

## Preface

The cost and availability of every product mined, grown or manufactured is influenced by our ability to move raw materials, intermediate and finished products through the supply chain to points of production and to domestic and international markets.<sup>1</sup>

The committee commenced this inquiry into workforce challenges in the transport industry with a clear central premise; that in a country the size of Australia, isolated from overseas markets, our ability to sustain economic growth relies on efficient transport and logistics systems. In post-war decades, the investment needed to develop and modernise infrastructure was in short supply, while labour was plentiful. Today the situation is reversed. Governments are funding better roads and railways, but the weak link emerging in transport enterprises is the shortage of skilled labour, which is becoming increasingly critical.

That there are serious skills and worker shortages is not disputed, a fact which became evident through the course of the inquiry; although it varies in the effects of its severity. The inquiry's broad terms of reference allowed this investigation to be wide-ranging, addressing the scope and effect of labour and skills shortages, reviewing labour supply research, and canvassing views on possible solutions or improvements, with recommendations to both industry and government. The committee benefited from the breadth of perspectives in submissions and at hearings in its visits across the country.

The paradox for transport and logistics, given its economic importance, is that this industry is one of the least visible. Much freight is transported at night and across remote, sparsely-populated regions of the continent, with public awareness only being raised at times when accidents occur or goods fail to arrive. Throughout the inquiry, the committee heard that a major difficulty for operators in managing their workforce is the industry's low profile. Lack of awareness of career options in transport, as well as poor perceptions of the industry as dirty, unsophisticated, blue-collar and generally lacking in appeal, contribute to skills shortages and problems attracting workers in every sector, from road and rail to shipping and aviation.

Record low unemployment levels, particularly in some of the skills and trade areas most relevant to transport, exacerbate industry difficulties in attracting workers. Competition in all industries for those who are willing and able to work is fierce, and it is generally large employers with extensive financial resources at their disposal who are best able to promote attractive employment conditions. Although there are a few large national and international transport and logistics operators in Australia, the industry is dominated by small businesses operating on tight profit margins, including

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1 Australian Logistics Council, *Annual Report 2006*, p. 5.

a large proportion of owner-operators. When employers in other industries, most notably in this case the mining industry, leverage their resources to attract workers the drain from transport and logistics is marked.

This is not a new problem. Nor is it a problem that has arisen overnight. To lay all the blame for the workforce pressures against which so many in transport and logistics are struggling at the feet of the mines, or larger transport and logistics operators, is unfair. All businesses need workers, and for any business to be sustainable, employers must carry the onus for strategic planning; for assessing future workforce needs, and for ensuring these needs will be met. The transport and logistics industry has not, traditionally, been effective in this area, and while ad hoc approaches to recruitment and training focused on short term need may have sufficed in times of higher unemployment and smaller freight volume, it is inadequate now. The committee heard that this problem is increasingly recognised, and notes the encouraging steps being taken by some industry operators to address the issue. However, there is much progress to be made.

This is not to say that the transport industry must consider its workforce challenges in isolation. An outward-looking approach to economic growth, with emphasis on commodities, demands cooperation between stakeholders at every stage of the supply chain. It is as much in the interests of producers, including mining companies, as transporters and end-destination managers that each stage of the transport and logistics process operates seamlessly. A cooperative, rather than adversarial, approach to overall workforce management must become a guiding principle in labour planning and training, and implementation of recruitment and retention initiatives. Here the committee is referring specifically to the incidence of employee 'poaching' that exists in the industry, and the fact that employers are relying on the training efforts and investment of other businesses. It is the responsibility of every enterprise to train employees.

While the transport industry must accept its share of responsibility for sustainability and growth, there is a critical guiding and supporting role for government. Legislation and regulation on matters varying from occupational health and safety to wage rates set background conditions under which transport businesses make operational decisions. Governments make decisions of their own on funding priorities, training provision, and transport infrastructure development and maintenance. Just as industry is recognising the need to make changes in how it manages the transport workforce, so some in government are recognising there is a need to review and alter regulatory and funding regimes, particularly in relation to inter-modal coordination and access to quality training. Here too, progress has been made, and the committee recognises the importance of recent initiatives such as 'chain of responsibility' legislation. However, there are further improvements yet to be made.

Part of the problem for both industry and government stakeholders in improving transport and logistics capacity and efficiency lies in a lack of reliable data on which to base industry-wide decisions. Basic data on employees, or those undertaking training with a view to commencing employment or upgrading skills, are useful but

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insufficient. More needs to be known about what happens to trainees when they complete courses, whether courses are appropriate to industry need, and whether training is available at a suitable time, location and cost. Some work is currently being undertaken to answer these questions, but the committee is concerned that the lack of a coherent approach to research is hindering progress at both an operational and policy level.

What data there is on employment in transport and logistics shows among other things that the workforce is dominated by male employees, that it is ageing even more rapidly than other industry workforces, and that there is often confusion about which training pathways lead to which qualification and certification, and whether this translates into long term career pathways within and between industry sectors. These are issues which must be addressed if a long term approach to workforce management is to be successful.

Workforce planning is not a priority area of concern for governments, partly because it does not fit well with free labour market practices, and partly because it is too difficult in policy terms. Labour availability and mobility have been taken for granted, and labour has followed capital and investment. This may no longer be the case where the working population is in decline, yet labour demand is growing. The committee understands that recruitment for one sector of the economy usually means a shortage elsewhere. The question arising for the transport industry is whether high-labour modes of transport, like trucking, can retain their low-cost benefits when drivers become scarce. Should investment rather flow to more efficient labour-cost modes like railways? This is a fundamental question. Unfortunately, the committee had no means of pursuing this issue in any useful way. However, it merits serious consideration.

In conducting this inquiry, the committee is aware of investigations into related and complementary issues being undertaken by other bodies. The House of Representatives Standing Committee on Transport and Regional Services' inquiry into integration of regional rail and road networks and their interface with ports is expected to cover matters of relevance to this inquiry, as is research being commissioned by industry groups such as the Maritime Union of Australia, and that being undertaken by agencies such as the National Centre for Vocational Education Research. The committee looks forward to learning the outcomes of these undertakings, and to the findings of these and other studies being considered with reference to each other by all stakeholders.

The committee has enjoyed the opportunity to undertake this inquiry, and values the contribution made by all submitters, witnesses and those owners and operators who gave us first-hand information at their depots, workshops and operations rooms. The committee is pleased to present this report, representing the unanimous views of its members, to the Senate. It hopes that the report may be of value to transport operators in dealing with labour and skills shortages.

**Senator Judith Troeth  
Chairman**