



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

JOINT STANDING COMMITTEE ON MIGRATION

Reference: Temporary business visas

WEDNESDAY, 13 JUNE 2007

CANBERRA

BY AUTHORITY OF THE PARLIAMENT

INTERNET

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

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

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

**JOINT STANDING COMMITTEE ON
MIGRATION**

Wednesday, 13 June 2007

Members: Mr Randall (*Chair*), Senator Polley (*Deputy Chair*), Senators Bartlett, Eggleston and Parry and Mr Laurie Ferguson, Mrs Irwin, Mr Keenan, Dr Lawrence and Dr Southcott

Members in attendance: Senators Bartlett, Parry and Polley and Mrs Irwin, Dr Lawrence and Mr Randall

Terms of reference for the inquiry:

To inquire into and report on:

1. Inquire into the adequacy of the current eligibility requirements (including English language proficiency) and the effectiveness of monitoring, enforcement and reporting arrangements for temporary business visas, particularly Temporary Business (Long Stay) 457 visas and Labour Agreements; and;
2. Identify areas where procedures can be improved.

WITNESSES

CROSDALE, Mr Mark, Newcastle and Northern Sub-branch Secretary, Transport Workers Union 1

GOW, Mr Neil, National Manager, Government Relations, Australian Trucking Association 13

MATTHEWS, Mr Tony, Private Capacity..... 1

SYKES-HUTCHINS, Ms Natalie, Managing Consultant, Globe Communications 1

Committee met at 12.12 pm

CHAIR (Mr Randall)—I declare open this public hearing of the Joint Standing Committee on Migration's inquiry into temporary business visas and welcome you all here today. The committee is inquiring into the adequacy of current eligibility requirements and the effectiveness of compliance arrangements for temporary business visas, 457 visas and labour agreements.

CROSDALE, Mr Mark, Newcastle and Northern Sub-branch Secretary, Transport Workers Union

MATTHEWS, Mr Tony, Private Capacity

SYKES-HUTCHINS, Ms Natalie, Managing Consultant, Globe Communications

CHAIR—I welcome representatives from the Transport Workers Union of Australia to this public hearing. Although the committee does not require you to give evidence under oath, I should advise you that the hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. Is it the wish of the committee the submission be accepted and published? There being no objection, it is so ordered.

I invite you to make a brief opening statement, if you wish, before we proceed to questions.

Mr Crosdale—I would like to make a brief opening statement, and there will be a statement also by Ms Sykes-Hutchins and Mr Matthews.

The basis of our submission is that by 2020 freight volumes will double. The industry needs 77,000 extra drivers. To get these we need to train 3,850 drivers each year. In contrast, our research has shown that the number of drivers has fallen by 4,700 since 2004 to 2007. Using research we identified three reasons why this is occurring and will intensify towards 2020: an ageing industry population, poor safety outcomes and low rates of pay. We come to the committee with some solutions in that area, and we believe that what the industry needs to do is to address barriers to recruitment and retention. It needs to increase the rates of pay. It needs to make the industry more attractive to new entrants, including women. And it needs to improve the safety record of the industry by better regulation and more targeted regulations through chain of responsibility regulations. We also believe it should provide pathways for new entrants.

Some 3,850 new drivers need to be trained each year, and 11,450 are attempting the Certificate III Transport and Distribution Training in 2004. Obviously people are expressing some desire, but for a range of reasons they are not actually getting into the industry. We need to find those people and get them into the industry.

We also believe that the government should facilitate network and best practice outcomes. However, we believe that 457 visas are not the answer. They will not address long-term recruitment and training and retaining drivers. The 457 visa enables drivers to be paid \$37,665 in regional areas or \$41,850 in metropolitan areas. Industry is a price taker; it is not a price maker. We expect that the introduction of people on approximately \$20,000 lower than the market rate for a driver in that environment will mean that the industry has to react to competition. That

means that existing transport companies will have to pay their drivers less; there will be more competition in terms of reducing wage rates, and it will make the industry less attractive. We also believe that will have an impact on safety and, once again, this has been identified as one of the reasons why drivers do not enter the industry. Therefore, we believe it would exacerbate the problem and not address some of the issues that have been identified as a concern to the industry. I would like to hand over to Ms Sykes-Hutchins to talk about some of the research that has already been completed into the reasons why people do not enter the industry.

Ms Sykes-Hutchins—We have started this research in the middle of last year. The research was undertaken to look at a whole range of perspectives and directions from key stakeholders in the industry. We looked at consulting as many of the players across the industry as we could. That included all the branches of the TWU, but also all of the employer associations in each state. We had four major companies participating in this research—Toll Holdings, Westgate, Linfox and Star Track Express—to talk to them about recruitment, retention and retirement plans of their work force, and what are the issues facing the industry. Within that we only touched shortly on the issue of training; we also asked about people’s perceptions of using 457 visas as part of this research as well and whether they saw that as being something they would undertake in the future.

We used a range of methodologies, including interviews with former truck drivers, current truck drivers and drivers over the age of 55 about their perceptions about retirement. We also looked at the image of the truck industry and reasons why potential drivers would or would not consider coming in. We have four focus groups over the period of a month where we talked to males aged between 18 and 30 in the road transport industry about their perceptions of the industry; males over the age of 30, and then we took groups of workers that worked in other industries outside the road transport industry, such as retail, manufacturing and hospitality—areas where those young men may have once considered becoming truck drivers, and we asked them why they had not had that on their agenda and what it would take for them to enter the industry. Some of the findings that we came up with were quite surprising in that perceptions of the industry were so much focused on long-distance driving rather than metro driving and that it was not necessarily seen as a profession with a uniform and a career path. A lot of people saw it as the old-fashioned blue singlet, long-haul driver when in fact the industry today is actually quite different.

When we talked to some of those people that worked outside the industry that potentially could work inside the industry about what the actual conditions of rates of pay were, they changed their perceptions greatly, particularly when they were made aware of the ability to earn overtime. The transport industry is one of the few industries where overtime is available for workers, particularly with weekend work. A lot of the people we talked to worked in the retail sector and hospitality, where they did not have access to overtime. That was one area where they saw great benefit in potentially becoming truck drivers. They just were not aware that they were some of the conditions in the industry that they could undertake and that a bulk of the work was actually done in metro areas. So we talked to groups of people outside the industry. In terms of people inside the industry and also the interviews with former drivers, the former drivers said that their main reason for leaving the industry were concerns with occupational health and safety on the job and working hours. They were the solid reasons why they had left the industry. This is a 70-page report. I am not going to talk about every aspect of it; it will be available for the

committee to go through in detail. Certainly those issues of retention, safety, wages and conditions are a big part of keeping people in the industry.

As to some of the overall findings, one of the major concerns that Mr Crosdale has touched on is the ageing work force. This would be an issue that this committee is more than aware of. Particularly in trucking, the average age is 43, whereas with all occupations it is 39. It is a particularly more prominent issue in the transport industry than anywhere else. On top of that, the hours of work are much higher particularly for truck drivers. An average working week is 46.8 hours. This compares with 39.7 hours for all other occupations.

CHAIR—What was that figure again?

Ms Sykes-Hutchins—The average was 46.8 for a truck driver, and for all other occupations the average is 39.7. These were named deterrents—the hours and the time away from family—for people considering coming into the industry. Compounding the age issue is the issue of the industry growing, which is fantastic. The industry has been growing at a rate of 6.5 per cent over the last six years and it is predicted to grow even further into the future. When you combine those two bits of research, it is quite possible that there will be significant issues in the transport industry into the future. In fact, one of the key findings in the report is that, if the road transport industry is unable to recruit and retain truck drivers, there is a potential that in less than 20 years the current work force would have halved. The solutions to some of these problems are within this document and have been mentioned, particularly by the employer associations, in terms of ways around it. One of those key areas is through training and targeted recruitment. There are potentials there and active work forces or people in the future that could be tapped into coming into the industry and filling that gap.

Additionally, currently the Commonwealth provides about \$40 million in government subsidies for new traineeships in the Certificate III in Transport and Distribution into the industry. That is almost 10,000 traineeships across the industry. However, the union and some of the parties that were not prepared to go on the record, mainly in the employer associations, do estimate that between 80 per cent and 90 per cent of those 10,000 traineeships being funded by the federal Commonwealth are being used on existing workers and not new entrants to the industry. In fact, as Mr Crosdale mentioned, if only 3,850 of those 10,000 traineeships were used for new entrants coming into the industry, then the whole problem that we see on the horizon could be overcome into the future. If that money was redirected from current workers into new workers or in fact more funding was given so that there was an opportunity for new entrants to come in and be properly funded, that would basically lead to the industry not facing a problem in two to three years time. That is one thing the report does touch on. It states that there could be major implications for the industry in about three years time if changes are not made now through investing in training.

As to the other area we researched in the report—we talked to women who currently work in the transport industry. They were more than keen to become drivers but were not offered the opportunities. Currently there are more than 20,000 women Australia wide who work in offices and depots, from the sample size that we took, who were overtly keen to have the opportunity to get out and drive. Their only barriers to that were that they said they were never offered that and also never offered the licensing; also, they would have restricted hours, but they could do line-haul work, where there are already shortages. For example, they would be happy to do a run

from Sydney to Goulburn and back again as part of their working day if they had the opportunity. As I mentioned before, the available work force would be to tap into some of those women, look at young men in other sectors, particularly in retail and hospitality, where quite often as those young men start out at 18, 19 or 21, their wages change and some of them get dropped off in shifts in their early twenties. This would be a great area for the transport industry to recruit in. We should also look at attracting back former drivers by improving safety. Also, part-time driving options for older drivers should be looked at. We interviewed 15 truck drivers over the age of 55 about their retirement plans. Fifteen out of 15 drivers had no plans to retire. In fact, they said that they would drive until they dropped; they enjoy it.

Mrs IRWIN—We do not want that.

Ms Sykes-Hutchins—That is not a good occupational health and safety issue for the industry. Certainly, if major companies look at having part-time workers, that could be an option for older drivers. There is a lot of research and a lot of information within these 70 pages, which I would be happy to provide to the committee. There is one more quote that I would like to mention. The majority of the employers that we asked, being the four major companies and the employer associations, rejected the strategy of introducing temporary visas into the industry. Some of them had explored that as an option and found it was option that was too expensive and perceived that it was not something that was palatable, particularly in Sydney metropolitan and Melbourne metropolitan areas; the threat to safety and the threat to their insurance costs and so forth by having foreign inexperienced drivers was just not worth the cost for them.

One of the other disappointing findings in the report is that, of the four major companies, there was no recruitment plan within those companies to bring on new drivers. They were solely relying on casual employment and labour hire firms as a way of bringing in drivers. The only company that we interviewed that had any plan was Star Track Express and they only had a plan based on 100 drivers a year and in fact their need was a lot greater than that. Some of the major companies, particularly Tolls, said that they would prefer to be an employer of choice; they would continue to poach from other companies as a way forward.

Since we have done this research we have been engaged by Linfox, which is now concerned about its future. We are working with it to do some work force planning into the future. I would like to close by saying that, if the government proceeds with the 457 visas, there is strong evidence that there could be a deterioration of the current retention and recruitment; retention in that if conditions are allowed to drop even lower, in terms of wages and safety, we might even see more of the current drivers than projected leaving the industry.

Mr Matthews—As I said previously, I am a delegate at one of the major transport companies in Australia. One of the problems we have is that, because we are a major, the rates of pay are very good, our conditions are extremely good and our OH&S is always quite good. As a major company, we engage enormous amounts of contract line-haul operators to come in. At the moment we engage about 20 different operators who do our line-haul legs throughout Australia. Over the years, as a delegate, one of our areas of concern is that the guys that are actually pulling our trailers are getting the correct rates of pay and also have the protections of OH&S.

Through New South Wales the chain of responsibility has gone a long way to helping instances to be less apparent. There is a dependency on an operator to provide the right rate of

pay and not to push a driver past his hourly logs. We have had instances where guys have come in with enormous shifts, 25 hours straight. They fudge their logbooks and do things that you would not believe, and it is all in the name of either being greedy or because of underpayment. We have had instances where an operator would charge them \$50 a week out of their pay for their holiday loading or not pay their super levy, and instances where they continually exploit them. That is where the concern is, the dependency on the operators to do the right thing.

Under a 457, there is an out for some of these drivers to come to us at the union or to my yard. I am a delegate, so I can try to investigate it. They feel intimidated. They do not feel like they are getting to where they want to be sometimes. It is a very difficult job to maintain where we are at, let alone have these guys come in on severely lower rates of pay. I am led to believe that, if they do not meet their requirements, they can be deported or let go within 28 days. It sounds to me like we are throwing the baby out with the bathwater. Because I am a delegate I have guys coming to me daily wanting to get into the industry. If we are not recruiting right, obviously we are not getting the people. We have to go back to the beginning and say, 'Let's have a look at where we are looking for the people', because they are there. These people are out there wanting to drive trucks. We just have to find them and give them the right training. As I have said, we have to make the business safe. We want everyone making the right money, without having to go on to drugs to try to keep bread on the table.

As I have said, I have guys coming up to me every day wanting to enter the business. I am a delegate at a major company, but not from any of the ones that Ms Sykes-Hutchins discussed before. We have an in-house training program, but it does not work because it falls down all the time. The guys are not flowing through. We are always looking for new drivers. We are a major. I think Tolls has the attitude that it will go and get someone from somewhere else. I think my company is in exactly the same boat. It is too easy to go and grab someone else rather than developing our own.

CHAIR—We thank you for your opening statements. Ms Sykes-Hutchins, you will provide a copy of your report to the secretariat?

Ms Sykes-Hutchins—Yes.

CHAIR—Thank you. I will be brief, because there are a number of members here today. I do not think that there is any disagreement from you that you have a shortage of truck drivers.

Mr Crosdale—Yes.

CHAIR—It is after we admit to a consensus of shortage that there is a difference of opinion how it is addressed.

Mr Crosdale—That is right.

CHAIR—I have people coming to me from Western Australia, where I come from, who tell me that they are sick and tired of advertising because they do not get any response and they are unable, firstly, to have their business operate at any level of capacity near their potential and, secondly, expand because they cannot find drivers. You are suggesting this is through a lack of training; even though there is \$40 million, it is in the wrong area, and the payment is not enough.

The evidence that has come back to me is that drivers have probably never been paid as much as now as they are now. What I am saying is that it seems to be more of an industry problem attracting enough workers and your problem is more of a systematic problem than a migration problem. How do you respond to that?

Mr Crosdale—My first point would be that you describe local businesses in your area effectively still vying for the small pie. You made a point about continual advertising, but they are advertising for existing drivers with existing skills. We are all in violent agreement that those drivers are out there, but there is just not enough of them to go around. What operators in your area are describing is exactly the problem; we agree with that. Yes, the issue that we come to you with here is that there needs to be a more structural approach to fixing the problem. We need to look at getting people into the industry and we need to do it in a way that looks at the research that has been presented as to why people do not come in and get out, and not bring people into the industry in a way which we would argue exacerbates that.

CHAIR—Your response is that the 457 visa program for semi-skilled workers is not the answer?

Mr Crosdale—That is correct.

CHAIR—The 457 visa holders, if employed from a metropolitan base, would be on \$41,800. How does that compare with the award?

Mr Crosdale—The figures that we have quoted to you are average dollar amounts. From our own research and from looking at the award base in regional areas, where there is a higher larger vehicle size and more hours involved, the average indicated to us is around \$60,000 to \$65,000 a year. It is a concern to us that someone coming in under the regional aspects of the visa that could be paid the \$37,000 figure.

CHAIR—After a 38-hour week they would have to be paid on an hourly rate?

Mr Crosdale—It depends on the industrial instrument under which they are engaged. The industrial instrument in which they are engaged can be done on an individual contract and that can be done on an hourly basis. However, it can also be done on a trip basis and with some sort of broad correlation back to some standard based on an hourly process. Our concern with that is that one of the largest cat and mouse games that has been going on in road transport—and I have been involved in the industry for 20-odd years and I am a former long-distance truck driver—is between trying to track the amount of hours that drivers drive and what they actually do and show in terms of the records. We are concerned that the system will be even further open to abuse because the regulatory authorities, being the police, and the Roads and Traffic Authority, cannot track how many hours drivers do, let alone someone who has limited opportunity to express their concerns if the process is unfair and being paid under a system that is not based on hours but some sort of trip process. How is that to be logged for some inspector to come along and determine that they are being underpaid?

CHAIR—That is my point. I take Dr Lawrence's point, and we will have that verified, but a 457 visa holder's visa conditions are that after a 38-hour week they are paid on an hourly rate. We will have that verified and we are having the department back, but that is my understanding.

You are talking about an industry problem again in terms of long-haul trips and job lots. We are talking about a visa program that defines the conditions to be met by the visa holder and the person who sponsors them.

Mr Crosdale—I think my point, though, is still valid in terms of tracking the amount of hours that people do in our industry.

CHAIR—It is, and we will put it in the whole mix of this debate.

Senator POLLEY—I would like to ask a fairly basic question. I understand the concerns you have in relation to salary and occupational health and safety issues, but do you know of any foreign interests that are supportive of this move to introduce this into the 457 visas. What are your concerns?

Mr Crosdale—I have been informed that approaches have been made to companies overseas, who have responded that they are able to supply drivers into the Australian market. I have been told that one response has come from China, where the supplier has suggested that the 442 visa training program may be an option to bring drivers into Australia. That further exacerbates our concern, because it brings about a base rate of \$26,600, as opposed to the larger rates.

CHAIR—Is that happening?

Mr Crosdale—No. I believe the offer has been made by an overseas supplier.

CHAIR—We would appreciate any data that could verify that.

Senator POLLEY—If that was to happen, what would be the long-term effects on the industry?

Mr Crosdale—As we stated, the industry has trouble tracking people now. The experience shows us—and certainly some of the evidence that we have led to the full bench of the New South Wales Industrial Relations Commission recently—a link between rates of pay and safety. The reality is that in a poorly regulated industry if you pay people less but their commitments are still the same, they will find a way to work harder. Our concerns are two-fold. Firstly, the things that we have identified as to why people do not want to join the industry are exacerbated. Secondly, it causes deaths in the community. With road transport, last year in New South Wales there were 97 people killed in truck related accidents, and nationally last year the figure is 198 people. Our industry touches every community in Australia. Those figures do not represent the people seriously hurt in heavy vehicle incidents on the highways. Many of those are drivers and we would argue that many of them are workplace accidents. A long-distance truck driver does approximately 200,000 kilometres a year in that sector of the industry. With respect to the professionals who do this for a living, if they are involved in an accident in many cases it is because of fatigue and momentary inattention, particularly for the single vehicle accidents. That is a significant issue for our industry. We argue that it will have an impact on safety. Competition drives our industry. I understand that the industry itself often quotes the fact that by reducing the cost of the industry there is a benefit to the community, such as reducing taxation; it means that the industry passes those savings on. The same thing happens with wages. If you can significantly reduce the amount of money that you pay your drivers, competition means that

'benefit' flows through to the client. If other people want to remain competitive against your company, if you suddenly decrease your overall cost base by 10 per cent, 15 per cent or 20 per cent, then other people are going to have to move in that market, otherwise their business is going to be affected negatively.

Mrs IRWIN—Just following on from that, myself and a number of other members of this committee have been to China, and it frightens me to think that we would have drivers from China coming to Australia. You virtually take your life into your own hands even crossing the road. They would have to have very good English speaking skills. They would have to understand our road rules and understand the English language. That is a bit frightening.

Mr Crosdale—We also have some quite unusual vehicle types in the Australian market. We have large trucks over long distances on what some might argue are roads that are a challenge. We can have road trains of up to 120 tonnes gross. You can drive out of this building today and you will pass a 62-tonne B-double coming towards you effectively a metre away from you. That is a significant sized vehicle in a range of conditions on our roads, which as an experienced long-distance truck driver I have certainly found challenging at times.

CHAIR—Would licensing conditions, whether you are an Afghan or a Chinese person, make it that you would have to be competent before you were licensed?

Mr Crosdale—Our industry works on experience and professionalism. I would be concerned that there are certain vehicle types in Australia that I as a driver would not be driving unless I have had a reasonable amount of experience in the Australian conditions and worked my way up to that vehicle. I am puzzled how someone from another country who does not have those vehicle types can have that experience to then find themselves behind the wheel here.

Mrs IRWIN—As you would be aware, companies applying to use the 457 visas have to demonstrate a commitment to training. What commitment do companies currently display? I was a bit horrified by your opening statement, Ms Sykes-Hutchins, when you were saying that there are companies out there that are not even offering in-house training or you have people who might be coming in that want to become drivers but there are no training facilities for them.

Ms Sykes-Hutchins—That is right. As part of the report we monitored Sydney based papers and job ads for three months and found that there were no new jobs advertised where you did not need experience or need a licence to get the job, which meant that, if you were a new entrant to the industry, you could not get a job and could not get in. That meant that none of the four major companies that participated—and I commend them for participating in the research, because it actually showed that they did not have a lot organised—really had no opportunity or any facility to train people in their licensing and then out on the job. Whereas a lot of the older drivers, particularly the over 55s, said that there used to be structures in place where they would have an offsider sitting with them in the truck for at least six months before they put them behind the wheel. That was even after they got a licence. Whereas today, with the pressure on finances and the pressures on shareholders and so forth, many of the companies do not even have offsiders anymore. That experience is not happening on the job let alone companies actually investing in licensing people. That is where the big hole in the industry has come about.

Mr Matthews—I would like to give you an example of the company that I am with as well. I mentioned earlier that I have a guy who comes to me quite often asking to be trained up. We have a guy there who is a prime example. He joined a major to get the training, because we have got a training program in place, but after 18 months of being with the company he has come to me again asking what he has to do to get into a semi-trailer, because the programs just fall over for commercial reasons or change of management. There is no commitment from the majors to push these programs through. I have been in the business for 25 years and that was exactly the situation in the old days; you would have to go out with an experienced driver.

CHAIR—This might be a bit pedantic, but because this is a committee inquiring into 457 visas, you have to try to link your information to this visa program. You are talking more about a system that you are having troubles with in Australia and recruiting.

Mr Matthews—The question was in regard to what are the majors doing in training their drivers. I am telling you that I work for a major and they are not training any drivers.

CHAIR—At any rate, if we can focus on the migration side of this.

Mrs IRWIN—You are talking about bringing drivers in from overseas, so surely they are going to have the training here in Australia. I would not want to be on the roads behind a driver that has just arrived from overseas with no training whatsoever or no knowledge of English.

Senator PARRY—Following on from the theme, what is the requirement to obtain an Australian truck driving licence for a reticulated vehicle or whatever type of vehicle?

Mr Crosdale—Both Mr Matthews and I would have to talk from a long time ago experience.

CHAIR—Can I just arrive in Australia tomorrow and drive a truck if I have been driving one in Canada or the Himalayas or anywhere?

Mr Crosdale—I understand there are certain country jurisdictions/geographical areas that are considered in a different light than some others. For the category A, if you like, it is a direct transfer—

Senator PARRY—Can you provide on notice what the requirements are for licensing?

Dr LAWRENCE—Perhaps we should ask the police that question to get it precisely.

Senator PARRY—Yes, that is fine. On page 3 of your submission, under item four, a typical transport worker earns \$865 per week. Is that net or gross?

Mr Crosdale—That would be gross.

Senator PARRY—That is about \$44,980, if I multiply that by 52. If that is for your typical worker, then there is not a huge difference between the \$41,850 and \$44,980. I know it is a difference, but it is not a huge difference, in the tens of thousands. Finally, because of the time constraints, are you aware of any 457 visa holders working within the industry or any percentage in Australia?

Mr Crosdale—We are not aware of any 457 visa holders. We understand that there is an issue concerning whether we meet the skills matrix bringing people in, and I understand the government has put up a departmental review into this and to ask industry participants, of which I am one, to assess the skill requirements for the road transport industry. I understand that is to hand down its findings later in the year.

Senator PARRY—Would it be fair to say that you are pre-empting the potential entry of 457 visas rather than commenting on existing entrants?

Mr Crosdale—That is correct.

Dr LAWRENCE—There are, according to the department's classifications, 580 in 2006-07 in the transport and storage sector, but we do not know where they are.

Senator PARRY—Or how that is broken down, yes.

Mr Crosdale—They may be managers or they may be diesel fitters—those sorts of things.

Dr LAWRENCE—I wanted to ask a question in relation to the traineeship issue, because it is absolutely relevant. You mentioned that there were 10,000 traineeships in the industry, most of which are being used on existing workers. How does that operate as opposed to new entrants?

Ms Sykes-Hutchins—There is a \$4,000 payment made to a company if they commit to taking on a trainee from the federal government. They can get a further subsidy of \$2,000 to \$3,000 from a state government as well. They do that in partnership with a group training company that is relevant in the industry, and there are hundreds of them across the industry. But about 90 per cent of the cases are applied to existing workers to get that qualification. Quite often they have recognition of prior learning for what they have learnt on the job, and at the end of the day the company and the group training company are pocketing the money.

Dr LAWRENCE—What training are they providing them?

Ms Sykes-Hutchins—They do not provide any licensing. They provide a basic 'tick the box', demonstrate that you can do this. These are people who have already been in the work force for a long time.

Dr LAWRENCE—Money for jam?

Ms Sykes-Hutchins—Yes. That is what is happening. Unfortunately there is no evidence on the public record about exactly where the money is going in terms of not being easily accessible and tracked about how it is being spent between existing workers and new entrants into the industry.

Mr Crosdale—We can say that this money has been spent, yet looking at the figures from our submission we have actually had a net loss of people in the industry, so there is a disconnect there somewhere.

Dr LAWRENCE—You answered the question about the salary differential. If you were on a fairly modest wage like that, losing 10 per cent of it would be quite a loss. It depends on where you are sitting. Ms Sykes-Hutchins, you mentioned in your presentation that, amongst the major players, there were quite negative perceptions of the possibility of 457 visas. Would you care to elaborate on that and what the nature of those perceptions were, if you have tracked that in any detail?

Ms Sykes-Hutchins—Only to say that the four major companies that we talked to were fairly senior people in their HR and operations. They have looked into it as an option and they have decided not to pursue it due to the financial and safety ramifications tied to it. They realise that they would have to retrain and license them. At the end of the day, they recognise that they were not currently doing that. Also, there were fees attached with migration agents to bring them out and so forth. They already had had a look at that and decided it was not the way to go. That was just the four companies we talked to. I would say a majority of the employer associations we talked to were not in favour of it. There were two employer associations. Don's in WA gave us mixed messages, because they were quite committed to training programs, rather than 457s but did not want to go on the record saying that.

Dr LAWRENCE—Thank you.

Mrs IRWIN—I would like to ask one very quick question to Ms Sykes-Hutchins. You stated that there are women who would like to apply to be drivers but they were not being given the opportunity. What answer are they being given when they ask to be trained as a driver?

Ms Sykes-Hutchins—They are basically told that the employer does not pay for licence; if they get a licence themselves, they will get a run. Of course, licensing is hours of driving as well as paying into the thousands to get the licence and rack up the hours of experience. The companies are not saying that they will not consider them but they are telling them to do that for themselves and then come back and see them. Most of those women would be on less than \$40,000 in their current job, so that is just not an option for them.

Senator POLLEY—There is a pool of drivers available if only they are given the assistance with training and perhaps some financial assistance to get into the industry?

Ms Sykes-Hutchins—Yes, to get the licence.

Dr LAWRENCE—There are traineeships worth \$4,000 that are there to do that.

Ms Sykes-Hutchins—Yes.

Mr Crosdale—In segments of the heavy end of our industry, the old method was you had a blue singlet and, in my days, you had to be able to throw 20 tonne of spuds onto the back of the truck before I could drive. I am not sure I could do that now. There are staged processes for line-haul operators now such that someone can effectively drive a 12-hour day, be back in their bed that night and, in some cases, you do not even drive at night. If the vehicle breaks down you are not expected to fix it. If the vehicle has a flat tyre, in many instances major operators will get a professional tyre service out to change that tyre. You are not tarping up a load. You are not chaining it down. You are effectively driving it from A to B. A modern air-conditioning cab with

air-assisted clutches and air-assisted throttles means that you do not need a lot of physical strength to perform our job in certain industry sectors.

CHAIR—Is the union taking any proactive lead in promoting to major companies that there is a pool of women that they might want to tap into? As you said, they can do more sociable hours. Everyone thinks of truck driving as long-haul, but there is short-haul around the cities. Are you actively promoting that?

Mr Crosdale—We would certainly actively promote that.

CHAIR—Are you now?

Mr Crosdale—I cannot tell you. I do not know of instances, but I know that if there were an employee issue along those lines we would normally take that up. I do not see any reason here that we would not be. I know across a range of industry sectors when people have issues they want raised in terms of the ability to change the job without detriment to their employer to make it more friendly, that is something as a matter of course we take up.

CHAIR—As I have said, we have gone over time. If there are further questions that we need to come back to you with we will. We appreciate your attending today's hearing and the secretary will send you a copy of the transcript for any corrections that need to be made. I would be grateful if you could also send the secretariat any additional material that you have undertaken to provide as soon as possible.

Mr Crosdale—Thank you very much.

[12.58 pm]

GOW, Mr Neil, National Manager, Government Relations, Australian Trucking Association

CHAIR—I welcome the representative from the Australian Trucking Association to this public hearing. Although the committee does not require you to give evidence under oath, I should advise you that the hearing is a legal proceeding of the parliament and warrants the same respect as the proceedings of the House itself, and the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. The committee has received your submission and it has been authorised for publication. I would invite you to make a brief opening statement, if you wish, before we proceed to questions.

Mr Gow—Thank you for the opportunity to make an opening statement and for the association to appear before you in this inquiry. I would like to offer the apologies of the CEO of the ATA. He has had a conflicting appointment. Stuart St Clair is not present at the hearing; I will be representing the ATA.

As you have mentioned, we have made a submission to the inquiry and we have also been engaged in the parallel inquiry into work force challenges in the transport industry being conducted by the Senate employment committee. Some of the material considered of course overlaps.

I have some brief general comments that I would like to make. The Australian Trucking Association, ATA, is not a registered employer organisation, it is a national industry association, which includes a range of state and sector trucking associations in its memberships, also national companies and the Transport Workers Union. The ATA has been increasingly aware and involved in the issue of labour supply into the market since approximately 2000. At our annual conventions, questions from the floor and discussion at sessions increasingly identified the problem of securing drivers and some of the ancillary support staff in trucking businesses. We responded by sponsoring a National Industry Skills Initiative report, *Driving Australia's future*, which was published in 2003. It looked at certain actions and they are well documented and available for all to see.

The key development since then is the increasing constraints in the labour market in Australia. We would contend that training and skills, although the focus of our strategy from 2003 to 2005-06 or so, is being overcome by the constraints in the labour market. In that environment, along with the other strategies, which we have been using and promoting in the industry, we would see a place for 457 arrangements to address those constraints in the labour market.

Mrs IRWIN—Do you mean you support 457?

Mr Gow—Yes, we would. But, as I said, only as part of a smorgasbord of strategies that involve activities like the Adopt-A-School Program being run through the Transport and Logistics Forum out of Queensland and also in South Australia. Some of these activities are initiated by individual businesses. One speaker at our conference some time ago, Tony Kuchel,

from South Australia, explained how he developed a relationship with a high school in his area in regional South Australia and had promoted the industry to kids in that school through work experience programs, et cetera, and it was feeding through into his business. There are other programs, including the Shaping Individual Futures in Transport program, and the Ready for the Road program. But I would emphasise none of those are national. They have arisen out of the initiatives of individuals in the industry, and of course sometimes through our member associations.

Others have looked at permanent immigration as a way to solve this problem, just as businesses have in Australia for many years, because fundamentally in business people are interested in long-term employment arrangements, for obvious reasons. So permanent immigration has been looked at and then we come to the 457 arrangements. That is a skilled migration program. We are aware of its history and of course within the skills matrix, as mentioned by the prior witnesses, heavy truck driving and commercial vehicle licenses are not in the top area of that matrix, they are down at the ASCO level 7, so they do not automatically qualify for skilled migration. We feel that is unfortunate and we keep arguing to those who arrange those matrixes that in fact heavy vehicle driving is a profession. It is a skilled occupation and we have asked for that classification to be reviewed. It is not a matter of just having a licence, even though that in itself for a heavy vehicle is quite a complicated process to get; there is a thorough test and it is based on graduated licensing through from having a car licence to rigid, articulated trucks and multi-combination trucks. You just cannot go and get the highest classification of licence first up. So there are time, experience and testing constraints. Regardless of that, the 457 visa on the surface does not meet the skills requirement level for automatic entry, so we appreciate the discounting of the skills level for regional Australia that makes this possible to pursue.

The ATA has negotiated with the departments of Employment and Immigration a draft labour agreement, feeling that although individual businesses could pursue 457 visas if they wished without any support or knowledge of the ATA, that in fact if we were able to negotiate a labour agreement to source 100 persons, bring that through the ATA as a gatekeeper and seek support from the government by way of an out-placed officer, who we do not have in place at the moment, that would be a way to test the market in this area and make sure that the standards of quality that are demanded would be adhered to. We do have a draft labour agreement and that is all it is. But we were struck by the thoroughness of the departmental officers in ensuring that there is a wide range of safeguards, not only in terms of pay and conditions but also in terms of obligations on the employer and the employee if the visa was granted. That does include, for example, a commitment to engage in training, either through the traineeship system or through other methods, which would effectively mean that the company or companies that were taking out those 457 short-term employees, have more training happening in their business than the number of 457 employees that would be able to be contracted through the labour agreement. That is a high bar to set, but one that is in the draft agreement and the ATA agrees with that concept. It is a visible demonstration of a commitment to training.

The specific issue of English proficiency would seem to have been overcome or overtaken by a government announcement that comes into effect from 1 July to mandate a level of 4.5 under the international English language testing system for people whether they are coming as permanent immigrants or in fact as 457 visa holders. However, obviously for business insurance

and other reasons, it would be unwise of employers in any area, including the trucking industry, to be employing people who were not adequately proficient in English to do their job.

With respect to the regulation and compliance arrangements that surround 457 visas, we believe that the government does have adequate powers with the Department of Immigration to police these visas. After all it is a visa granted by government. Employers are not issuing these visas. They are issued by government. Of course, all of the necessary records have to be maintained for that to be the case, given the immigration system, border security issues, et cetera. Access to these people is available to government to follow up their activities in Australia, including those if in fact employment for some reason is unsatisfactory or terminated. Finally, there are considerable costs that accrue to recruiting a 457 visa employee and, given the nature of the trucking industry having so many small and medium sized businesses, it is certainly not seen as a solution by many of those smaller and medium sized trucking operations simply because of the cost and the ongoing liabilities for repatriation, medical expenses and so on of having a 457 visa applicant in their business. Nonetheless, we still see it as part of as many strategies as possible to address what has now become a very obvious constraint on labour supply in Australia.

Senator POLLEY—There are so many questions I could ask but in light of the fact that you were here and a witness to the TWU submissions in relation to training and recruitment and the discovery, from my point of view, that there is a pool of women potentially for the industry, what are your comments in relation to the way the industry has gone about attracting and maintaining training and incentives to bring people into the industry? You are obviously very much in favour of the 457 visa. The issue that I have had throughout these hearings and what I keep asking those who come before us is that already there seems to be a lack of monitoring and contact by the department with visa holders. We have had examples of people whose terms and conditions have not been met as promised. How is the department going to monitor those within the trucking industry in an adequate way? If you could address the first part of my question first.

Mr Gow—The first part goes very much to questions of industry image and promotion. The Australian Trucking Association, since its formation as the Road Transport Forum in 1989, has had as a key plank of its activities marketing the industry to the community and including an annual event to inform federal parliamentarians about what the industry is doing through our National Drive for Safety, which is usually run in December prior to the Christmas road travel period.

In terms of having an industry association promoting the image of the industry through events such as that, through our safety education trailer, the prior one just wore out; it died about two years ago. We are building a new state-of-the-art trailer. The prior trailer wore out simply because it was doing so many miles visiting so many school, community and agricultural show groups to make people aware of the industry and road safety together. That is a facility that we wish to replace. We are also providing information to our association members about opportunities for training, especially the traineeship system, as well as government labour market programs. Long-term unemployed people on parenting pensions, Indigenous members of the community and people with disabilities are all being targeted in to the current Welfare to Work policies of the current government, and consequently that training money can be used in a pre-employment role with those people.

Senator POLLEY—Can you supply any evidence to the committee in relation to how the training has been directed at those Welfare to Work groups that you just mentioned?

Mr Gow—I can seek that through the department. We do not have independent evidence of those matters. With respect to the second part of your question?

Senator POLLEY—The second part of my question was in relation to women.

Mr Gow—Yes.

Senator POLLEY—You have an obvious pool of talent there; they are very talented.

Mr Gow—We certainly will not dispute that at this table. There are many women working in the industry already, but often in the supporting roles as mentioned previously. They are in depots in clerical and even in operational roles. Women have entered the industry as drivers, particularly at the lighter end of the industry, but also sometimes as the partners in two-up driving arrangements, especially on long-haul work with road trains across the continent, and just as individual drivers. Despite making opportunities aware and some businesses deliberately targeting women—certainly there is not a large proportion of women as heavy vehicle drivers—one can only speculate that other responsibilities or their not seeing the industry as suiting their activities is a limitation. Certainly in terms of the attitude of many employers to the competence of women, I believe it is very positive. They generally report that women are more careful in their care of equipment and good at customer relations. That is half of truck driving. You have got to get there, but you also have to relate to the people that you are picking up and delivering to. You also need safe drivers.

Senator POLLEY—What about monitoring of the 457 visas if they do change the classification and bring in more overseas drivers? How are they going to monitor those when already it is fairly evident that the authorities cannot monitor the amount of hours that drivers are putting in and any underpayment and things like that are still an issue? How are you going to protect those visa holders coming in?

Mr Gow—The powers to government officials to locate and be located by 457 visa holders are quite extensive. It is possible that area needs more resources. Not for a moment would we condone people's employment outside of the arrangements that are included in their visa, but we would find that the sorts of precautions that are negotiated in this labour agreement are in fact quite thorough. It is merely a matter of government resourcing appropriate inspectors to make sure that is done.

Senator PARRY—Is there a policy that truck drivers cannot be accompanied by non-truck drivers? For example, family or people wishing to learn about how to drive trucks?

Mr Gow—Companies do have these policies and they are largely driven by insurance and OH&S requirements. Insurance is a major driver of safety outcomes in the industry.

Senator PARRY—Would that be the normal across the country, that drivers would be unaccompanied?

Mr Gow—That is the norm. They could be accompanied by another employee who would be covered by workers compensation, et cetera.

Senator PARRY—What would be the length of time to do the course and become competent, going from heavy rigid, articulated and multi-combination?

Mr Gow—There is a course to be done. Some years ago I upgraded a heavy rigid licence to a heavy combination licence and I underwent 16 hours of competency based training to do that. There is also a time lapse to allow for you holding the licence—and that is less onerous, if you like—from a rigid to a heavy combination and then to a multi-combination vehicle, and that is normally one year.

Senator PARRY—We are talking somewhere around the 20-hour mark to do the training and then you have the time lapse to get the hours?

Mr Gow—Yes. I have not benchmarked my performance. I was an average student.

Senator PARRY—Thank you.

Dr LAWRENCE—You mentioned that you are negotiating a labour agreement with the department. Is that to be managed through the association?

Mr Gow—Yes. It is negotiated with both departments. It has to be signed off by both Employment and Immigration, and we would be the holders of the agreement.

Dr LAWRENCE—Would you be responsible for the visa holders?

Mr Gow—We would be the conduit between those businesses wishing to seek to employ a 457 visa holder and the government, to assist in the paperwork.

Dr LAWRENCE—You would be like a labour hire firm that exists in some parts of the industry, and they would be responsible for the 457 visa holder directly?

Mr Gow—Yes, that is correct.

Dr LAWRENCE—In that agreement to date are you proposing that the minimum rates of pay would be the \$37,000 in regional Australia or would you pay the going rate?

Mr Gow—The rates that are in here are those that have been mentioned around this table, although I would emphasise this is a draft agreement and, if it is finalised, which we hope it is, they may have altered in that time. But it is in relation to the set amount for the 38 hours of work a week, with additional payment if more than 38 hours is required.

Dr LAWRENCE—What I am asking is: is it the minimum rate that is set in the government's regulations and legislation or is it the market rate in the industry right now?

Mr Gow—No. It is the amount set in the government regulations.

Dr LAWRENCE—You can see why that might cause some anxiety in certain quarters?

Mr Gow—I have been witness to the anxiety, yes.

Dr LAWRENCE—And you can see that it is not unreasonable. When you talk about regional employment, how can you segregate a driver who is brought in for a regional driving job, given the nature of the trucking business? Maybe I misunderstand this, but the point of origin is surely not the relevant question, because they can drive anywhere. For instance, if you were in Mildura that might be considered regional, but a lot of your driving could be between Mildura and Melbourne or Sydney.

Mr Gow—That is possible. As mentioned before, people do think of the industry as being a long-distance industry, but there are a lot of local freight deliveries, for example, from Mildura to other regional towns from the effective freight hub that Mildura has become. But the point of identifying the regional areas is that the person is based there. Therefore, it is not necessarily so much about the driving experience as the living experience of being based in regional Australia.

Dr LAWRENCE—You heard the evidence regarding traineeships and the fact that a large proportion of them appear to be used for the purposes of existing employees rather than new entry-level employees training for licences and the like. Is that consistent with your understanding?

Mr Gow—I do not have any quantitative data on that, but if existing employee training includes, for example, OH&S training, once somebody has been recruited and given an initial company based induction, or the upgrading of a licence from, say, a medium rigid to a heavy rigid or an even heavier vehicle licence, that is for existing employees. I do not have any data as to what extent those are the things being pursued or other subjects within that. The registered training organisations are obliged to deliver training within the Australian Qualifications Framework. The person would be working towards, for example, a Certificate level I, II, III or IV within the Transport and Logistics training package. They would be doing things that are relevant to their job. It could be stock control or whatever.

Dr LAWRENCE—But not addressing the issue of the shortage of new entrants to the industry, which seems to be the critical problem?

Mr Gow—That can be a hook to draw people in. They could say, ‘We are prepared to start you and we will provide training along the way.’ Those mechanisms are existing. I cannot authoritatively comment on their application.

Dr LAWRENCE—We will have to find out from other sources.

CHAIR—I would have thought the original federal government’s intention in providing that amount of money would have been for new industry entrants as a focus, rather than the focus being on existing members. If the employee wanted to upgrade their skills, it is in their best interests because they get paid more if they have more qualifications to drive different rigs. Do you think the component is mis-skewed?

Mr Gow—There are always limits to the amount of money that governments put to programs.

CHAIR—Shouldn't the onus be on the employer and the existing employee to pay for their upgrades?

Mr Gow—That is a difficult question to address definitively, because there are obligations on employers that are put there by government and under regulation. There is an argument to say that in terms of regulatory obligations government should support training for those areas.

The other point I wish to make is that with pre-entry qualifications there are targeted groups identified in the labour market in Australia where the government does promote the expenditure of their training money prior to employment. It will assist the people I have identified before to get a qualification, whether that is in truck driving or in some other area to make them employable. It would be nice if we had four or five times the amount of money for training in our industry as well as many other industries, but there are limits on what you can expect from government programs. The pre-employment money in the traineeships is currently targeted by government into those specific areas in the labour market, and then past that point there is some support from government for further training as well as that provided by individuals and employers. It becomes a mix after the point of employment is reached.

Mrs IRWIN—A number of my questions have already been asked and, as time is of the essence, I will just ask one question and put the others on notice. I understand that in other submissions you describe the transport industry to be a price taker, not a price maker. On that basis are you concerned that by lowering the labour costs for drivers, other companies will be forced to receive less for their services due to market forces?

Mr Gow—I do not want to get into a debate about the terminology, but I do not think in the ATA submissions we refer to the industry as a price taker.

Mrs IRWIN—I am very curious, because I think that was in the Swan Consultants report on the impact of road transport diesel taxes.

Mr Gow—Yes, that report was in 1993 or so. That is understandable in that context. The ATA is encouraging people to be as innovative and competent in their businesses as possible, especially considering there are many small and medium businesses in the trucking industry, and trying to develop relationships with clients and customers where that price taker arrangement, traditional in the industry, is addressed by offering better service and better arrangements with their clients and customers to carry their goods. Ultimately it is in their clients' interest to do that.

I do not think there is a simple black and white description of the industry as being price takers. I just heard about somebody this morning who specialised in cotton transport out of the north of New South Wales. Rather than trying to fit in a bit of that work with general freight carrying, they specialised, they bought particular equipment and presumably have a good relationship with their customer. I am just a bit cautious about endorsing a simple view about the industry being a price taker. It is a very diverse industry and it has a lot of very successful parts in it. I understand that where the areas of competition are greater, or the areas of specialisation less, there is more competition.

CHAIR—We are going to lose our quorum. Thank you for attending today's hearing. The secretary will send you a copy of the transcript for any corrections that need to be made. We would be grateful if you could also send the secretariat any additional material you may have undertaken to provide or that we may wish to ask of you in writing, with follow-up questions as soon as possible.

Mr Gow—Certainly.

Resolved (on motion by **Dr Lawrence**, seconded by **Mrs Irwin**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 1.25 pm