

The Transport & Logistics Industry Skills Council

Submission to the Senate Inquiry into Industry Skills Councils

4th August 2010

The Transport and Logistics Industry

Transport and logistics is often referred to as the 'backbone' of the Australian economy. It directly affects every part of the economy and everyone's standard of living – from what we buy, to the price we pay for goods, to how we get from place to place.

Transport and logistics is a diverse industry that covers four modes of transport: air, road, rail and sea. It enables the movement of goods, services and people. More broadly, the industry involves almost every type of occupation, from crews of vehicles, trains, vessels and aircraft to staff involved in engineering, infrastructure, tourism, hospitality, security, retailing, warehousing, administration and IT.

In a practical sense, the linkages between the sectors in the industry are highly integrated. Modern transport infrastructure comprises interconnected transport nodes that are serviced by two or more modes of transport, such as rail to port. These networks have become increasingly complex and, in many instances, have involved the rapid introduction of new technology. The multimodal nature of transport and logistics has significant implications for the skills required by the current and future workforce.

Because of the integral role that transport and logistics plays within the broader economy and the embedded nature of its functions, the relative 'health' of the Transport and Logistics Industry is often considered a barometer for the overall strength of the economy.

The *Australia to 2050* report highlights the impact of infrastructure investment on lifting economic growth. This was underscored by announcements of increased Commonwealth Government investment, totaling \$36 billion, in roads, railways and ports.

The success of these projects will depend on access to highly skilled people across a broad range of transport and logistics capabilities in the construction and operational phases.

Infrastructure has emerged as a key national priority, with renewed focus on long-term planning and the identification of inefficiencies and bottlenecks. Regulatory reform has been aimed at ensuring the coordination of all levels of government to build an efficient, safe, sustainable, accessible and competitive transport system. Initiatives include the creation of single national regulators for heavy vehicles, rail safety and maritime safety.

Australia's freight task in 2020 will be double that of 2006. By 2050, it will be tripled. Capacity constraints and congestion are already evident, which means that delivering transport and logistics services will become increasingly difficult for the 165,000+ enterprises in the industry. The flow-on effect of this to other industries will be significant; an efficient Transport and Logistics Industry allows other industries to maintain competitiveness through efficient supply chain and transport systems.

Conservative estimates put employment growth in transport and logistics at an average 1.3 per cent a year until 2013-14. The all-industries rate for the same period is one per cent. These figures were calculated before the infrastructure projects were announced, making it likely that employment demands in transport and logistics will be higher than the projection.

The workforce

The Transport and Logistics Industry is a significant contributor to the nation's prosperity through the efforts of its 1.2 million-strong workforce and through the vital role it plays in underpinning the competitiveness of all other industries.

The increasingly global scale of the industry means that Australian employers are exposed to global labour shortages in some occupations. The impact of these shortages is varied. In many instances, it places significant pressure on organisations through rapid growth in salaries caused by competition from other industries for the same skilled workers.

The skills base and labour pool in Australia's Transport and Logistics Industry will need to increase in size and capability if it is to respond to the challenges arising from the productivity agenda and population growth.

The capacity for the industry to access training staff will remain a key challenge as the economy strengthens. In some job roles this issue is more critical than others. Constraints around accessing highly qualified personnel for roles such as marine pilots and drivers for articulated vehicles can have serious ramifications for the movement of freight and resources across the country.

Some of the key skill and workforce development challenges facing the industry include.

1. Availability of a skilled workforce at the right in time and in the right place.

Because of the variability of workflow, transport and logistics employers are often interested in hiring labour and skills on a just-in-time basis. As a result, long-term workforce development initiatives are rarely used. This has implications for workforce efficiency and, in the longer term, for industry productivity.

More recently, the Transport & Logistics Industry Skills Council (TLISC) has worked closely with a range of organisations seeking assistance with issues relating to workforce development.

Feedback on this work suggests many Australian businesses rely on attracting existing skilled labour from other sectors or industries rather than training new staff.

This means that the burden of training falls on to a small group of employers, which diminishes the total labour/skills pool over time. This approach to recruitment is expensive and fails to generate a culture of 'fair contribution' in the development of the total workforce.

2. Transport and logistics labour exits during resource and construction booms.

The latest industry evidence indicates that Australia's resource and construction industries are growing again. As the economy strengthens and the demand for labour increases, it is expected that the Transport and Logistics Industry will once again experience a labour shortage, especially in critical skills areas. It is therefore imperative that employers implement proactive strategies to retain present staff and recruit new staff who have the required skills (or the capacity to achieve them) to meet future demands.

3. Harmonisation of Training Packages.

Over the past 12 months, the Transport and Logistics Training Package and the Aviation Training Package have been reformed to ensure that qualifications meet occupational outcomes. Qualification packaging rules have been improved to ensure they accurately reflect actual job roles and support COAG imperatives around national licensing and the harmonisation of licensing and national training requirements.

Green skills have formed a key part of TLISC work over the past 12 months, including an evaluation of the degree to which green skills appear in transport qualifications. This work, coupled with initiatives in the workplace designed to reduce the industry's impact on the environment, will provide a platform for changing perceptions about the industry and the role it can play in reducing Australia's carbon footprint.

4. National regulation for the National Training System.

The creation of a single regulator for the vocational education and training (VET) sector has been welcomed by the Transport and Logistics Industry. Improvements in the application of funding to support industry training in a consistent and reliable framework is an absolute must to sustain the interest of organisations that operate nationally.

Feedback to the TLISC indicates the industry is interested in maximising the benefits of the National Training System through the use of consistent processes in how training services can be accessed, when and where the industry seeks to raise workforce skill levels.

Industry feedback indicates that transport and logistics is preparing for improved economic conditions. However, there is some concern about access to skilled labour within short time frames for demand spikes.

These conditions alert us to the need to pre-train staff and to extend national training arrangements to encourage people who are under-employed or unemployed to undertake training.

Increasing the pool of drivers licensed for heavy vehicles will be critical for the labour market of the future. Further analysis of the maritime task and ways in which Australia's coastal and deep water shipping skills can be maintained will require commitment by the industry, regulators and government.

Central to our future success will be innovative leaders who bring high-level business management skills combined with good people management skills. For the Transport and Logistics Industry, the skills of our people and the adequacy of the labour pool will be the ultimate determinants for growth and development. The value of our investment in them and in their development cannot be understated.

The Transport & Logistics Industry Skills Council

The Transport & Logistics Industry Skills Council (TLISC) is one of a national group of 11 Industry Skills Councils in Australia. The TLISC was established in November 1994 as the National Transport and Distribution Industry Training Advisory Board (ITAB). This organisation formed part of the national structure for Industry Advisory Board arrangements.

Throughout its 16 years of operation, the organisation has developed extensive stakeholder networks and engaged the industry and its peak bodies, regulators, government, unions and other key stakeholders.

Engagement with industry is extremely positive; the contribution that industry makes through the provision of information, technical expertise and the use of personnel for advisory groups is significant.

The TLISC fulfils a pivotal role in the Transport and Logistics Industry through the provision of workforce development services, the review and development of national Training Packages, and industry-based research designed to inform skills and labour development strategies.

Responding to the matters raised in the inquiry

(a) The role and effectiveness of the Industry Skills Councils (ISCs) in the operation of the national training system particularly as it relates to states and territories and rural and regional Australia.

ISCs play a crucial role in the development and maintenance of the National Training System. This role engages all States and Territories and encourages the development of products and services that have application in regional and rural Australia.

A central element of Australia's national VET system is the construction of nationally endorsed industry competency standards. These standards form the building blocks for national vocational qualifications and provide the vehicle through which 4500 registered training organisations (RTOs) provide accredited training and national qualification certification.

The TLISC plays a crucial role in engaging with industry to develop and design components of the National Training System. This process requires the capacity to work with industry and government to articulate workplace skill requirements within the VET policy environment.

Industry and other key stakeholder engagement facilitated through the TLISC has led to the creation of sector-specific and technical advisory committees. These committees provide high-level advice to the TLISC as a means of ensuring consistency in qualification design and outcomes at a national level.

Industry advisory committees, working groups and technical advisory committees are structured and operational across TLISC industry coverage, which includes:

- Aviation.
- Stevedoring.
- Road and warehousing.
- Rail operations and infrastructure.
- Maritime near coastal and deep water.
- Logistics and logistics operations.

In addition to advisory committees, the TLISC also has a range of industry steering and technical committees that provide detailed technical information to support the development of contemporary and forward-looking vocational qualifications. Steering and technical committee work undertaken in 2009/10 has included:

- Logistics Qualification Restructure and Deployment Logistics Project.
- Stevedoring Qualification Restructure.
- Heavy Haul/Diesel Haul Operations.
- Urban Train Operations.
- Network Control/Signaller.
- Rail Infrastructure.
- Air Transport Pilot Licence Qualification Project.

- Ground Operations Qualifications Restructure Project.
- Flight Operations Qualifications Restructure Project.
- Transport Yard Operations Qualification.
- Warehousing Qualification Restructure.
- Mobile Crane Qualification Restructure.
- Road Safety Skill Set.
- Tunnel Operator Qualification Development.
- Maritime Deck Hand (Tourism, Ferries and Diving).

The TLISC encourages membership of its advisory and working groups from metropolitan, rural and regional Australia. The groups work on the principle that they are industry led and have the objective of informing and strengthening the National Training System.

The development and endorsement of Training Packages requires the TLISC to closely engage with State and Territory VET regulators and accreditation personnel. This process includes ongoing dialogue throughout the development of Training Package qualifications and culminates in the States and Territories signing-off on new qualifications, which are then endorsed by the National Quality Council (NQC).

Engagement and valued dialogue with States and Territories is also achieved through the TLISC/State Industry Training Advisory Body (ITAB) network. This network has been working collaboratively for more than a decade. It provides a key forum for issues relating to industry training at a State and national level, which includes a focus on issues affecting the provision and uptake of training in regional and rural areas.

The TLISC also engages directly with stakeholders in regional and rural areas to gather advice on the national VET system and to gain a detailed understanding of qualification development needs in these areas.

To maximise its engagement processes, the TLISC has developed a key stakeholder feedback mechanism via its website, uses teleconference facilities where stakeholders cannot physically attend meetings, and provides regular industry bulletins to its email database.

Recent TLISC engagement has included a presence in Mildura, Alice Springs, Pilbara, Dampier, Esperance, Karratha, New Castle, Beauty Point, Launceston, Wagga Wagga, Cairns, Kingaroy, Jandicott, Broome, Clare, and Bribie Island.

State and Territory Training Authorities (STAs) often call upon, or engage with, the TLISC in the presentation of new VET information to RTOs. These types of engagement also extend to working with State transport regulators, particularly in the implementation of new national qualifications in licensed or high-risk occupations.

(b) *accountability mechanisms in relation to Commonwealth funding for the general operation and specific projects and programs of each ISC.*

The Skills Councils' primary funding contract (agreement) is with DEEWR for the provision of services. This contract stipulates a broad range of requirements through which ISCs must manage and acquit their contractual obligations, including those relating to the finances of the contract.

Accountability mechanisms for the use of contract funding are clearly outlined in the DEEWR/TLISC contract, such as direction on where funds must be held, financial reporting requirements and purposes for which the funds cannot be used.

Annual business plans that are developed by the TLISC and submitted to DEEWR, as per the contract requirements, include detailed expenditure projections for the year ahead. Annual financial reports, provided to DEEWR, detail contract expenditure to date and progress towards meeting contractual KPIs.

Additional projects accessed by the TLISC are bound by separate contractual requirements, which form the basis for the Skills Council's reporting and acquittal processes for those projects.

The TLISC does not engage in projects that are unrelated to the organisation's strategic objectives or inconsistent with its work as it relates to its primary DEEWR/TLISC contract.

Accounting for all ISC contracts is subject to audited financial acquittals that meet the requirements of the Australian Auditing Standards.

(c) *corporate governance arrangements of ISCs.*

Corporate governance arrangements form a critical part of the TLISC's structure and its day-to-day operations. Governance arrangements are promulgated through the Board Charter and are implemented through the organisation's business procedures.

The TLISC's governance arrangements were strengthened in 2006/07 following a Commonwealth Government review of all Skills Councils. The review highlighted several areas where improvements to governance could be achieved and these formed the basis of a communiqué from the Government.

Following the review, the TLISC analysed its operations and implemented wide-ranging changes to its structure and business operations as a means of strengthening its corporate governance. These changes included:

- Reducing the size of the Board to align more closely with best practice board configurations.

- Ensuring the TLISC Board was industry led, including a requirement that the majority of Director positions were occupied by industry representatives.
- Ensuring a separation between the roles of advisory committees and that of the Board.
- Establishing robust and detailed operational plans and KPIs for the business.
- The redevelopment of the TLISC Constitution with particular focus on the removal of 'alternates' from the Board and focusing instead on maximising corporate governance through dedicated Director leadership.
- Redevelopment of the TLISC Board Charter to focus on defining roles and levels of delegation in the business.
- Improved financial accounting processes through the replacement of external bookkeeping and finance management services with in-house services.
- Ensuring processes were in place to separate expenditure for DEEWR/TLISC contracts and other project work undertaken by the Skills Council.
- Increasing permanent TLISC staff to reduce a reliance on external consultants.

In addition to these measures, the TLISC has also developed rigorous processes for the selection and induction of new Directors that focus on a person's capacity to bring specific business skills and corporate capability to the Board.

The Board Charter and its protocols are regularly reviewed and amended to reflect contemporary business rules and best practice governance operations.

The identification and selection of Board Directors at TLISC is not linked to membership or chairmanship of TLISC industry advisory committees.

(d) ISC network arrangements and cooperative mechanisms implemented between relevant boards.

Networking arrangements across ISCs play an important role in maximising the effectiveness of ISC capability nationally and in the exchange of information and strategies that assist in the development of the VET system.

The two primary vehicles through which cooperative ISC actions take place are the ISC CEOs Forum (the Forum) and the ISC Chairs Forum (the Chairs Forum).

In 2005, the newly formed ISCs agreed to establish the Forum to advance national VET priorities and matters of cross-industry relevance. While based on an agreed terms of reference for its operations, the collegiate Forum is not an entity in its own right and does not purport to have a view on any matter. Rather, the views it expresses are clearly defined as those of the 'collective' ISCs. The Forum convenes every two to three months, with meetings held by Chairs or CEOs or both groups depending upon emerging priorities.

Meetings of the Forum rotate around the jurisdictions to enable ISCs to meet with State Training Boards (Tasmania, South Australia and Western Australia) and local stakeholders, such as the Chairs of Industry Training Advisory Bodies (most recently in WA). Regular guests to the Forum include senior government department representatives and TVET Australia, in its capacity as secretariat to the National Quality Council.

In 2008, the Forum hosted representatives of the New Zealand ITOs and subsequently met in New Zealand to further existing Trans-Tasman arrangements for recognition and development of joint standards and optimisation of resources.

The Forum regularly meets with the Chair and Chief Executive of Skills Australia and with its full Board as appropriate. The Chairs of the ISCs form part of the Strategic Industry Forum convened by Skills Australia and which most recently met in June 2010.

Its membership of Chairs of the State Training Boards, industry peak bodies and Skills Australia provides an opportunity to further enhance the collective industry voice on skills, workforce development and related priorities for the system.

Various ISCs sit on national committees and working groups on behalf of the collective, enabling information to flow to and from the group. Memberships have included: Australian Flexible Learning Framework Innovation and Leadership Management Committee; Navigation Projects Steering Committee; Energy Efficiency Skills Committee; NQC's Sustainability Skills Action Group and Framework Implementation Action Group; and various COAG regulatory reform working groups.

ISCs also work collectively to lead and design major reform, for example, establishment of the Policy for the Training Package Development and Endorsement Process in 2008, which was subsequently agreed to by the National Quality Council.

Another example is the establishment of *Environmental Scan* publications, which have become *the* early warning advice to the system on industry's future and emerging skill needs. Two years on, an independent evaluation found the process and policy to be strongly supported by stakeholders and that it continued to drive greater responsiveness and quality of Training Packages.

The collective ISCs advance work at an operational level through joint Working Groups, which operate under agreed terms of reference. These groups enable ISCs to optimise resources and share ideas/good practice. At present there are four groups:

- Technical Managers' Working Group.
- Workforce Development Managers' Working Group.
- Project Managers' Working Group.
- Finance Managers' working Group.

The collective maintains a basic web portal for ease of stakeholder access to contact information and as a single repository for key documents, such as the full suite of 2010 *Environmental Scan* publications and any joint reports such as *Environmental Sustainability: An Industry Response*. Links are provided to other key national bodies within the system and users are encouraged to go to the specific ISC website for industry-specific or detailed information.

Most recently, in June 2010 the collective conducted its first national conference entitled 'Strategies for the Future'. Its targeted invitation list of ISC Board members and industry representatives from key bodies formed a 100-strong audience that explored two key themes through a series of pre-eminent national and international speakers:

- International approaches to green skills and sustainable practice.
- Rethinking workforce development: connecting skills demand, supply and utilisation.

Examples of joint activity/submissions include:

- Commissioning of independent report by Per Capita think-tank into *International approaches to Green Skills and Sustainability* (May 2010).
- Presentation to National Quality Council on key issues for the VET system emerging from the *Environmental Scans* (February 2010).
- Commissioning of work to investigate models for new initiatives arising from the *21st C Training Products Final Report* (submitted to the NQC) (November 2009).
- ISC response to Skills Australia's *Workforce Futures* (November 2009) (Submitted to Skills Australia).
- ISC response to AQFC's *Proposals for Strengthening the AQF* (submitted to AQFC) (July 2009).
- ISC/ industry peaks' advice to MCVTE on *21st C Training Products Final Report* (June 2009) (submitted to MCVTE).
- ISC response to Skills Australia's *Foundations for the Future* (May 2009) (submitted to Skills Australia).
- ISC report entitled *Sustainability – an industry response* (April 2009) (submitted to NQC and broadly distributed).
- ISC position on COAG Skills and Workforce Development Sub Group Paper (November 2008) (submitted to NQC).
- ISC response to NQC/COAG Training Products options paper (October 2008) (submitted to NQC).
- ISC response to the *Review of Australian Higher Education Discussion Paper* (July 2008) (submitted to NQC).

Recent key joint meetings and events include:

- ISC Conference, 'Strategies for the Future' (delegates from ISC Boards, State Training Boards, NQC and Skills Australia) (June 2010).
- Presentation to National Quality Council on emerging priorities (February 2010).
- Meeting with Minister Arbib on raising workforce participation levels (February 2010).

- Meeting with the WA State Training Board (August 2009).
- Meeting with the South Australian Skills & Training Commission (March 2009).
- Meeting with the Tasmanian State Training Board and Minister (December 2008).
- Meeting with industry peak bodies on industry leadership (ACCI, Ai Group and ACTU) (July 2008).
- Meeting with Minister Gillard (June 2008).

(e) *the accrual of accumulated surpluses from public funding over the life of each ISC's operation and its use and purpose.*

Since its establishment in 1994, the TLISC has maintained a primary focus on delivering industry advisory services as described in its Commonwealth Government contract.

While some changes in contracted services have occurred over time, the essence of the role has remained the same: core functions around the development and maintenance of Training Packages, advice to industry and government on skills and training needs, and the development of learning and assessment resources for industry and RTOs.

More recently, this role has been expanded to include a broader focus on workforce planning and development and providing Skills Australia with more detailed data around projections for skill and labour needs in industry.

Where the TLISC has delivered the services outlined in its DEEWR/ISC contract but has not used all of the available funding, written requests have been made to DEEWR to have those funds rolled into the next ISC contract. Where this has been achieved, ISC contract financials have been adjusted to reflect this and ISC contractual KPIs are aligned to include the rolled-over surplus funding.

Any financial surpluses generated by the TLISC have been achieved through its non-core funding. This has been done with the express purpose of ensuring the organisation's long-term stability, to provide high-level corporate protection to the business, and as a means of ensuring the ongoing provision of industry services where government contracts are in transition or under review.

(f) *the effectiveness of each ISC in implementing specific training initiatives, for example the Skills for Sustainability initiative under the National Green Skills Agreement.*

The implementation of strategic VET/training initiatives forms an integral element of the TLISC's work. In addition to the development and review of Training Packages, the TLISC also works closely with DEEWR to ensure the articulation of new VET policy initiatives with the National Training Framework.

Examples of recent work that supports the implementation NQC policy initiatives include:

- The evaluation of Training Packages to assess their green skill elements.
- The development of elements and units of competency to increase the green skills components in nationally accredited qualifications.
- Review and modification of Training Package qualifications to increase flexibility in nationally accredited qualifications.
- Implementing changes to Training Package rules to enable the use of units of competency from state accredited courses in national qualifications.

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