and one of the complaints that some of the fringe operators are making is that wages are too high. I do not know how they expect to get a truck driver or a bus driver if they are complaining about wages being too high.

Senator McEWEN—I will follow on from that discussion. Yesterday we heard evidence that truck drivers can earn \$80,000 a year in Australia. Would your members be entertaining the idea of paying truck drivers with 457 visas that kind of wage?

Mr McKay—We do not have any members who are involved in the trucking freight industry.

Senator McEWEN—But in your submission you talk about truck drivers.

Mr McKay—By way of example. I am just saying that I am not in a position to tell you whether they would be willing to pay that or not. But in the passenger transport industry, heavy vehicle licences are heavy vehicle licences. Generally speaking, people who hold a large passenger vehicle licence also hold one that can be used for trucking. The point we make is that they can earn far more involved in the trucking business than they can in passenger transport. That is the concern of our members as tourists need to be taken to and from locations and moved around the country.

Senator McEWEN—What does a bus driver earn?

Mr McKay—It varies dramatically from region to region and state to state. With overtime, Brisbane City Council bus drivers can earn in excess of \$80,000 in a given year, but in the same state, for a much smaller operation with one minibus doing a figure eight configuration in a country town, it would be much closer to \$45,000 to \$50,000 a year; that is my understanding. It would perhaps be less than that for school bus operators. They are basically operating two services, for a couple of hours in the morning and a couple of hours in the afternoon, so it is not a genuinely full-time occupation.

Senator McEWEN—You said your members are currently using 457 visa holders. What kinds of jobs are they doing?

Ms Davidson—A lot of them are in the area of our infrastructure/transport profile—companies involved in infrastructure projects requiring engineers, logistics people, project managers and those types of positions, which they have found increasingly difficult to fill. That may not necessarily be as a result of the mining and resources boom. I go back to the point that we have had a shortage of engineering graduates coming out of our universities for a number of years now, so they are starting to feel the pinch in that regard. Particularly on the tourism side of things, in regard to wage levels one of the challenges that small business and also our larger companies face is that we have a fairly flat final price structure—in other words, it is very difficult in the current global tourism environment for a five-star hotel to push its rates up significantly.

Some industries may not have a high a degree of labour as an input to production costs, but tourism, which includes our transport members, does. The wages pressure they are feeling and the costs they may have to pay link directly into their bottom line at the moment. Unlike mining and resources where the overseas price is great, we are fairly restricted in the types of pricing that our end consumer—that is the tourist, either domestic or international—is prepared to pay. So we do have members who are very conscious of how they manage the labour force and their wage structure. Notwithstanding that, I do not know any of our members who do not pay the obligatory salaries that are required for each position they hire. You said \$80,000 for a driver. While I cannot prove it beyond doubt, I would be incredibly surprised if any tour operator with bus drivers in the Northern Territory pays \$80,000 to somebody to drive tourists around, particularly given that the season up there is not for 12 months and consumers are only prepared to pay a certain amount for the package they take.

Senator McEWEN—Has your membership made any assessment of the number of 457 visa holders they would require to alleviate the immediate skill shortages?

Mr McKay—No. It is an ongoing problem for them in that they wish to advertise and they wish to obtain staff here. It is only when they do not get the full complement or are unable to attract that labour that they look at 457 visas. In our experience, we have approached it on a case-by-case basis and a member-by-member basis. Once again, we could try to ascertain that information and get back to the committee.

Ms Davidson—I can give you a figure. We did a survey in January this year, and the number currently employed under the 457 scheme ranged from one to 150. That is just to give you an idea of the range of numbers that are currently being employed through the different members.

Mr McKay—That is the number currently employed. You were after the potential number they would require.

Senator McEWEN—Your recommendation is to change the 457 visa scheme to allow drivers and transport and tourism workers in under the scheme. It would be interesting to know what numbers you are talking about. When we did the inquiry that Senator Troeth referred to, with regard to horticulture and Pacific labour, we got some assessment of the size requirement. In all the discussions of the labour crisis in this industry that we have heard, it still seems to be difficult to quantify income forgone in either the tourism or the transport industry because of skill shortages. Has your organisation done any work on that?

Mr McKay—Quantifying opportunity costs is very difficult. Our infrastructure partners would be able to quantify on the basis that they are unable to compete or tender because they have so much work on already for their existing workforce. We can attempt to get that, but it is very difficult on the transport side—tying up with tourism—because you do not know whether those additional employees would carry full loads. Questions of that nature make it an opportunity cost that they can at best estimate.

Senator McEWEN—So there are no statistics. For example, the North Queensland economy has forgone a couple of million dollars because we have not been able to bring in plane loads of people from Asia to do the tour of North Queensland. Nobody has done those sorts of assessments?

Mr McKay—No, I am not aware of any.

Ms Davidson—Not that I am aware of. It is very difficult. If you were somebody sitting in France making a decision about taking a holiday and you try to book a flight to Australia and it is full, it is very hard to know what the opportunity cost is. Do you go somewhere else? Do you choose to come to Australia at a different time? It is similar with our domestic tourism. It is a known fact that domestic tourism is not doing as well as it could be doing at the moment. As to how much of that relates to opportunity cost, I am not sure that we have done any studies on that yet.

CHAIR—I would like to ask you about the structure of your forum. Does it meet as a forum? Do you have a council? How often do you get feedback from your members?

Ms Davidson—We are governed by a board of directors who are elected through the normal process once a year. As research manager, one of my responsibilities is to survey members on a regular basis on areas that are of specific concern. As an example, we have recently undertaken five surveys with members on a range of different issues. Liam can talk a little bit more about his area. We are broken down into policy areas. We have just one national office. However, we have state convenors in every state who apprise the professional staff of issues and situations in a state way. Within each policy area we have specific members who guide, if you like, the business plan as far as—

CHAIR—Like a committee or something like that?

Ms Davidson—Yes.

Mr McKay—We are a not-for-profit corporation representing those companies. It allows those companies to take a sectorial interest rather than simply their own corporate interest within the industry. It allows them to come together to look at issues of national importance, such as this one. We do have some task forces which have just been formed, in relation to transport infrastructure and a couple of other areas, that are going to bring together those members who have knowledge and a desire to be involved in a more formal process. Other than that, it brings them together on a specific issue at a specific time, either to lobby government or to think about research tasks or other tasks that they as an industry need to turn their minds to.

CHAIR—How long has the forum been in operation?

Ms Davidson—Eighteen years.

CHAIR—Thank you.

Senator STERLE—Would it be fair to say that your industry is greatly affected by seasonal peaks and troughs?

Mr McKay—Yes.

Ms Davidson—It would be more so for the tourism membership than the transport. Liam mentioned some of our transport members before. Obviously those who are involved in regional and urban transportation operate 12 months a year and have passengers, some of whom are visitors and some of whom are commuters and workers. But we do have a seasonal problem. That was addressed quite extensively in the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation inquiry into tourism shortages which we appeared at last year.

Senator STERLE—Mr McKay, you mentioned centres like Mackay, Townsville and Cairns. Would they be greatly affected by seasonal variations?

Mr McKay—They can be in relation to charters and tour operators. I am sure that senators have been to Cairns in January and know that it can be a little uncomfortable compared to other times. Our urban bus and passenger transport movements generally are required to run seven-day-a-week, year-round services. Whilst they may not be carrying, there are definite peaks and troughs in terms of passenger numbers, and the vehicles, drivers and maintenance are required year round, so that does not have the same impact.

Senator STERLE—So which sector of the tourism industry is requesting the 457 visa workers?

Ms Davidson—I would suggest that there are issues in semiskilled areas that are currently not under the 457 visa that we would probably want to see altered, specifically in regional areas where there are problems whether you are an accommodation provider, a person with a regional attraction or a transport provider in regional Australia. There is quite a wide breadth. Unfortunately, that includes roles that are not only what you might call traditional tourism and hospitality roles, but also in operational activities—financial and general management roles as well.

Senator STERLE—Would it be fair to say that a number of those areas would be affected by seasonal problems?

Ms Davidson—Yes, they are. There is also recognition by our members that they do not all work with 457s. They currently work with working holiday maker visas in a lot of instances. That is partly because of seasonal fluctuations.

Senator STERLE—I just want to carry on a little more about the Mackay, Townsville and Cairns situation. Mr McKay, I think you said that a coach driver may be a school bus driver in the morning, do some charter work, go back and do the afternoon run, and then do a bit more charter work. Is that correct?

Mr McKay—That would be true for a small percentage of the fleet, but more so for smaller townships flowing into those urban centres. These are usually smaller family operators. The urban bus operator would have permanent staff who drive school buses as part of their general urban service duties.

Senator STERLE—In a lot of the regional areas it sounds like the tour bus driver is not a sustainable full-time employed position in a lot of cases.

Mr McKay—I would not say a lot. I would only say on the periphery. Quite often the makeup of the industry—and I think there are about 3,000 to 4,000 operators of school buses in Queensland; they own a school bus company—is a family concern where they have another interest, such as a farm, and then they have a school bus and take kids from their area into an urban centre. In the urban centres, it is picked up by an urban operator.

Senator STERLE—But there would be a lot of regional areas where there is coach or bus tourism—guides or whatever—that do not have supplementary income. They rely wholly and solely on the tourism industry. Is that correct?

Mr McKay—Yes.

Senator STERLE—And that cannot be provided 12 months of the year in a lot of the areas, particularly in the northern half of Australia.

Mr McKay—Yes.

Senator STERLE—Going back to what you were saying, Ms Davidson, would it be fair to say that your members in the tourism industry do not comprise a lot of young people? That would be a real problem. Would the older people be semiretired?

Ms Davidson—Are you suggesting that there are not young people in the industry?

Senator STERLE—You said to us that you are having trouble attracting young people to the tourism industry.

Ms Davidson—Yes, we are. Unfortunately, that results in the utilisation of working holiday maker visas currently—there are quite significant numbers who are obviously under the age of 30. The industry itself is starting to re-evaluate how we engage with mature age workers and encourage them into or back into the industry. There are obviously some challenges with that. As we have said from the outset, because of the situation we find ourselves in with the labour shortages, our members are willing to look at all possible

options. That has included how you might address some of the potential baby boomers who have retired from an original role and might look to do something else now.

Senator STERLE—What I am trying to establish is—and I take it from you, Mr McKay, that you are saying very clearly—that the members in the industry that you represent would not have a bar of undermining Australian working conditions and wages. I fully understand that. But if we have a situation where the industry is seasonal, where we cannot attract young people to it, then if we have the ability for 457 visas, that may not undermine the hourly wage of a working Australian—I stress ‘may not’. But if we take in the opportunity for full-time employment then what do they do for the wet season? Surely that would be an exercise that would undermine Australian working conditions and wages.

Ms Davidson—We have a number of fairly high-level members. We definitely have a member who has regional activities throughout the breadth of Australia. One of the ways that they have been able to deal with seasonality is to move people from resort to resort. Obviously when it is high season in northern Australia it is not high season in southern Australia. That might seem a very simple thing to do. However, the issues surrounding Australians with families make that a real challenge. When you speak to the HR department, they will tell you that it is very easy to move Australians who are young and single or maybe couples, but once they have children and there are implications surrounding education it is extremely difficult to move them. That is one reason why working holiday maker visas have been utilised in the past: because people are prepared to move from state to state. I do not know what their opinion would be on 457 business visas. It is a short-term visa. They are only allowed to stay up to four years—from three months to four years. They can only work for that employer. Whether there would be an obligation through the recruitment process that would involve a person being able to manoeuvre between states, I honestly cannot tell you.

Senator STERLE—I understand that from the higher echelon of the industry that you represent. But in all fairness, in an open and free market, I cannot understand why other tourism operators who do not employ as many people and do not cover other states could sit back and say that they are at a disadvantage. If certain 457 visa workers were allowed into Australia to work for one employer, why couldn't they have the same access to foreign workers?

Mr McKay—I understand your point, Senator, but we do not represent those members.

Senator STERLE—I understand, but our view is what happens in the rest of the country.

CHAIR—Thank you very much for appearing before us today.

Proceedings suspended from 11.08 am to 11.21 am

DRISCOLL, Mr Ray, Delegate, Transport Workers Union of Australia

SHELDON, Mr Tony, National Secretary and New South Wales Secretary, Transport Workers Union of Australia

SYKES HUTCHINS, Mrs Natalie, Consultant, Transport Workers Union of Australia

THOMAS, Mr Brian, Delegate, Transport Workers Union of Australia

WALSH, Mr Paul, Delegate, Transport Workers Union of Australia

CHAIR—I welcome our next witnesses from the Transport Workers Union of Australia. Thank you for your submission. Do you wish to make any amendments or alterations?

Mr Sheldon—No, thank you.

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

Mr Driscoll—I am a truck driver and I have been in the transport industry for 30-plus years.

Mr Walsh—I am an owner-driver. I have been in the industry for 27 years.

Mr Thomas—I am a retired truck driver. I have been driving vehicles in the transport industry for over 45 years.

CHAIR—I now invite you to make an opening statement.

Mr Sheldon—The Transport Workers Union represents 85,000 members throughout Australia. It encompasses road, air, rail and water passenger and freight movements and those services provided.

The submission addresses the issue of the labour shortage in the road transport industry. I will just restate the five key points that the union made in its submission. Firstly, the TWU believes that the road transport industry will face a labour shortage crisis within 10 to 20 years unless serious action is taken by key stakeholders. Secondly, a major reason for the crisis is that there is not enough investment in retaining experienced drivers and in the training and recruitment of the next generation of drivers. Action is required to replace drivers in this and other industries who are leaving due to retirement. Thirdly, there is a question about the long-term future of experienced drivers and the next generation of drivers.

Fourthly, the real answers about why people are leaving the industry need to be addressed. Shortages are already being experienced and there is a tightening in segments of the market of the road transport industry, particularly in South Australia and Western Australia. Finally, in 2006, 153,900 Australian workers were employed as truck drivers and 45 per cent of them were over the age of 45. From the TWU's own internal surveying of members in New South Wales, this shows a significant shift in the ages of members over the three years that we conducted this research. A graph on page 2 of our submission illustrates the movement in age brackets over the three years. Should drivers who are now aged 45 retire at the age of 65, within 20 years road transport will need to recruit 77,000 truck drivers to maintain existing levels. Since 2004, the number of employed truck drivers fell by 4,700.

We see the key recommendations that we are putting to the committee as the way forward to work through the challenges in the transport industry, particularly in road transport. There is a need to: legislate minimum safe rates of pay and conditions in the road transport industry that are consistent with state legislation in New South Wales, for example—and I will go on to explain that in a moment; legislate the provision of paid weighing time for truck drivers; protect overtime for all truck drivers; legislate for portable long service leave in the road transport industry; and ensure job security in the road transport industry through restrictions on casual employment.

In surveys that we have carried out over the last three years and in a report by Globe, which we will deliver in a moment, a number of people within the industry are saying that they are leaving it because of both safety and the low income that exists within the industry. Logic then says that, if you have better safety and more effective rates of pay, people will be retained in the industry.

In our surveying of people outside the industry—people who do not presently work in the road transport industry—we asked them what would we need to do to attract them into the industry. People in the 30-year age group in these focus groups said that they do substantial amounts of unpaid overtime in the industries that they work in at present, which are predominantly retail and hospitality. In the case of the road transport industry, at least for local or metro work, overtime is a normal course of payment. So we think that we can attract many

people who are in other segments of the industry who are in casual work to the road transport industry by pitching all the positives about the transport industry.

Because of the turnover of contract work and work changing from client to transport company and from client to another transport company, drivers will often stay with a client even though they are working for a different transport company. As a result, there is a break in people's long service leave, and the attractiveness of staying in this industry, where you have built up a wealth of experience, is not carried through to long service leave payments being made.

Finally, of the five key points, there is retention—making the industry more attractive and having job security with regard to casualisation. In an industry that has substantive hours and where there is the propensity now to outsource to labour hire companies that do not invest in training in delivering the goods—and that is about having somebody who is an experienced driver—there is a need for permanency of work and employment. That would start to address the issue of the shortage of truck drivers within the transport industry. Australia has one of the highest rates of casualisation of OECD countries. It seems to me that, to practically address the issue of a tightening labour market—certainly in the road transport sector—maintaining experienced, permanent drivers who have a career working in the road transport industry would be a logical way of keeping people within the industry. In our submission, on pages 5 and 6, we address that issue. Paul will add some comments to those recommendations.

Mr Walsh—Thanks again for the opportunity to give evidence today. I have been in the industry for 27 years, the last 18 years of which I have been a permanent owner-driver for the one company. I am fortunate that where we work we have good, safe and sustainable rates which allow me to run my small business in a safe way that supports my family. The thing that concerns me that I have seen over the years is that there is no real growth in jobs anywhere in the industry at all that I am in contact with. I have plenty of friends and colleagues throughout the industry, so I get a fair bit of feedback from them about what is happening around the place. My concern is that companies are now outsourcing and subcontracting the real growth in work. So instead of companies going to employees or permanent contractors like myself, we are seeing growth in these subcontracted and outsourced areas. That has the overall effect of putting pressure on the rates that exist in the transport industry. It puts pressure on employees, obviously, and also on permanent contractors.

As we move forward, if we start to expand that job pool through foreign workers, I can see that pressure only increasing. The pressure will become even greater on us to be competitive. The obvious flow-on effect is a reduction in safety, with a greater pressure to get the job done, to work longer hours and to not maintain our vehicles. That will create a very unsafe environment, which is the whole thing that this union has been fighting to improve in the industry for a long time. Truck drivers are unique in that we are out there sharing the road with all of our families on a daily basis. If we reduce those safe rates and increase the unsafe conditions, it is our families that will be subjected to that unsafe driver, that guy who has been driving too many hours. We need to consider all these things when we look at the overall picture on employment and growth and where we recruit from in the future and make sure that we do it the right way and that we always ensure that those safe rates and conditions exist.

I have noticed in recent years that a couple of the major companies have started to increase their training, but what I am finding is that the training they are doing is only for the existing workforce. None of the major companies I deal with are increasing or offering that training to new entrants. My observation is that I would like to see companies encouraged to expand that focus into training new entrants and into creating some real pathways and destigmatising our industry. It does have a bad reputation with people looking to get into a new industry. People are very concerned about the lack of safety, the long hours and the poor rates of pay. I think that if we can make some inroads into that and create a real pathway for people to join the industry it will encourage younger people into our industry. One of the things that have been made available to destigmatise our industry is chain of responsibility legislation. People can start to see that there is some safety moving back into the industry and that it is a more safe industry with a chain of responsibility. I am sure there will be some more discussion in the evidence to be given that that has been a great thing that can really destigmatise our industry. The perception will be that it is a safer industry and people will be less reluctant to join it.

Mr Sheldon—As we go through the recommendations, improving safety in the industry and the chain of responsibility have all been touched on before in our report on page 5 and 6 of our submission. Throughout last year 96 people were killed in heavy vehicle incidents on New South Wales roads alone—a combination of other passengers and drivers. The Road Traffic Authority recognised that close to a third of those people died from fatigue related incidents. In report after report, which I will submit in a moment, client accountability is

the issue. That means pressure on transport companies and trucking companies they subcontract to and pressure on drivers. The critical thing to maintain people within the industry is to have proper safety regulations and proper enforcement of those regulations—as well as, as I mentioned before, proper rates of pay. That is what attracts people and maintains them in the industry.

As it stands, with new chain of responsibility arrangements and accountability for clients—and there have been some laws in different parts of the country for some 12 months and longer—there it is yet to be a client prosecuted for an unsafe practice demonstrated by one of the subcontracting companies. In submissions we will table in a moment—from coroners' reports and from inquiries by various state governments—the issue of client pressure on transport operators and thus on drivers to cut costs and cut corners consistently arises. Of course, in the highly competitive industry that road transport is this means that we have huge pressure on both driving hours and rates of pay. There needs to be some minimum standard and accountability right up the chain for that to be dealt with effectively. I will submit to the inquiry the coroner's report from Glebe Court from 30 January 2004 dealing with three fatalities of truck drivers.

CHAIR—Do you wish to table it?

Mr Sheldon—Yes. In investigating those fatalities, Magistrate D Pinch, Deputy State Coroner, made the observation in this report that, as long as the driver payments were based on lower rates per kilometre, there would always be an incentive for drivers to maximise the hours they drive—not because they are greedy, but simply to earn a decent wage. Similar comments are made throughout the investigation of the three fatalities.

Last year the full bench of the Industrial Relations Commission dealt with the transport industry mutual responsibility for road safety state award and contract determination. One of submissions was made by Professor Michael Belzer of Wayne State University and the University of Michigan. He cited the most comprehensive report undertaken into safe rates of pay. He reported that this US study found that safety and pay are linked, with the amount of pay that an individual receives dependent on safe practices or unsafe practices. If a driver is not receiving a sustainable wage, they will drive longer hours. They will be more willing to agree with the pressure from a transport operator or client to do those excessive hours. I understand that that study is the most comprehensive study that has taken place in the world. Submissions to the full bench of the Industrial Relations Commission last year also included a series of statements from Robert Ireland, Andrew Villis, Gregory Bulmer, Robert Burles, David Travers, Kevin Russell, Ray Driscoll and John Zader. I will go to three matters that were raised by these individual drivers.

I am painting a picture as to why drivers are not in the industry. If we are looking at how we deal with the issue of a reduction in drivers, we have to say that there needs to be a comprehensive response to draw drivers back into the industry. I will give you one example. This is from Robert Ireland:

When I was at home I spent all the time I could sleeping or trying to sleep. Initially, my wife Sam, not understanding what I was going through, would always try to wake me up so that I could spend time with my children. One day I said, "You're coming with me. I'm going to show you what its like on the road." I wanted her to understand that it wasn't that I didn't want to spend time with our family but that I was so exhausted that I didn't have a choice. So I took her on a trip up to North Goonyella mines. As we set out I said, "You are not to sleep unless I'm sleeping. You are going to stand out in the heat while I'm loading."

When we got to the mines however it was 55 degrees, so I let her stay inside the truck with the air conditioning on while I loaded. Also, I stopped the night at a motel rather than sleeping in the heat of the truck. I was loading salt the next morning and looked over at Sam. She was nodding off while standing up. From the saltmines I would usually drive 15 hours straight home however I could not do it to her and pulled up for a couple of hours for a rest. Sam never woke me when I said I was tired again.

... ..

My driving experiences left me very scarred emotionally and physically—exhausted.

I would wake up in bed sitting bolt upright to grab the steering wheel and not be able to go back to sleep for hours from the level of fright I felt.

... ..

I couldn't drive any vehicles any more.

This is later, after he had left the industry.

I was so stressed by the thought of driving that I couldn't even sit normally in our family car. My wife would have to drive while I sat in the passenger seat with it laid right back so that I couldn't see the traffic.

There is a series of instances of fatigue and hallucinations on the road, driving under pressure and drug usage. We are talking about an industry that, to attract and retain drivers, requires a comprehensive response involving a chain of responsibility and safe rates. Later we will talk about the suggestions that have been put before the committee regarding the potential for overseas drivers to be brought into the cocktail.

As to investing in the future and recommendations as to further positive ways of moving forward, as for training new entrants—and this is in our submission on pages 7 and 8—we talk about redirecting 60 per cent of current traineeships, with the funding to target new entrants. What we are highlighting there is our estimations, and there are no reliable figures, that 80 to 90 per cent of traineeship programs presently funded by federal government and a combination of state government initiatives are for drivers already in the industry. People designated as new entrants are people already working as casuals for a company or already working as casuals for a labour hire company or are drivers coming from another company who have not had recognised skills.

Some \$34 million has been spent on road transport traineeships, and there has been a steady decline over the last two years. If only that money was redirected or there was encouragement to spend extra money on traineeships. If the pool of money for traineeships that exists was redirected to new industry entrants, whereby it was connected to licence upgrades, not just to retraining the people who have already got experience, that would be a worthwhile initiative, something that I would encourage. But if we are talking about a potential critical shortage and decline in the next 10 to 20 years, it needs to be directed to new entrants to the industry.

Mr Driscoll—I have been in the industry for 30 years. For the previous nine years, until about June last year, I worked for Linfox out of Oberon. I had been fairly disillusioned with the industry over the last 10 or 15 years, and I thought: ‘Enough is enough. I’ve had enough of it.’ We are charged with the chain of responsibility and those sorts of things, but there seemed to be an attitude that, ‘If we can get away with it, we will.’ Major operators, such as Linfox and Toll Holdings, might have the head agreement for the contract to do the delivery, but then they subcontract it out. There might be a chain and there might be three or four subbies in that chain. They might be getting top dollar at the top of the chain, but at the bottom end the money is not there. Consequently, and especially in the country areas, there is just a spiralling down of safety; some of these drivers might be working 24 hours straight.

With all that, I decided, ‘I’m getting out of the industry.’ Bear in mind that my big concern was this. In this industry we have to make deliveries, make them on time and do what we have got to do, but we have still got the public out there to contend with, and they have to contend with us. And when people are taking short cuts—truck drivers or car drivers, but mainly truck drivers, who are fatigued and everything else—as sure as hell, at the end of the day, something is going to go wrong.

I was disillusioned; I got out of the game. But towards the end of last year I sort of got lured back. TAFE New South Wales Western Institute came to see me and said, ‘You’re experienced in the industry; we are looking to try and get some training off the ground.’ But, as Tony said, it is not for new entrants; it is basically for people who are in the industry and it is recognition for the skills that they currently have.

If we are to move forward on that then firstly we have to set some career paths for anybody coming into the industry; there has to be some career path they can chase. But along with that there has to be adequate training through that process. I think that, even today, when we have that chain of responsibility and those things, the problem is that there are too many of these companies still trying to offset it to somebody else. That is a concern. Maybe another thing that has to be looked at is: there are only so many dollars at the top of the source. How far can you keep spinning it out to the bottom? There are no dollars at the end—there are no dollars left. That is of concern.

There is another thing about the game. Once, with truck drivers, there was a system in place. You started off and you progressed from being a dockhand or whatever and worked your way into a medium region, a heavy combination, a B double—whatever the case might have been. The problem today is—and it is just becoming scarier—that some of these young people are basically getting keys thrown at them. Linfox is a classic case. As company drivers, you have to go through an induction process and everything has to be in place. But you might be sharing the truck with somebody out of a labour agency who has just been given the keys. That is a scary scenario and yet it happens. They might have the appropriate licences but no skills.

My concern is, also, when working with Linfox—and you can probably see it now—that the transport industry wants overseas drivers. The company at one stage had a slogan—and I think you will still see it on the backs of some of their trucks—‘If you’ve got the licence, we’ve got the job for you.’ We had a few characters who phoned up looking for some of these jobs. They were given different reasons why they could

not get the jobs, but at the end of it we just assumed that there was no such job. Linfox put out a monthly publication called *Fox Tales* and in that they were showing how many drivers they had in Thailand and other countries in the world. And some of the Australian trainers were actually asked to go over to these countries and train some of these drivers.

We could see then where this was going to go. You are going to have people coming in in a flash and all sorts of things may happen, including lack of safety standards. And are pay rates going to line up at \$10 an hour? We are not knocking those people who are coming in for a job, but are they going to get paid \$10 an hour while the other blokes are getting \$20? How long would that last? All you can see through it is a complete spiral down. I decided to get out of it and give it away. But, as I say, I am getting lured back in. Blokes like me need to take up a bit of the fight and take a bit of a stand on it. I have got a family on the road driving around in cars. I drive myself. The scary thing about it is that all of us in this room have. If safety on our roads continues to spiral down we will all have a problem. We have all got to drive on the roads.

Mr Sheldon—Just picking up Ray's point about new entrants: in the Sydney daily newspapers in the last two months of last year, for all the various licences—and two licence grades in particular, HC and MC—there was not one ad for a new entrant; they were all ads for drivers experienced within the industry. The issue that we have with new entrants not being invited is highlighted by the newspapers.

Last but not least, with regard to the 457 issues: we have the calculations on what the industry rates are on paid overtime and pay in New South Wales and other parts of the country. Under 457s there will be a \$21,000-plus decrease in wages. Some people might think that is an exciting idea, but the consequences of that are that the drivers will be in a highly competitive industry, it will drive the wages down and other people will have to compete with that. It will either mean that wage increases to maintain drivers will not occur or you will have to bring more people from overseas to work for those trucking companies to be able to compete on contracts that are being put out. In fact, bringing in overseas drivers is going to cause a major drive down of wages.

I put to the inquiry as well that, quite simply, if you are an overseas driver from whatever part of the world, you are not aware of what your rights are. We see an industry where drivers are not exercising their rights when they have some understanding of where to go. Put a cocktail of people from overseas into that situation and we will see more deaths on our roads. We will see more innocent people killed, including those drivers, in an industry that has chronic problems with that now. Driving down wages will drive out drivers and will certainly drive more people into the ditch. Brian was going to make some comments too.

Mr Thomas—I have been driving for long time: from the age of 17 right through to retirement. For a few months I tried working off the road but it did not work out. The biggest thing I see is that the young people who are coming into the industry cannot be trained the way we older blokes were as we came in, learning things like the centre of gravity of your load, which you learnt through a lot of experience. For those who do not realise, if you do not know your centre of gravity, you may go too quickly around a corner and your truck will lay over. Every load has a different centre of gravity. When you trained the way I did, you learned that as you went along and you could tell by the feel of the truck.

I was trained by a good company, Brambles, which is no longer in existence for transport. They trained you on a smaller vehicle and you went up to what I got into, the very heavy vehicles with 500-tonne loads and overdimensional loading. But you never got straight into it. Today you would be put into that. You try to hold a huge weight—and it is getting to that stage now with B-doubles—of 60-odd tonnes going down a hill; if you do not know how to handle your brakes properly, they will glaze and you will have no brakes and the vehicle will take off on you.

These are the types of things that younger blokes are not being trained in today. The younger grandchildren—as you see, I am a grey-headed bloke—and a few of their friends do not get a chance to come in because they will not be trained to be a truck driver in the real sense of being a truck driver. And I really cannot see the overseas blokes being trained in such a way that they can handle that type of thing. It is very important because, as you said, there is the question of safety. If a driver cannot decipher these things he cannot drive safely. I have experienced the problem of brake glazing: you have had plenty of brakes but you just won't pull up—it is like two pieces of glass coming together.

I feel that the industry should be training the drivers correctly as they come in. The stigma of being a truck driver has got to go. The papers call truck drivers 'cowboys'. Most truck drivers are not cowboys; they will drive correctly, especially the older blokes. But they are coming out of the system and their knowledge needs to be passed on to the younger people so that they can get into it. Whether the union becomes a trainer of drivers as well, or the companies do it, the young people need to be trained correctly. As I have heard said

here, we all have families out there, and that is a big, big unit to run over the top of you. That is about all I want to say; I will leave it at that.

CHAIR—Do you wish to add anything, Mrs Sykes Hutchins?

Mrs Sykes Hutchins—Yes, if I could, quickly.

CHAIR—Yes, we are running out of time.

Mrs Sykes Hutchins—On behalf of the TWU, my company, Globe Workplace, did an investigation into workforce challenges for the road transport industry, looking at recruitment, retention and retirement in the industry. We have a comprehensive report to table today. In coming to our findings we conducted interviews with four major transport companies: Toll's, Westgate, Linfox and Star Track Express. We also conducted interviews and meetings with all the employer associations around Australia and all the branches of the Transport Workers Union. In addition, we held some group interviews with some young males who work outside the industry, in industries such as retail and hospitality.

We interviewed those young males in two groups, one group aged 18 to 30 and the other group aged over 30. We asked them about their perceptions of being a truck driver, whether they would consider entering the industry and what the barriers were. All of the issues that Tony has touched on with regard to retention in the industry were all barriers that these young blokes saw to becoming truck drivers. They saw safety as a big issue. They all commented that most truck drivers were divorced, which they felt showed something of the social standing of the hours that truck drivers worked, and they found that it was not something they would consider.

They underestimated the rates of pay in the industry—they thought they were a lot lower than they actually are. That is a big issue for the industry. When we gave them information about what they would be paid if they were employed under a union agreement their perceptions changed slightly. When we talked about payment for overtime, their perceptions changed dramatically. So there are recommendations in the TWU submission around retention and safety and protecting things such as payment for overtime and waiting time, which are big issues for attracting people from outside the industry and bringing them into it.

Tony has already touched on the fact that there are not a lot of avenues for people to come into the industry. From the interviews with the four major companies and doing a lot of work with their human resources departments, we found only one of those companies had any program in place to bring new entrants into the industry, and that one company looked at bringing in 10 new entrants per year and giving them experience and their funding for licensing. I should add a point in relation to the job ads that Tony touched on. If you were considering breaking into the industry and you looked up the *Telegraph* on a Saturday there are no ads for new entrants. On top of that, you would have to go and pursue your own costs and licensing to even get in, and then you would need to get some experience somewhere. So there are all these barriers, and that has been a major shift over the last few years, mainly around the contracting out and the casualisation of the industry. I am happy to table that report.

CHAIR—Thank you. There being no objection to that report being tabled, that is agreed. In view of the time we might have one question per committee member.

Senator MARSHALL—I would like to follow up on the discussion about traineeships and training. Everyone has touched on that. Your submission says that it has led to \$34 million per annum in wasted federal government training incentives. Mr Thomas, I think you nearly answered this question, but I would like some more opinions about this. I want to know what has actually changed. At some point in time you said that training has gone on, it was done by the company, people were trained up at different levels and they were not just thrown the keys and moved in. How formal was that? Did that have industry standards? When did that actually change? The conclusion that I may have come to wrongly, from listening to what you have said and looking at your submission, is that the introduction of the traineeships has actually shifted the onus from employers conducting any training and it has been, in fact, an incentive to walk away from training and leave it up to someone else. As a consequence, training is going to areas where it is not being used to train new entrants or get new entrants up to speed. My general question is: when did this shift change and what made it change?

Mr Thomas—The first time I saw the shift was when the overnights started running their own training. I do not know if you remember that. They started to bring in overnight running to different states: Melbourne-Sydney, Sydney-Brisbane, across to Perth and so forth. Drivers would change over at Tarcutta and drive on. All they wanted was drivers to steer the unit, change over, unhook or hook up again and go back. When I was

driving, the driver had to be able to chain his load down, tie it down, tarp it and so forth. That is all done for them today. They only steer it. So they are not interested in teaching the driver the complex part of driving, which includes understanding, as I said, the centre of gravity et cetera. It is very important. If you ever get into a truck you will feel the difference, how with high loads your truck sways over and how with a low weight of load you can just go around the corner and it does not sway that much or lean that much. I saw the change coming in mainly when they started the overnight business of quick hitch at each end. The driver was—to put it rightly—a steering attendant. That is what you have today in a lot of places. I am not saying that there are not a lot of skilful drivers out there—there are a lot of skilful drivers. But a lot of the younger blokes who are coming in now are, as I have said, given the key to a huge vehicle which has a lot of horsepower—some of them slow down when they go up hills—and they just drive it. That is all they do.

Senator MARSHALL—Are you saying that it is the nature of the changing work environment that has led to companies saying, ‘It’s not really our obligation to train anymore’?

Mr Thomas—That is right.

Mr Walsh—My observation over 27 years is that when I entered the industry—and my father was in it before me—it was a combination of workplace training to a small level and a passing of knowledge through the workforce. It was a de facto kind of set-up. Over the years—and this is certainly my experience—through the casualisation of the workforce, they effectively started as a dockhand, became a small rigid driver and, as Brian pointed out, went on to the bigger rigids and maybe the articulated vehicles. That has disappeared because the guys who started at the bottom are now basically a casualised labour force—outside contractors. Those guys are not looking. That is just a three- or four-hour job for them; it is not a real job. They are doing something else somewhere else. There is not the career path to go from one onto the next. You have broken that progression down, so the handing on of knowledge has gone away. As I said, it was a combination of factors: the casualisation of the workforce and contracting out. The less stable workforce has stopped that from happening. As I said, that is my experience as to why you have lost that.

Senator GEORGE CAMPBELL—I have a follow-up question. I hear what you are saying, but—setting aside that the training regime is proper or not—how can these individuals get the appropriate licence if they do not have the appropriate skills? Is there also a problem with the licensing system for people who are operating these sorts of articulated vehicles on the roads? Is it that easy to get a licence without being able to demonstrate that you have the skills to operate these huge rigs?

Mr Thomas—In my opinion you can demonstrate that you can drive them—you can point them in one direction—but if you have to go backwards you can have a problem. If you go for your licence you just answer some questions and drive it around the corner or whatever, showing that you can handle it. Or you go and get trained by DECA; I think they do the licensing. You pay X amount of dollars and you are trained. They put a set of training wheels on you and so forth and you get a licence that way.

Senator MARSHALL—Does the trainer provide the licence too? It is not external, a third party?

Mr Driscoll—They can be a licence provider as well, a trainer-provider. They can licence you. For heavy vehicles I think in the state there are only about four. So you can go and get trained there and then they issue your licence as well.

Mr Thomas—The biggest problem is what I was saying about the centre of gravity and what it is like bringing heavy loads down a hill. It comes from the road, from a bloke sitting beside you, telling you what it is. You have to experience it. It is a terrifying thing.

Senator FIFIELD—Mr Sheldon, can you advise the committee how long the chain of responsibility legislation in New South Wales has been in place? What are the sanctions in that legislation, say, for an employer who does not satisfy their obligations to complete a plan for how that journey can be completed safely? Have there been any prosecutions in relation to that?

Mr Sheldon—They do cover things. Originally, before the regulation came in, there was case under the old general standards of occupational health and safety against a company by the name of Hitchcocks. That company was found to be guilty of a whole series of safety breaches, which resulted in the fatality of a driver. The clients in those circumstances were not prosecuted. That is the only case that WorkCover has taken forward in the 15 years I have been here. The regulation came into effect as of March last year and has been described to us as an education program for employers about what their obligations are and how the regulation is to operate. Regarding the prospective fines for clients or transport operators, rather than go through the details of those fines I will give the committee a copy of the regulation plus a precis.

CHAIR—That would be very helpful.

Mr Sheldon—In addition to that I would be very helpful to give you documents that WorkCover has provided to us—which is again a simple explanation of the regulation and how it works—and a DVD, which is about 15 minutes long and quite engaging, about how chain of responsibility works.

CHAIR—That would be helpful for our general education. Have there been any prosecutions?

Mr Sheldon—There have been no prosecutions as yet.

CHAIR—Not in the 12 months since it has been up?

Mr Sheldon—No.

Senator STERLE—I take a lot interest in page 8 of your submission, particularly the words:

... training racket cash cow, depend on labour hire agencies to recruit—

and poach. We have heard a number of submissions. We have established that the transport industry is a basket case in terms of training and we have worked out that unless they are whacked around the head with the legislation and regulation they will not change. There is one positive I want to take, if you could just clear it up for me. So far the TWU submission is the only one that has shown us that there is an opportunity to increase the number of truck drivers by utilising existing training funds and incentives appropriately. Could you expand on that for us?

Mr Sheldon—As it stands, 80 to 90 per cent—some would argue higher—of the traineeship money, of the \$34 million for the 10,000 trainees, is concentrated on re-educating existing drivers rather than encouraging new entrants to come to the industry. If that \$34 million were redirected at actual new entrants to the industry and an appropriate financial incentive for employers to attract new entrants, then we would have the capacity to bring in enough new entrants by increasing it for new entrants to nearly 60 per cent of those traineeships.

If we trained 4,500 new entrants each year rather than retrained the vast bulk of 10,000 people who already have trucking licences and skills, we would see the looming shortage of truck drivers and the suggestion that we bring in overseas drivers eliminated. That would be a critical part of the puzzle—dealing with recruiting new people into the industry. And of course then there are the retention issues as well.

Senator McEWEN—We have heard in previous evidence that there are some 160,000 organisations in the transport and logistics industry in Australia, most of them employing fewer than five people, and other people gave evidence that they are likely to be swallowed up by larger corporates. Is that the view of the TWU? If it is, do you see that to be a plus or a minus in terms of recruitment, training and retrenchment of truck drivers?

Mr Sheldon—There has been a consolidation at the big end of the market. We have well over 20,000 individual owner-drivers in the TWU. There will still be very much a place for those operators because a lot of companies, with the way the market operates, want to subcontract and subcontract out to the point that Ray was making before—until the cream is at the top of the milk and as you go down the bottle it becomes water. That is what is happening with the contracting out. There will be a place for small operators through that system and because of the pressures from clients on margins and the competitive nature of the industry, there will be more and more small operators. I personally do not think that small operators will be absorbed into large operations; they will still very much exist within the industry. The question for us is the chain of responsibility, that on all those issues that affect small, medium or large operators in maintaining their drivers, it comes back to the conditions that apply within the industry—the safety conditions principally and certainly pay rates—and the capacity for the client to be held accountable for what the conditions should be.

Just as state governments traditionally were the trainers of apprentices, large companies were traditionally the trainers for new entrants in the industry. Because of the outsourcing of the work, that has been reduced. We are suggesting that with the \$34 million pool large companies could be re-incentivised financially to start investing in what was traditionally the culture in the industry of training people.

Senator McEWEN—You still see the survival of small operators?

Mr Sheldon—Twenty thousand of our members would see their own survival and I would see small operators surviving in future.

Senator HUTCHINS—In relation to 457 visas, at the moment you have New South Wales chain of responsibility legislation, which is very good. If we had national legislation along those lines, I would be interested in your observations of how, in that case, we would have a problem with people undercutting rates

of pay and conditions, which has been some of the evidence we have heard. How would that marry up with a proposed national chain of responsibility?

Mr Sheldon—In the submissions that we have put and in these various reports here, rates of pay and conditions are very fundamental to safety. The full bench of the Industrial Relations Commission of New South Wales identified safe rates as a key issue. If the market is highly competitive, which it is, there is always downward pressure on minimising costs, and one of those costs is wages. Driving down of wages obviously discourages people coming into the industry or encourages people to leave. In chain of responsibility, which exists in the New South Wales system, a fundamental aspect is that there is a requirement to have client accountability, safe driving plans, which is how the work should run, and safe rates. But what incentivises the work? That is the economic question. What is a safe rate for the work to be carried out? I would put the safe rate as being the New South Wales rate at least. Anything less than that is certainly unsafe. It could be argued that a safe rate would be higher than that. In the Belzer report, which we are also going to submit to the inquiry, those figures about wages and safety are all correlated together. If you do not make the person at the chain make the decisions about costs and what they are prepared to pay for the function being carried, then you have a critical fundamental problem.

I will give an example. The *60 Minutes* program ran two programs over the last 18 months and *Today Tonight* ran a program a number of weeks ago about a company call Harkers Transport. After the first program we went and spoke to the major retailers, Woolies and Coles. They were still using Harkers Transport three months after the *60 Minutes* program had exposed them. Then there was a second *60 Minutes* program. It is up to those companies whether they continue to use them. Coles decided to continue to use Harkers Transport after the second *60 Minutes* program. That company has been purchased by another company called Roadmaster. It happens that Denis Robertson is a life member of the Australian Trucking Association and previous chairperson. He has over 1,100 charges against his company. They bought Harkers Transport. They have charges against them for the period prior to his purchase and subsequent to his purchase. They attempted to get the chain of responsibility road law regulation charges against them in Queensland knocked out by the magistrate on a technical ground.

Senator HUTCHINS—What sort of charges are you referring to?

Mr Sheldon—Driving out breaches, log book breaches. Drivers have already given evidence to say they are guilty of the breaches—that evidence has already been given. The question is the culpability of the company. This is the second slate of charges against Harkers, now Harkers Roadmaster. They were found guilty in the first slate. They tried to use a technical ground to get the charges knocked out in the second slate. This person is a life member of the Australian Trucking Association, is involved in various committees for the Australian Trucking Association, and supports 457 visas coming into the country. I do not simply blame that company; there are a number of other transport operators in exactly the same boat. Coles have awarded him another contract. It is up to Coles to award contracts or not, that is their business.

CHAIR—We will have to finish there. Thank you for that.

[12.19 pm]

LYNCH, Mr Stephen, Manager, Policy, Communications and Training, Bus and Coach Association of New South Wales

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

Mr Lynch—No, Madam Chair.

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

Mr Lynch—There is another federal body, the Bus Industry Confederation, but the Bus and Coach Association only represents private sector bus companies in this state. I have been employed there since November 2006. My role is specifically to develop a training framework for the private sector bus industry. I thought it was very important that I attend today to hear the other submissions but also to identify some of the problems that our association has been encountering over the last few months in trying to develop our framework.

It was interesting to hear Darryl Hull's description of the aeronautics industry as being the sexy end of the transport logistics sector, because the bus industry is probably the least sexy industry. It is certainly reflected in our difficulty in attracting new people into the industry. It is seen generally by school leavers and young people as an industry that is restricted to bus drivers and as a dirty industry—nuts and bolts. There is not a great deal of fascination or attractiveness to draw young people into the industry. As a result of that, plus a number of other factors, we are faced with a situation where the average employer within the industry is at least 40-plus and probably getting on towards 45 or 50. If that is the case, in the next 10 to 15 years we are going to be faced with a severe staff shortage. The challenge for us as an association and also for the industry as a whole is how to solve that.

The current situation is that a lot of our drivers have come from the trucking industry traditionally. There is some work happening within the industry to try to change that and to try to train people from the ground up. The problem is also exacerbated for us in that at the New South Wales level we have had the Waterfall inquiry, which has had a big focus on safety. As a result of that, there has been an increase in driver health monitoring.

The fact is that a lot of drivers in the industry are in their 40s and are not the healthiest of individuals. They are generally overweight and have health problems. The situation is that there is already a shortage in the industry and there is going to be a critical shortage in 10 to 15 years time and also that even those people within the industry are being squeezed out to some extent as a result of a number of the new health measures being introduced. We are not opposed to that in the least, but it highlights some of the current pressures on the industry.

From a policy perspective, the fact is that, in New South Wales at least, there is a transportation crisis. Public transportation is obviously one key to solving the global warming situation across the world, yet we need to put some strategies in place to try to retain the people we already have in the industry and also to train others from the start and create some sort of career path for them. I think that is what has been lacking to date.

One of my roles within the association is to try to set up some sort of framework for that to happen. We are still very much in the early stages, but one of the first things we are doing is trying to set up a training needs analysis across the industry. At the moment, in New South Wales at least, you have regulations which say that, at that level, drivers need some sort of training and that at the very top end an operator, normally the designated manager of a particular company, also needs to have some sort of accredited training.

I am finding that the real gap is between the two. Drivers are generally becoming more and better trained. Operators as part of their accreditation conditions need some form of training. But there is very little knowledge or understanding of what the junior supervisors and middle managers actually need in their work within the industry.

On top of that, the focus within the transport and logistics area in terms of training has been very much on the supply and logistics side. Rail would probably be No. 2. The bus industry rarely gets a look-in. It is not really high profile in most people's minds. The other things are more high profile and sexier, should I say. The bus industry is really the poor cousin, we feel, amongst a lot of the initiatives which are taking place on a broader sector level.

There is a lack of real career transition and a lack of pathways within our sector. As I mentioned, at the driver level there is driver training, which is aligned to the Australian Quality Training Framework. At the top end there is the operator training level, which is a university degree course, but the competency based AQTF and the university based territory course do not recognise each other or, we think, really see the benefit of each other and of the dual training stream.

What we are trying to work our way through is some way of actually marrying the two so that, if a driver finishes being a driver and is on the pathway to hopefully being a senior manager in a bus company, those qualifications they got through the competency based framework are actually recognised further up the educational tree. At the moment that simply does not happen. From reading Darryl's submission and a few of the other submissions to the inquiry, it seems to be a common thread. We are very keen to see if there is anything that can be done to marry the two very diverse training silos which currently exist in Australia.

Also, from a particular industry point of view, one of the difficulties I am facing is that within our industry—I should have mentioned that we represent about 1,000 private sector bus companies throughout the state and there are about 10,000 employees that they employ—there is a great diversity in terms of the employers within that industry, ranging from a great, big multinational company like ComfortDelGro Cabcharge, now Westbus, which has a lot of very dynamic things in place, to the small rural operator, which often is the operator, his wife and maybe one other driver.

The need for training within that diverse sector is variable. At the top end, the big multinationals with a bit of money are actually putting the effort into training. At the smaller end, for some of these people, their margins are quite small. They have been doing the job for years. Their recognition of the importance of training is nowhere near as great. So one of the challenges for us as an association is to try to educate the whole industry and set up a framework which can cater to all of the needs within that diverse sector.

From my own point of view—I was only recently appointed—I am doing this job as part of a whole range of other projects quite unrelated to training. It is a challenge for us as a small association with three people—we have seven people in all, but most of them are admin and secretarial type staff—to try to balance what we see as an obvious need with trying to actually get the work done. We recognise that there is a real core need to improve things within the industry, but it is a struggle for us as an association. It will be nice to have something come out of this Senate inquiry which not only recognises the need but also gives us some support in trying to do the job we are attempting to do.

In summary, we see marketing to young people as fairly key. We are on the reference body with Darryl. The Bus and Coach Association is involved in that capacity. Our key challenge at this stage is trying to define the competencies—and I should not use that word, but talk about that skills and things needed by staff within the industry at the junior and middle management level. Those things are quite well defined at the driver level and at the very senior management level, but, as I mentioned, there is that big gap in between. Finally, we need to try and create a career path from that very junior level up to the senior manager level. One of the keys there and one of the difficulties is the lack of transition between competency based and university based qualifications. We have short courses, we have competency based courses and we have university based degrees. Those courses are all on transport and logistics, but the course providers just do not speak to each other. There is a need to get that career path, because that would help everyone involved. That would certainly help our industry.

CHAIR—Thanks for that. Are there any other skills and labour shortages in your industry apart from drivers? I am talking about mechanics and engineers—that sort of thing.

Mr Lynch—I read what the Bus Industry Confederation said—they are the federal body. There certainly are some skill shortages in the diesel mechanic and general mechanic areas, and also, as I understand it, in the body-building industry. Body building is more the Bus Industry Confederation's brief, but there are skills shortages in the mechanical side.

CHAIR—So it is across the board.

Mr Lynch—Yes, it is.

CHAIR—Do the very remote and regional bus companies—such as the one you mentioned run by a husband, a wife and one other driver—have to have any level of skill or certification other than a bus licence?

Mr Lynch—Yes, they do. At the bus level, there are some fairly minor accreditation conditions for drivers. At the operator level, whoever the accredited operator is has to do a training course in New South Wales. It is run out of the University of Sydney. It used to be called the certificate of transport management. It has now

changed in line with growing accreditation conditions. It changed as of February. It is now called something like the operator accreditation course. At both ends, there is training required. But there is not much in between.

CHAIR—Would you ascribe young people not joining the industry to the same reasons as some of the other witnesses we have heard—reasons such as long hours, comparatively low pay and safety considerations?

Mr Lynch—Certainly. I will add two more to that: a lack of a career path and a lack of glamour in the industry. When people think of the bus industry, they think of the driver with shorts and long socks. They do not think of the myriad career paths within that industry—the accountants, the lawyers, the human resources managers and so forth, who are there but not highlighted in the school leaver’s mind.

CHAIR—You have an industry training working party—correct?

Mr Lynch—Yes. This was our association’s initiative. Back in November, which was when I started, we brought together a cross-section of big and small operators; training bodies, including the university and RTOs; the community transport sector; the ministry of transport, which is a New South Wales entity; and the state transit authority to see if we could nut out what the problems were and what is required. They recommended setting up a working party, which met in February. There has only been one meeting to date.

What I have been giving the brief to do is to develop a training needs analysis focusing on the small operator and on the middle management levels. As I mentioned, one of the difficulties for me is that the Westbuses of the world might have 15 different position descriptions at that managerial level, ranging from depot manager to timetable manager to human resources manager and so forth. But the mom and pop running the regional bus company might have one or two people doing those roles. The skills needed are spread over a whole range of positions within the larger companies. Within the smaller companies, they are concentrated in one or two people. We thought that the best way of approaching was to concentrate on those two people and identify what they needed and then expand it out to the larger operators from that point.

Senator MARSHALL—Thank you for your submission. In point 2 you talk about the identification challenges and say that, as part of new accreditation conditions, operators must now be able to demonstrate a number of things which you list as dot points and that soon there will be the commencement of an audit. None of those dot points—and I will not go through them now, for the sake of time—sound very extraordinary to me. These are things which one would expect a properly run business to be doing as a matter of course. In point 3 on the training context, I think you hit the nail on the head when you say:

Current training plays “catch up” with expanding regulatory requirements.

But the expanding regulatory requirements are driven by the lack of training in the industry and we are still going to be in this catch-up. No-one just wants to regulate for the sake of regulating; we are regulating because there have been demonstrated failings in the industry as a result of that report. We mandate regulations, and that is the extent of what legislators can do to generate the training to ensure that a certain standard is met. That standard ought to have been met without the need for regulation, but it was not being. So the regulation drives the training, but the training is still playing catch-up. I guess the question is—and I may be harsh in putting this to you—hasn’t the industry failed itself in respect of training and self-regulation?

Mr Lynch—From an historical point of view, the industry in the main is made up of very micro-operators of low educational standing. What has happened to the industry in recent times is that, mainly coming out of the Waterfall inquiry, there has been a great degree of legislation coming down on the smaller operators. That is a fair comment and we are trying to bridge that gap, to make it not catch-up but rather to have a framework—

Senator MARSHALL—If I can interrupt, you also made the point—and I say this with respect; I know the pressures you are under—

Mr Lynch—Of course.

Senator MARSHALL—that you are doing it with a staff of three who are not full time. I guess the expectation I have is that you are not going to meet that challenge unless there are more resources put into it, quite frankly. Isn’t that the case?

Mr Lynch—More resources would be nice. We are working with a whole range of industry representatives—as associations we are only made up of our members—and we are hopeful that the larger companies in particular will put some resources into this once we set up the framework. At the moment, we are largely trying to find our way through the current maze to work out exactly what people require, because

within the training framework there are the accreditation conditions and the legislative requirements and then there is the managerial training and the industry specific training. There is a lot to try to rationalise to work out exactly what is required and how it fits within any sort of context. But I am hopeful that we can achieve some really good things and that what we come up with in the end will meet the current legislative needs or actually forestall our impression to date of the way legislation has been introduced at the state level at least, which seems fairly haphazard and piecemeal in that once legislation comes from here it is not unified. For example, let us have a safety management system as opposed to a whole range of different things. If we can come up with that as an industry, that may forestall the need to add more and more layers to what is a very complex legislative regime. There are instructions, codes, regulations and acts administered by the roads and traffic authority, by the ministry of transport and by WorkCover.

There are a whole range of things which, if you have a look at them closely, are largely duplicating each other, but there is very little communication from our perspective between the various government agencies. They will say, 'You need an OH&S policy as required by work cover,' and then the ministry of transport will perhaps say, 'You need a safety policy.' The two are pretty much the same but they are quite different pieces of legislation. So it seems to us that if we can get on the front foot and say, 'This is the way you manage safety'—using safety as one small example of a whole range of regulations—then a lot of those regulatory needs will be met by the industry without a particular government entity having to do the job for us.

Senator MARSHALL—I think I agree with that. Instead of playing catch-up it needs to be one step ahead. But, given everything we have heard about the cost of that and the lack of enthusiasm of businesses in this industry—if you dispute this please say so—including the bus and coach industry, to put the dollars up and make the investment in training and get standards within the industry, you are going to be left with reactive legislative requirements being put in. Those will always, by the nature of it, be quite disjointed, because each time the regulations are put in, or legislation is made, they will be reacting to certain instances. I know that you would like to be one step ahead, and we agree that that is where you should be and we would not need the regulation, but do you have a plan to get there? It seems to be a big jump.

Mr Lynch—That is what we are starting at the moment. It may be late in the piece but it really has to take place. It is a challenge for the industry, particularly, if I can come back to that point, because you are dealing with many small regional operators who are on tight margins. The big companies have this in place; our challenge as an association is to try to educate the industry on the need for training of this type and also to get them on board. A lot of the mum-and-pop operators who have been in the industry for many, many years doing the same thing cannot really see the need to spend more money when there is not much money in the purse as it is. That is why the association has that lead role to play at the moment.

Senator MARSHALL—If that is always going to be the case—and I suspect it is in those regional areas—regulation is going to be absolutely necessary in order to maintain the standard, because those standards are not going to be met unless the regulation requires it to be done.

Mr Lynch—Unless we can come up with a framework which is of true relevance and demonstrates true value to the operators, that is probably correct. It is a challenge for us to do something which is not guff. If you look at some of the Australian Training Quality Framework competencies—and obviously you need the bus sector one to flesh this out—you will see that a lot of them are written in such large bureaucratese that a small operator would pick them up and say, 'What the dickens is this?' We have to put them in some sort of framework that says, 'Competency 1: meet your New South Wales accreditation conditions,' then competency 2 and so on. It needs to have things which have real relevance and meaning to them as opposed to some generic, broad thing.

Senator MARSHALL—Can I be greedy and ask just one more question. In terms of the licensing, particularly for bus and coach drivers, is it simply a matter of meeting the licence requirements at a technical level? How much competency based training is involved in that? The problem that I have always had, as a matter of principle, is that those who deliver the training, if there is a licence to be given at the end of the day, ought not be the same group that gives the licence. They should be different. How much competency is involving in that and who provides it and who measures it?

Mr Lynch—It is, if you like, a three-stage process. First of all there is the heavy vehicle licence. You need that in order to apply for your drivers authority. In addition you need to have some level of competency as determined by the Ministry of Transport, and that is an understanding of your accreditation conditions. There are companies—RTOs and also some private companies—who put their trainee drivers through that so that they get those ticks.

There is a third level, which is a Certificate III, Transport Logistics (Bus Driver). That is not a mandatory requirement but it is something that more and more companies are using. Large companies like Westbus routinely put their drivers through that certificate III, as does the State Transit Authority, as do a lot of other smaller companies. The association has a relationship with a particular RTO that will, if the company wants it, advertise for bus drivers. It will recruit them, vet them and train them up to certificate III level, which takes two years. So it is an increasing trend. In answer to your question, yes they need more than a licence. They do need some demonstrated competency in the accreditation under driver authority conditions, and on top of that is the certificate III, which is voluntary at this stage but which is more and more becoming the norm. The level of training at the driver end is pretty good. It is in those other areas that it is more problematic.

Senator McEWEN—You said that your membership has 10,000 employees; do you know what proportion of those employees are women?

Mr Lynch—No.

CHAIR—Could you find that out?

Mr Lynch—I could possibly find that out.

Senator McEWEN—In terms of your recruitment strategies, are you doing anything in particular to try to attract more women into the industry? Have you identified any barriers to getting more women to participate?

Mr Lynch—Anecdotally, I would say that there are more women entering the industry. You can probably see that just from catching a Sydney bus, but it is probably true throughout the industry. We have not directed any particular measures at women. We are more interested in getting young people of either gender, because it will be difficult for us in 10 to 15 years if we have an ageing population and no-one to replace them. In answer to your question, no, we are not doing anything specific to attract women.

Senator McEWEN—Thank you.

CHAIR—That concludes our hearing today. Mr Lynch, thank you very much for appearing before us today. The committee will now break for lunch and will then visit the Qantas maintenance facilities at Mascot this afternoon. We will resume hearings in Brisbane on 12 April, after conducting site visits in Parkes and Townsville on 30 March and 11 April respectively.

Committee adjourned at 12.47 pm