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Submission to Joint Standing Committee on Migration

INQUIRY INTO TEMPORARY BUSINESS VISAS

**Inquiry into eligibility requirements and monitoring,
enforcement and reporting arrangements for
temporary business visas**

12 June 2007
The Transport Workers' Union of Australia

**Submission to Joint Standing Committee on Migration
INQUIRY INTO TEMPORARY BUSINESS VISAS
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for temporary business visas**

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TRANSPORT WORKERS UNION

1. The Transport Workers' Union (TWU) represents 85,000 men and women in Australia's aviation, oil, waste management, gas, road transport, passenger vehicles and freight logistics industries. With over one hundred years experience in conducting Australia's freight task, the TWU has been proactive in establishing industry standards that improve the lives, and safety of transport workers, their families and the road using public.
2. The TWU welcomes the opportunity to contribute to the committee's deliberations into the eligibility requirements for temporary business arrangements. This submission establishes the industry context that has led to calls for the introduction of foreign labour into the road transport industry and the reasons why it is an inappropriate response. The first part establishes the causes of the anticipated labour shortage. The second compares the desirability of an Australian solution with the detriments of a foreign fix.

RECRUITMENT CHALLENGES

3. Three factors are combining to cause an anticipated shortage of transport workers by 2020: an ageing industry population, poor safety outcomes and low rates of pay. Attracting new entrants in numbers sufficient to discharge the 2020 freight task mandates addressing all three dynamics.

An Ageing Population

4. A typical transport worker in 2007 is a 43-year-old male working in a full time position for an average of 46.8 hours per week, earning \$865. Up to 45% of his peers will be aged over 45 and only 4.6% of his fellow transport workers are aged 20-24. In the next 20 years, many of his colleagues will reach retirement age and their exit will contribute to an anticipated shortage of transport

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workers by 2020; a time where the number of freight movements would equal twice the 2007 volume.

Poor Safety Outcomes

5. Excessive driving hours, client irresponsibility and poor law enforcement are the foundations of the transport industry's poor reputation for safety and deter would be transport workers from entering the industry. Numerous Parliamentary and Government inquiries, including the *Beyond the Midnight Oil and Quinlan Reports*, coronial inquests and other investigations have confirmed the dimension, scale and causes of the industry's safety problems and their affect on driver recruitment and retention.
6. TWU qualitative research into the attitudes of existing and potential transport workers toward the occupation confirms that until the safety hazards associated with the industry are addressed, recruiting and retaining the number of transport workers needed to safely perform the 2020 freight task will be near impossible.
7. In a focus group of transport workers, common responses included:

"I was once on the road for 17 hours straight."

"There was are a lot of pressures in the industry and that is what a lot of people don't understand."

"I leave on Monday morning. I don't see my family until Friday lunchtime. With a young family it's awful."

"I wouldn't go near the industry again unless they paid me a fortune."

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"It puts a strain on you when you get older."

8. In evidence led before the New South Wales Industrial Relations Commission, the following statements were tendered by experienced truck drivers:

"All up, I usually worked around 18 to 19 hours each day. I worked five or six days per week, doing five or six full return trips each fortnight, depending on whether or not they could get me loaded on Saturday. Usually, I would leave home on Sunday afternoon and travel overnight to Brisbane, load all day Monday and travel back to Sydney Monday night. I would repeat this twice more before getting home Saturday morning. Sometimes, I would not get home until the Monday after that. I would not get home at all mid-week."

"Sometimes we were left waiting to unload or load for hours. While I would want to sleep in that time, I did not dare because if you did not move your truck up with the queue when you were meant to, or you missed your allocated 'window', the loaders would make you wait all day until they had time to put you on the dock. This would not only mean more unpaid waiting time, but also leave you less time to get to your next pick up or drop off. Otherwise, it was too hot to rest because when 40 degrees outside, it was 60 degrees inside the truck. Rather than being restful, that kind of heat drains your energy even more. Accordingly, I would usually get to Tuesday afternoon without a break since starting work on Monday morning."

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Low Rates of Pay

9. Inadequate rates of pay and widespread non-compliance with legal and industrial standards result in high numbers of transport workers exiting the industry. This "race to the bottom" has been documented by the Industrial Relations Commission of NSW in the *Transport Industry - Mutual Responsibility for Road Safety (State) Award and Contract Determination (No. 2), Re [2006] NSWIRComm 328 (2 November 2006)* decision:

"Commercial pressures, most notably from major retailers, have intensified, resulting in the major transport companies tendering for contracts at very low rates and leading to the result that they subcontract out any work that they cannot perform profitably."

"Labour costs are the most significant component of transportation costs and there is an inherent incentive to achieve savings through non-compliance with industrial instruments or through the engagement of owner drivers or small fleet owners who are prepared to "do what it takes" to make the work profitable;"

10. In a focus group of workers outside the transport industry it was identified that low levels of remuneration were a key reason why they would not enter a career in the transport industry:

" If they paid me big money I'd take it. No sweat."

" If the money was decent, I'd jump at it."

11. To attract new entrants to the industry in numbers sufficient to replace retiring workers, remuneration structures require restructuring to properly reflect the market power of transport workers in a time of actual and anticipated shortage.

SOLUTIONS

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12. In 2006 153,900 Australian persons were employed specifically as truck drivers. As noted above, 45 percent are aged 45¹ or older and are expected to retire by 2020. To be able to maintain staff levels able to safely conduct the 2007 freight task, 77,000 additional persons must be recruited by 2020. Since 2004 the number of employed truck drivers in Australia has fallen by 4,700². By 2020³ the volume of freight transported by road is expected to double.

13. Satisfying this insatiable demand and recruiting enough transport workers to discharge the 2020 freight task presents this Government with a once in a generation opportunity to provide jobs to young Australians and the underemployed in both metropolitan and regional communities.

The Australian Way

14. To attract and ease the entry of Australia's next generation of truck drivers into the transport industry, the TWU calls for the following actions to be taken:

Action 1: Address barriers to recruitment and retention

- The TWU believes that increasing pay rates of truck drivers will retain drivers and provide an enhanced incentive for potential entrants. By increasing the hourly rate of pay, drivers will be able to reduce the number of hours worked and accommodate a broader range of lifestyle choices.

- As a further incentive to stay within road transport, the TWU supports the introduction of portable long service leave. Such an entitlement encourages

¹ Australian Job Search, Gender, Age & Hours, retrieved 30 January 2006 from <http://jobsearch.gov.au/joboutlook/default.aspx?pagelD=KeyInfo3&AscoCode=7311#age>

² Ibid

³ Department of Transport and Regional Services, Bureau of Transport and Regional Economics, *Skills Shortages in Australia's regions, Working Paper*, page 31.

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drivers to stay in the industry for longer and lets transport compete with the construction industry for labour, where such entitlements already exist.

- To address poor safety outcomes in the transport industry, the TWU calls for chain of responsibility laws already enacted to be expanded nationwide and to be rigorously enforced.

Action 2: Provide training pathways for new entrants.

- To avoid a 2020 driver shortage, 3,850 new drivers need to be trained each year. According to National Council for Vocational Education Research (NVCER) 11,450 people were attempting the Certificate III in Transport and Distribution (the relevant two-year traineeship qualification for drivers) in 2004.
- This should be complemented by qualified organisations, in an entrant's local town or community, providing on the job training to applicants; thus forming an alternate "entry pathway" suited to persons not willing to enter the classroom training system. Trainees should be made aware of their workplace rights and entitlements by registered industrial organisations.

Action 3: Network best practice

- The TWU is aware of a number of industry sponsored training initiatives operating across Australia in spite of the lack of a coordinating authority capable of spreading information on what works when attempting to recruit new entrants. The Federal Government creating a national agency to assess and collate best practice case studies and then assist other interested companies in implementing them would complement these initiatives.

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15. Solving the impending driver shortage by introducing foreign labour to road transport through temporary business arrangements is a short-term fix to a long-term problem. These visas do nothing to address poor safety standards in the road transport industry. They do nothing to resolve the low rates of pay that cause high number of exits. They do nothing to resolve the lack of training pathways for potential entrants. And they occur at the expense of the employment opportunities of unemployed youths and the underemployed.
16. In terms of safety standards, eligibility requirements for the introduction of foreign labour to road transport through temporary business arrangements do not contain mechanisms that test the degree of equivalence between foreign driving licenses and Australian driving licenses; nor do they test an applicant's understanding of Australia's unique vehicle classes. There is no way to assess whether an alien driver understands Australian road rules, can read Australian road signs and is experienced in Australian road conditions. Their introduction to Australian roads jeopardises the safety of all Australian road users.
17. In terms of pay rates, the introduction of an alien labour pool will only foster competition with domestic drivers – driving down their market power and ability to achieve wage outcomes reflective of their economic position in a time of labour shortage. Safety standards can be expected to fall in proportion to the decline in wage rates, lower wages will attract less domestic entrants and reliance on foreign labour will deepen. Alien labour will also remove any incentive any employer has to lift local productivity; particularly when accessing foreign labour is easier.
18. In terms of training, no employer will have an incentive to invest in providing entry paths when employing alien labour is easier and requires less effort. Their competitors in the market, who have taken the quick fix of foreign labour, will punish employers who bear the cost of training the next generation of truck drivers.

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CONCLUSION

19. The Australian community will receive no benefit from denying employment opportunities to unemployed youth or the underemployed. The community won't benefit from declining safety standards caused by declining wage rates. Nor will the community benefit from the lack of training opportunities provided to potential entrants.

20. Because of the affect on wage rates, road safety and the retention and recruitment of personnel to the road transport industry, the TWU opposes any expansion of temporary business visa arrangements to allow overseas truck drivers onto Australian roads. Instead the TWU supports a structured policy response to the challenge of driver recruitment that includes better training and pay for existing transport workers and safer driving conditions to attract new entrants into the industry.