

Chapter 3

Training

3.1 This chapter details the committee's investigations and findings in relation to training for workers in the transport and logistics industry. Chapter 1 noted the importance of attracting young people to replace the ageing workers in the current workforce. Skill replacement is essential and there is considerable emphasis in the inquiry on apprenticeships and traineeships aimed at young and prospective employees.

3.2 Emerging recognition of the need to provide attractive longer term career pathways means that attention was also given to other forms of training, including further training for experienced transport workers. This issue will also be touched on here, although it will be dealt with more comprehensively later in the report.

3.3 A number of recurring themes related to training emerged during the inquiry, amongst them concerns about delivery systems; the costs of training and how financial responsibility should be distributed; and issues of accreditation and qualifications recognition.

Current training options

3.4 Traditionally, the road transport and logistics industry has not given training and education high priority. There has been considerable reliance on unqualified people to manage and deliver movement of people and freight. For example, the New South Wales government submitted that approximately 50 per cent of the national transport and logistics workforce has no post-school education, while around 30 per cent has some form of vocational education, and only 20 per cent has a higher education qualification.¹ In recent years, however, there has been increased attention on the part of both industry and government given to training and education, influenced perhaps in part by increased awareness of safety and professionalism standards, as well as increasing technical and administrative complexity in the industry.

3.5 Training for employment in the transport industry takes many forms, but is most commonly delivered formally either through apprenticeship or traineeship programs, or through vocational education training. There also appears to be an amount of on-the-job training, sometimes aimed at higher-level skilling and preparing current workers for more advanced career roles. These may be more or less formally constructed. There are also some higher education courses relating to transport and logistics, although only a very small proportion (8,000) of the total university student

1 New South Wales Government, *Submission 31*, p. 6.

population (around 900,000) is enrolled in these courses.² Some witnesses also noted that, where university training is available, it may often be directed towards procurement, engineering and production, rather than risk management, compliance and operational expertise which the industry also requires.³

3.6 The committee heard interesting evidence from the National Centre for Vocational Education Research (NCVER) about the nature of available training programs, and about how employers view the usefulness of these. The NCVER submitted that both large and small employers in the transport industry tend to make clear distinctions between formal qualifications and relevant experience in considering new employees, and that both sought outcomes from training and prior experience consistent with their business needs.

3.7 This was supported by anecdotal evidence to the committee about the importance of practical knowledge and experience. For example, Mr Andrew Thomas told the committee that:

An important part of being a locomotive driver is what they call route knowledge. That is knowledge of the track you are running over, so that you know where all the signals are, where the train will need to slow down or power up and all of the knowledge that ensures that you can run a train as a smooth unit rather than stopping and starting, which then has implications for the draw gear, fuel efficiency et cetera. That is the way the person would get on.⁴

3.8 Further, the NCVER noted data showing that stakeholders outside the formal education and training system generally value qualifications less than those stakeholders inside the system,⁵ and that:

Overall, the satisfaction with vocational education and training as a way of meeting skill needs of those employers was rated lower by the transport industry employers than by other employers...Sixty-nine per cent of employers in the transport industry are satisfied with it as a way of meeting their skill needs, which is 10 percentage points lower than all employers.⁶

3.9 The implications of this are clear; for training to be effective in addressing skills shortages, the operational needs of employers must be understood and catered for, including where these change over time. Further, training which allows for an

2 New South Wales Government, *Submission* 31, p. 8. The submissions further noted that of those 8,000, approximately half are international students unlikely to remain in Australia following completion of their course. On the other hand, it is also hard to assess what proportion of students in general courses such as arts and business will go on to careers in the transport and logistics industry.

3 Mr Ron Horne, *Committee Hansard*, 3 May 2007, p. 31.

4 Mr Andrew Thomas, *Committee Hansard*, 12 March 2007, p. 23.

5 National Centre for Vocational Education Research, *Submission* 10, p. 1.

6 Ms Sandra Pattison, *Committee Hansard*, 3 May 2007, p. 4.

appropriate combination of both practical and theoretical learning is most likely to satisfy employer needs and expectations.

Apprenticeships and traineeships

3.10 Apprenticeships and traineeships are a common way to meet this need for both theoretical and practical training. The NCVET defines an apprentice or trainee as a person undertaking vocational training through a contracted training arrangement. In general, this would be expected to have a training plan with both on-the-job and off-the-job components. Some may go to TAFE for one or two days a week, although the majority are full-time apprentices or trainees, and are seen as being employed in that capacity. In relation to the transport industry, the committee heard of data showing a decline in overall numbers of apprentices and trainees commencing training in transport and storage occupations⁷ between 2002 and 2006. The reasons for this are likely to vary, but may include some of the issues of cost, access and relevance described below. Of those who do undertake this type of training, the clear majority are male and over 25 years of age, and over half are existing workers.⁸

Table 3: Apprentices and trainees in-training at 30 June in transport and storage occupations by age, sex, and existing workers, 2002-2006

	2002	2003	2004	2005	2006	%
Age 19 and under	1070	1150	1110	1070	1020	3.8
Age 20-24	2980	3300	3150	2950	2890	10.8
Age 25-44	20840	22440	18900	15630	14260	53.6
Age 45-64	11160	12290	10690	8980	8280	31.1
Age 65 and over	130	180	210	190	180	0.7
Total	36180	39360	34050	28830	26630	100.0
Male	32060	34550	29760	25040	23000	86.4
Female	4130	4810	4290	3790	3630	13.6
Total	36180	39360	34050	28830	26630	100.0
Existing worker	24240	26510	21420	16370	14700	55.2
Not existing worker	9990	12250	12590	12450	11930	44.8
Unknown	1960	600	40	10	(a)	0.0
Total	36180	39360	34050	28830	26630	100.0

Notes: Due to confidentiality, (a) represents figures 1 to 9 inclusive. Figures may not sum due to rounding.

Source: NCVET National Apprentice and Trainee Collection, based on September 2006 estimates.⁹

7 A wide range of occupations are included in this category, such as air and sea transport professionals, transport company managers, forklift drivers, road and rail transport drivers, store persons, seafarers and fishing hands, and freight and furniture handlers. For further details see National Centre for Vocational Education Research, *Submission 10*.

8 National Centre for Vocational Education and Training, *Submission 10*, p. 2.

9 *Ibid*, p. 8.

3.11 The experience of an apprentice or trainee can vary widely depending on the type of organisation in which he or she is learning and working. The committee heard that smaller employers are less likely to undertake training in the workforce, and that:

Smaller employers are more likely to have one apprentice or trainee, as opposed to many apprentices or trainees. If you look at the make-up of the apprenticeship and traineeship training system, you see the majority of apprentices or trainees are in an organisation in which they are the only (one). So while you have large multinationals which have a lot of apprentices and trainees, if you look at the distribution of apprenticeships and traineeships you see that a lot of the people are the only apprentice or trainee in their organisation.¹⁰

3.12 The committee visited a number of organisations which currently have apprentices and trainees, to gain some practical insights into training experiences. For example, at the Queensland Rail Townsville Workshop and Stuart Locomotive Depot, around twenty apprentices are employed, although numbers have been declining in recent years.¹¹ Here, the committee heard that when an apprentice is engaged, an experienced Queensland Rail staff member is identified to act as a mentor, to ensure that apprentices get an element of individual attention and support. Being a larger enterprise, QR also finds it possible to support apprentices to participate in TAFE programs, allowing them to spend some time away from the workplace to study, and covering the fees and costs of books and other materials. This contrasts with the reluctance of smaller private companies to release apprentices for training during work hours because of the effect on tight profit margins; this point is congruent with the NCVET evidence cited above.

School-based apprenticeships

3.13 As an alternative to arrangements described above, the committee also heard evidence concerning school-based apprenticeships. Under these programs, some school students, typically in years 11 and 12, are able to undertake apprenticeships or traineeships while completing secondary school study. This includes being paid a training wage for the time spent 'on-the-job' with the employer, and there is generally a training contract linked to an award or industrial agreement. Many school-based apprenticeships are offered under the auspices of the relevant state or territory government, or through private organisations. In some areas they may be undertaken through one of 25 federally-funded Australian Technical Colleges (ATCs),¹² although

10 Ms Sandra Pattison, *Committee Hansard*, 3 May 2007, p. 10.

11 It should be noted that the expressed reason for the decline in apprentice numbers was not a lack of interest on the part of applicants, but rather increased efficiencies and technological advances have decreased the size of the Queensland Rail workforce overall, and consequently there are fewer supervisors available to guide apprentices. It may also be that there is less appropriate work available for apprentices to do; for example, see Mr Ron Finemore, *Committee Hansard*, 12 March 2007, p. 3.

12 For further information, see the Australian Apprenticeships website, <http://www.australianapprenticeships.gov.au/student/school-based.asp>, 8 May 2007.

the committee heard of some difficulties with engaging ATCs to offer programs appropriate to the transport industry:

One of the things our association wanted to do was be part of the Australian technical colleges framework. We could not do that and the main reason for that was that the occupations in the industry are not associated with the traditional trades. So the associations that represented the building trade, the metal trade et cetera are affiliated with the ATC system. Our association, which wanted to be part of that, was left out of the loop.¹³

We went through all the pain of getting it approved with the department of education... Then, at the last minute, we were refused entry to the ATC. The basic reason for that was that we were not a recognised skills shortage area – which leaves me a bit mystified; I cannot quite understand how that came about. The other one was that we were not a traditional trade.¹⁴

3.14 The committee was fortunate to meet one current apprentice in Western Australia undertaking a school-based program, with very positive experiences. This 17 year old apprentice is engaged in a program run by the Transport Forum WA, under which students in years 11 and 12 work in a paid capacity for one or two days a week at a transport company, a further one day a month being spent training towards a Certificate 2 in Road Transport, Transport Administration or Transport Warehousing. The committee heard from the apprentice that the program was very effective and that although a career in transport had not seemed attractive at first, the practical experience had made him much more enthusiastic and optimistic about longer-term opportunities in the industry.

3.15 In broader terms, the committee heard of general satisfaction with the system of school-based apprenticeships and traineeships from a number of witnesses and in submissions, particularly as a pathway for young people to make the transition between school and work. For example, the Queensland Government Department of Education, Training and the Arts told the committee that:

The school based traineeships in Queensland have been a great success. There is a significant number of them across all industries. If there is a traineeship available, then it can be accessed by a school based arrangement. We work with various schools and employer groups or whatever to look at different models for the school based traineeships... despite the fact that we have a very large percentage of the national number of school based trainees and apprentices, we have a commitment to try and double that over the next three years.¹⁵

3.16 Similarly, the Transport Forum WA described their success in engaging young people through school-based apprenticeships, noting that:

13 Mr Hugh McMaster, *Committee Hansard*, 12 March 2007, p. 12.

14 Mr Lyle White, *Committee Hansard*, 12 March 2007, p. 13.

15 Mr Geoffrey Favell, *Committee Hansard*, 12 April 2007, p. 33.

You talked about the Commonwealth traineeship system. That is working well for us. We have put on a whole lot and we now have them trained. The information coming back from these people once they have been through a session is very valuable. So far they are staying with us. We have employed people coming from it. One person was a butcher. One was a gardener. So there are different types of people coming in, and they are staying. They are all young people between the ages of 17 and 23.¹⁶

3.17 From this and similar evidence, it is clear that there is considerable merit in school-based apprenticeships, particularly where they are tailored to develop skills in those areas of greatest workforce need.

Vocational Education Training (VET)

3.18 In contrast to apprenticeships and traineeships, with their emphasis on practical experience and active employment, vocational education training is based on course work, with a greater component of theoretical learning and does not involve paid employment arrangements. VET courses may include all activity delivered by technical and further education (TAFE) institutes, other government providers and community education providers as well as publicly funded activity delivered by private providers.¹⁷

3.19 As with apprenticeships and traineeships, the majority of students enrolled in VET programs oriented to the transport and logistics industry are aged 25 years or over, which is considerably older than the average for all VET students (76 per cent compared with 57 per cent). Similarly, the majority of students are also male (87 per cent), which is more than the average for all VET students (52 per cent). However, in contrast to data showing a fairly steady decline in numbers of apprenticeships and traineeships between 2002 and 2006, there appear to have been fluctuations in the numbers of students enrolled in transport oriented VET courses. The National Centre for Vocational Education Research submitted that enrolments rose from 41,300 in 2001 to 44,400 in 2003; but that they subsequently declined to just 40,300 in 2005. There were also some variations within those figures according to types of courses and whether students were male or female. In particular, enrolments in courses contributing towards AQF certificate 3 qualifications increased considerably between 2001 and 2005, as did those for women and courses assigned to occupations of seafarers, fishing hands and store persons. In contrast, enrolments for courses leading to AQF certificate 1 or 2 qualifications declined over the same period, as did those of men and courses assigned to occupations in sea transport professionals and motor vehicle drivers.¹⁸ It is not entirely clear what the reasons for these variations may be,

16 Mr Raymond U'Chong, *Committee Hansard*, 2 May 2007, p. 14. See also Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 3.

17 National Centre for Vocational Education Research, *Submission 10*, p. 3.

18 National Centre for Vocational Education Research, *Submission 10*, p. 3.

although it could be argued that this is not materially significant as the overall number of students enrolled has remained relatively stable.

Table 4: Vocational students in transport and storage occupations by age and sex, 2001-2005

	2001	2002	2003	2004	2005	%
Age 19 or under	3740	3870	3810	3720	3640	9.0
Age 20-24	5480	5450	5870	5580	5540	13.7
Age 25-44	21910	21940	22830	20870	20870	51.5
Age 45-64	9010	9880	10460	10020	9620	23.8
Age 65 and over	170	190	290	270	220	0.5
Unknown	990	1780	1100	740	550	1.4
Total	41300	43100	44360	41190	40340	100.0
Male	37180	38120	38630	35650	35100	87.0
Female	4100	4870	5630	5460	5160	12.8
Unknown	20	110	100	80	80	0.2
Total	41300	43100	44360	41190	40340	100.0

Notes: The occupation is based on ASO group assigned to the major course – the highest qualification attempted by a student in the reporting year. Figures may not sum due to rounding.

Source: NCVET VET Provider Collection.¹⁹

3.20 Of more interest may be information about the employment outcomes of graduates following completion of VET courses, and in particular data showing that six months after graduating:

A lot of them (students) – 61 per cent – are in permanent employment post their training. But that is lower than all graduates, so there is a higher casual workforce here post training. They are receiving benefit from training, but they are not necessarily receiving as much benefit as all graduates. The level is slightly lower.²⁰

Table 5: Student outcomes of graduates employed in transport occupations after training, 2001-2005

	2001	2002	2003	2004	2005
<i>Employment status at end May</i>	%	%	%	%	%
Permanent	54	59	55	54	61
Casual	37	35	37	38	33
Employee (Other)	*	*	*	0**	0**
Employer	2	1**	2	2**	2
Self employed	6	6	6	7	4
Total	100	100	100	100	100

Notes: This table contains a break in time series in 2005 as the scope of the survey was expanded in 2005 to include students from all VET providers (not just TAFE), as well as students whose training was on a fee-for-service basis.

19 Ibid, p. 15.

20 Ms Sandra Pattison, *Committee Hansard*, 3 May 2007, p. 3.

* Indicates the unweighted count for that estimate is less than 5. NCVER's policy not to report these estimates is due to possible confidentiality implications and high errors.

** Indicates the estimate has a relative standard error greater than 25 per cent and therefore should be used with caution.

Source: NCVER Student Outcomes Survey.²¹

3.21 This is most noteworthy with reference to the comments above about lower overall levels of employer satisfaction with the VET training system and its outcomes. It appears that there may be some disjuncture between industry needs and training courses available. Overall, the committee heard a range of view points concerning the suitability of VET courses for transport and logistics, many of them related to TAFE programs. Some of these will be referred to in the section below, but some core issues are worth noting here.

TAFE courses for the transport industry

3.22 There are significant variations between jurisdictions in the nature and quality of TAFE training available for the transport and logistics industry. For example, the system in Queensland appears to be functioning relatively well. Some witnesses to the inquiry described positive experiences with TAFE courses in that state, explaining that the arrangements suited their needs for expertise and access. Queensland Rail, for example, told the committee that in training for apprenticeships in that organisation, TAFE is used almost exclusively as the most appropriate and effective methods of providing course-based training.²² This is not to say the system is entirely without problems, as it was also noted that:

...we are finding that they have such a huge demand that we are not perhaps getting the quality or the attention from TAFE, particularly in the regional areas, that we once did. We appreciate that they are under enormous stress and pressure as well.²³

3.23 In other states, there is evidence of much more difficulty achieving and maintaining a useful relationship between TAFE institutes and the transport industry. In South Australia, for example, the committee heard that transport and logistics is not currently seen as a priority in the TAFE system and has not been dealt with or provided for since 2003. Some witnesses expressed frustration with this, noting that since then there has been an important gap in transport training for South Australia.²⁴ The committee heard a number of explanations for the current lack of transport oriented TAFE training, and for the difficulties potentially addressing the situation, including problems finding appropriately skilled staff:

21 National Centre for Vocational Education Research, *Submission 10*, p. 18.

22 It was also noted, however, that for more general training aside from apprenticeships, Queensland Rail uses a range of providers including private providers.

23 Ms Lyn Rowland, *Committee Hansard*, 12 April 2007, p. 50.

24 Mr Ron Horne, *Committee Hansard*, 3 May 2007, p. 29.

One of the problems that TAFE has is that because they are not in the T&L training business they do not have people within their organisations to teach the required skills. If they move into the transport and logistics training sector, where are they going to get their teachers from? They are going to get them out of the private sector. We are not actually going to gain anything initially; we are just going to move trainers from the private into the public sector, so there is a long-term issue in getting people from industry into teaching. A lot of people do not want to become trainers or teachers.²⁵

3.24 In New South Wales, in comparison, the committee heard of almost the opposite problem; rather than having demand for TAFE training in transport skills being frustrated by a lack of available courses, TAFE courses are available but struggling to attract students. Low levels of unemployment were suggested as reasons for this.²⁶ The New South Wales Government affirmed that transport and logistics related TAFE courses are supported and available in that state, but that take-up of courses is a matter for transport and logistics companies.²⁷

3.25 Transport-related TAFE courses in Victoria appear to present yet another picture, with the committee hearing that there are a number of different course types available, with students undertaking these courses, but that the ratio of course completions to industry employment is generally low. This suggests that the courses may not be addressing industry needs, or that students are not seeking or finding employment in the industry on completion of training; or there may be some other problem altogether:

A number of regionally-based TAFE institutes have run programs over, I suppose, the last five to eight years in trying to engage young people in the industry at varying stages. The evidence from the outcomes of those programs suggests that there is about a 20 per cent of less employment rate as an ongoing process.²⁸

3.26 Overall, the committee finds that these wide jurisdictional variations in provision and efficacy of VET training oriented to the transport industry, and the lack of uniformity in outcomes, is unlikely to assist any moves towards a more integrated, approach to industry training nationally.

25 Mr Anthony Grant, *Committee Hansard*, 3 May 2007, p. 27.

26 Mr Ron Finemore, *Committee Hansard*, 12 March 2007, p. 6.

27 New South Wales Government, *Submission 31*, p. 7.

28 Mr Ian McMillan, *Committee Hansard*, 16 April 2007, p. 23.

Cost and access to training

Cost

3.27 As with training for other industries, there is considerable cost associated with training the transport and logistics workforce. The New South Wales government submitted that the industry spends approximately \$1 billion a year nationally on training and education, about 50 per cent of which is spent in areas not related to accredited vocational or university courses. Of the remainder, it is estimated that around \$200 million is spent on certification, such as licensing and compliance requirements, \$150 million is spent on vocational education, and \$50 million on higher education.²⁹

3.28 Over the course of the inquiry, the committee was made aware of numerous aspects of workforce training and education that incur expense, and the variable financial responsibilities borne by employers, government, industry groups and individuals across sectors and states.

Government

3.29 In relation to government expenditure, the Department of Employment and Workplace Relations submitted that in recent years, the Commonwealth has directed financial resources towards trade-related training, much of it focused on apprenticeships, though not specifically transport industry apprenticeships. Much of this is through the *Skills for the Future* package of measures. Some of the initiatives include funding for an additional 7,000 school-based Australian Apprentices through group training; funding for tool kits for apprentices commencing in an eligible trade after having completed 3 months of training; Work Skills Vouchers for mature age students without year 12 qualifications to undertake training in accredited literacy and numeracy and basic education or vocational education courses; and business skill vouchers to provide apprentices with training in business management.³⁰

3.30 It is hard to accurately assess what effect these measures are having, or have the potential to have, on training for particular skills shortages in the transport industry. The Australian Shipowners Association submitted that although the Skills for the Future package is only in its infancy, initial indications are that the campaign will have little effect in addressing the maritime skills shortage.³¹ More time is needed to make an informed assessment in this area.

3.31 State and territory governments also provide financial resources for industry training, often related to accredited vocational education courses, although this varies according to the VET provisions in that jurisdiction. The New South Wales

29 New South Wales Government, *Submission 31*, p. 6.

30 Department of Employment and Workplace Relations, *Submission 16*, pp 34-35.

31 Australian Shipowners Association, *Submission 29*, p.10.

Government submitted that with approximately 20 per cent of the total national vocational transport and logistics enrolments, public expenditure in that area is significant.³²

3.32 The Victorian Government supports an interesting example of cross-jurisdictional vocational education collaboration through the DECA Training facility. The committee visited this not-for-profit registered training organisation (RTO), hearing about a range of driver training services provided to industry and individuals across Australia. In particular, DECA is accredited to provide recognised training and testing on behalf of the Victorian Government Office of Training and Tertiary Education, the New South Wales Government Vocational Education and Training Accreditation Board, the Tasmanian Department of Infrastructure, Energy and Resources, and the New South Wales Roads and Traffic Authority. DECA also has also provided training services to private companies and companies and government internationally.³³ The committee sees considerable benefit in such a collaborative arrangement, in particular to facilitate national consistency in training and driver standards.

Individuals

3.33 Some sectors of the transport industry also have training arrangements which impose considerable cost on trainees. This is a particular feature of parts of the aviation industry, where pilot license fees are generally paid for by the trainee. Such fees, which are increasing, can be a disincentive to industry applicants. For example, Qantas told the committee that:

...the substantial costs associated with becoming a pilot act as a deterrent to many. From the financial outlay associated with extensive licensing requirements, CASA fees and medical costs, to the opportunity cost associated with accepting low-paid employment in order to gain experience necessary to obtain employment, the path to becoming an airline pilot is indeed expensive, often prohibitively so, at an estimated outlay of approximately \$100,000.³⁴

3.34 Training costs for individuals can also be a vexed issue in other transport sectors. In relation to road transport, Mr Jonathan Northorpe told the committee that:

...the issues we find here are, to a certain extent, whether we pay to upskill them - and that is usually unheard of in our industry - or whether they pay for themselves as part of those return to the workforce after redundancy or

32 New South Wales Government, *Submission 31*, p. 7.

33 DECA Training Overview, provided to the committee during a site visit to the organisation's Altona North facility, 17 April 2007.

34 Qantas Airways Limited, *Submission 26*, p. 7.

something like that. What we find is that the remuneration in our industry is not sufficient for them to offset their own capital investment in retraining.³⁵

3.35 There may also be a financial opportunity cost to individuals in the maritime industry due to the time taken to achieve different levels of qualification. The Australian Shipowners Association submitted that obtaining a certificate as a Deck or Engineer watchkeeper may take up to three years, while it can take in excess of 10 years to become a Ships Master.³⁶ However, the issue of detailed costs to individuals associated with this was not discussed.

3.36 Where individuals receive a regular wage as part of an apprenticeship or traineeship scheme, these wages are generally low, and often insufficient to cover basic living costs while training. The committee heard anecdotal evidence from current apprentices that a wage rate of approximately \$14 per hour (which may vary somewhat depending on the apprentice's age and progress through the program) is not sufficient to cover living costs, particularly given that many apprentices live independently and generally have household as well as transport costs. It was suggested that higher wages can be earned working at local take-away outlets. The important issue of wages will be dealt with in more detail later in the report.

Industry

3.37 Costs to industry of training are also variable, and there is considerable debate about how this issue ought to be managed. A recurring theme throughout the inquiry was the difficulty faced by small transport businesses operating on tight profit margins finding resources to spend on training.³⁷ Given the prevalence of small businesses in the industry this is a critical issue. For example, the Victorian government submitted that in that state in 1999-2000, 97.5 per cent of businesses in the transport and logistics sector were small businesses with 20 or fewer employees, and that many of these are single-person businesses.³⁸ Similarly, the committee heard that in the road transport industry in Western Australia, over 80 per cent of companies have fewer than 10 employees.³⁹

3.38 A number of witnesses commented on the financial pressure which small businesses can experience in training new industry entrants, not only in terms of formal training costs, but also in business costs such as higher insurance premiums for younger and inexperienced workers and trainees. For example, the Transport and Logistics Industry Skills Council noted that:

35 Mr Jonathan Northorpe, *Committee Hansard*, 16 April 2007, p. 4.

36 Australian Shipowners Association, *Submission 29*, p. 7.

37 For example, Dr Daryll Hull noted that traditionally, the freight sector of the transport and logistics industry has worked on margins of around 2 per cent. *Submission 15*, p. 4.

38 Victorian Transport and Logistics Industry-Government Partnership, *Submission 22*, p. 9 attachment B.

39 Transport Forum WA, *Submission 25*, p. 6.

Probably the big issue is trying to create an apprenticeship type scheme with government funding that brings people in at a younger age and removes some of the risk, to a certain extent. The key risk for an employer now is probably the insurance situation; insurance is typically not good for anyone under the age of 30 with a commercial vehicle.⁴⁰

3.39 Similarly, the Transport Forum WA submitted that insurance is a risk-based industry and that statistically, young male drivers represent a high risk. However, it was also noted that by working cooperatively with the insurance industry, some of these problems may be addressed:

If programs are established that clearly articulate the risk factors and provide guidance to employers on recruitment processes to eliminate high-risk candidates, the gap between the commercial realities of insurance companies and the needs of transport companies will reduce considerably.⁴¹

3.40 There are a small number of large companies in the transport and logistics industry, and training costs are relevant here also. However, in general it appears that larger companies are better able to accommodate those costs due to their more substantial budgets and flexible cash-flows. In particular, larger companies are more often able to provide their own in-house training for new industry entrants, rather than having to pay for outsourced expertise and courses.⁴² This in-house training may also have an indentured element, where on completion of training, a person is committed to staying with that company for a certain period of time.⁴³

Sharing the costs of training

3.41 Given the evidence of training costs being spread between a number of stakeholders, the committee was interested in whether the current situation is appropriate, and how it may, if necessary, be altered. This question, too, attracted a number of comments from witnesses and submissions to the inquiry.

3.42 There was general agreement that industry, as the main beneficiary of training, must take substantial responsibility for the costs. This makes sense particularly where there are some sectors of the industry in which specialised skills are required, and current transport operators are often best placed to know what training will be of most use. Witnesses and submissions gave evidence to the committee in this vein, for instance:

It is also our submission that employers must accept far greater responsibility for training. The rail industry has a number of unique skills, skills that cannot be found in other industries...It is our submission that many of the companies that have been the beneficiaries of privatisation

40 Mr Jonathan Northorpe, *Committee Hansard*, 16 April 2007, p. 5.

41 Transport Forum WA, *Submission 25*, p. 15.

42 See, for example, Mr Anthony Grant, *Committee Hansard*, 3 May 2007, p. 18.

43 Mr Andrew Thomas, *Committee Hansard*, 12 March 2007, p. 22.

have an obligation to take up the nature and extent of training that was conducted by the previously publicly owned rail systems.⁴⁴

3.43 Similarly, and here also in relation to the railways, the Australian Rail, Tram and Bus Industry Union stated that:

...it needs to be kept in mind that many of the skills required by the rail industry are unique to that industry. Skills inherent in the driving of locomotives, shunting, signalling and train control and a range of work performed in infrastructure maintenance can be classified as unique to the railway industry. If the railway industry does not take up the challenge here, then no one else will do it for them...This is not to say that employers do not undertake any training. They clearly do. But what they do is, in our submission, insufficient to meet the current and future needs of the industry.⁴⁵

3.44 The Tasmanian Freight Logistics Council emphasised the need not only for employers to take responsibility for training, but to ensure it is good quality training:

Employers have a duty of care to properly train their employees and they cannot afford the risk of litigation by putting inexperienced or untrained drivers on the road who are incapable of skilfully handling their vehicle. The transport sector must do more to raise the skills and knowledge of its workforce and to adopt practices and technologies that transform information and experience into knowledge.⁴⁶

3.45 However, given the variations in capacity of different types of businesses and companies within the industry to accommodate the costs of training, it is also reasonable to suggest that government bodies should continue to bear some responsibility for training costs, and sometimes to facilitate industry investment in training. This perspective was supported by a number of witnesses, for example the Transport and Logistics Industry Skills Council told the committee that:

Government incentives in terms of the initial allowance for the training subsidy and the ongoing benefits of reduction in payroll tax et cetera have been a big plus.⁴⁷

3.46 For both large and small companies, the biggest concern with investing in training, however, is the risk that in a highly competitive labour market environment, with very low levels of unemployment, companies will invest in training new workers, only to lose them to other higher paying or more attractive employers. This issue is of particular concern in relation to the current commodities boom. The committee heard

44 Mr Andrew Thomas, *Committee Hansard*, 12 March 2007, p. 20.

45 Australian Rail, Tram and Bus Industry Union, *Submission 27*, p. 23.

46 Tasmanian Freight Logistics Council, *Submission 7*, p. 3. The potential implications for public safety resulting from low quality training of workers in the transport industry were also raised. See, for example, Mr Graham Bailey, *Submission 1*.

47 Mr Jonathan Northorpe, *Committee Hansard*, 16 April 2007, p. 4.

extensive evidence of transport employee 'poaching' by mining (and other) companies able to attract workers with high salaries after other employers have invested in their training.

A possible solution - a training levy

3.47 There is a need to establish a more equitable method of distributing the costs of training so that no industry sector is disadvantaged either during the training period or subsequently, and to ensure training is available to all operators and workers.

3.48 One possibility put to witnesses during the inquiry was the suggestion of an industry-wide training levy. This would not be completely unfamiliar for the industry; a training guarantee levy applied during the 1990s. Some witnesses to the inquiry regretted the withdrawal of that system.⁴⁸ The core rationale for such an arrangement is that all sectors of the industry, road and rail, air, and maritime transport, and both large and small operators, are facing skills shortages and require strategic investment in training. However, some operators are better placed to afford the investment training requires than others. By spreading the costs of training across all stakeholders, no one sector or type of business is financially or practically disadvantaged, and the larger pool of skilled workers will benefit the industry as a whole, reducing the competitive pressures described above.

3.49 A number of witnesses and submissions expressed support for such a scheme. For example, the committee heard that:

As far as going back to the levy, sharing some sort of funding arrangement, that is something we would look at. We would see that as adding to the long-term development of our people.⁴⁹

I have been in the training game too long, because I was a training manager when we had the training levy. My personal opinion is that it is a good idea to have some sort of levy...⁵⁰

3.50 In considering how such a levy may be implemented, a central concern is the disparate nature of the transport industry, and the predominance of small operators including owner-operators. A levy system must take account of these differences and ensure contributions are proportionate and fair. Some witnesses drew on examples from other industries to suggest how this could work, and also what should be avoided:

In this state, we have a building industry levy and a motor trades association levy, which creates an apprenticeship scheme. The building

48 For example, Mr Fred Heldberg told the committee that the previous training guarantee levy acted as an effective incentive to train, noting that 'The industry per se has not been doing any training since the federal government withdrew the training guarantee levy.' *Committee Hansard*, 2 May 2007, p. 16.

49 Mr John Taya, *Committee Hansard*, 2 May 2007, p. 6.

50 Mr Ian McMillan, *Committee Hansard*, 16 April 2007, p. 39.

industry levy is a farce; it does not produce the level of training that we want...The biggest problem we have is that funds that are usually dished out by state and federal governments for training organisations, for example, have been grossly abused and money does not necessarily get to the people who need it.⁵¹

3.51 The committee suggests that a training levy should be constructed with reference to individual operator capacity, in line with recommendations made to it. The Queensland Trucking Association told the committee that:

If you were to charge every transport business in the country a training levy as a percentage of their revenue there would be no disadvantage for anyone involved. It is something that can be passed on everywhere.⁵²

3.52 A similar suggestion was made by the Transport and Logistics Industry Skills Council in Victoria, explaining that a strategic approach to training involving a tax-related levy could enhance rather than damage companies' financial productivity:

Possibly one way to do it is to create some sort of tax incentive mechanism so an employer over a certain size contributes a certain amount of money to training and then their company tax rate is either increased or decreased accordingly. That is where companies feel it...an increasing commitment to training could actually improve the bottom line of a lot of companies because it could reduce downtime, trucks being idle, accidents...⁵³

3.53 The committee also agrees that the success of such an arrangement would depend upon a clear understanding of the activities to which a levy could be applied. At the minimum, and articulated commitment to skills development should be part of the framework.⁵⁴

3.54 With reference to the comments in Chapter 3 of this report explaining that the overall costs of industry training are best met by contributions from government as well as industry, the committee maintains that application of a levy should not be expected to cover the entire financial requirements of training. The role of governments at both the Commonwealth and state and territory levels, particularly in relation to the formal education sector, remains important. However, an industry-wide training levy may represent a method by which industry contribution to costs is made more stable, equitable and profitable.

Access

3.55 Aside from the costs associated with training and education for the transport industry, a second issue of concern for improving training delivery is whether courses

51 Mr Lachlan McKinna, *Committee Hansard*, 3 May 2007, p. 24.

52 Mr Timothy Squires, *Committee Hansard*, 12 April 2007, p. 29.

53 Mr Jonathan Northorpe, *Committee Hansard*, 16 April 2007, p. 12.

54 This was noted, for example, by Mr Ian McMillan, *Committee Hansard*, 16 April 2007, p. 39.

and training opportunities are available in the areas, and to the prospective employees, for whom it is most valuable. A number of witnesses and submissions raised concerns about access to training, and especially where this relates to people in rural and regional areas:

One of the issues for the young people down in that area getting their licensing is that training that is available in that local regional area. It has been available on a spasmodic basis, depending on whether the people are available to undertake the training down there. But it is also the policymakers within the area who do not realise that it is very easy to transition people who are on the farms into the road transport area, because they are used to handling heavy equipment and they have the local knowledge and the attitude that is required.⁵⁵

3.56 This argument was also raised with the committee during a visit to Parkes in the central west of New South Wales. Local community leaders provided anecdotal evidence of difficulty ensuring transport and logistics industry training is readily available to young people in the area, and also suggested that there may be synergies between the skills used in local agricultural activities, and those needed in transport. The need for effective training is of particular concern in an area such as Parkes, given its location at the nexus of a number of major interstate road and rail corridors, and the need for skilled workers to develop the economic potential this offers.

3.57 In similar terms, the Transport Forum WA noted that even where there are programs suitable for prospective employees in rural and regional areas (in this case the *Training the existing workforce* program), these are not always made available or accessible:

Regional roll out for the program is still patchy, as is uptake in smaller road transport companies. A review by industry in 2006 suggested that a more targeted strategy for small and regional firms needed to be implemented.⁵⁶

3.58 In the aviation industry there is also concern about training in rural and regional areas, although here the issue may be less to do with access to training as such, and more to do with access to training of a sufficient and reliable quality:

There will also need to be much greater levels of workplace assessment and ongoing mentoring provided to apprentices employed in regional areas. Employers need to become more involved in the assessment process to ensure the validity of tasks assessed in the workplace.⁵⁷

3.59 The committee heard of initiatives in some industry sectors specifically aimed at enabling training in rural and regional areas. For example, the OzeBus initiative facilitates regional employers to advertise vacancies and promote training

55 Mr Ron Horne, *Committee Hansard*, 3 May 2007, p. 36.

56 Transport Forum WA, *Submission 25*, p. 19.

57 Aviation Australia, *Submission 2*, p. 5.

opportunities locally. The Bus Industry Confederation noted the importance of such strategies in non-metropolitan areas, where local industry plays an important role in community prosperity.⁵⁸ This was also highlighted during the committee's visit to Parkes, where it was noted that a Central West Transport and Logistics Forum was formed in February 2007 with the aim of working strategically with industry, local government and other key stakeholders to maximise the success of planned transport developments in that area.

Qualifications and training outcomes

3.60 The committee's investigation of training options for prospective and existing workers in the transport and logistics industry makes clear that skills training has traditionally been approached on an ad hoc basis, with companies and transport operators primarily concerned with meeting immediate business needs rather than addressing the longer term requirements of the industry as a whole. This approach has tended to be supported by differing standards of regulation and accreditation across jurisdictions, where much formal legislation regarding education and training remains the domain of state and territory authorities:

...there is no systematic approach to training. It is ad hoc. Employers pick and choose what they want to train people in. While there are competency standards, through the Transport and Distribution Training board, employers have a tendency to pick and choose which competencies they want or indeed pick and choose which pieces from which competencies they want with no generalised outcome.⁵⁹

3.61 This has previously allowed a high level of industrial flexibility, with transport operators being able to manage their own recruitment and training needs with considerable independence. As broader economic and workforce conditions change, however, there appears to be growing recognition that a more strategic approach is needed. With unemployment levels at record lows, employers are not always able to secure suitable workers; and increasing interstate and international movement of freight means that many transport operators must deal with a range of regulatory regimes. Issues related to regulation and bureaucratic requirements will be dealt with in more detail later in the report; however, as far as training is concerned, several points may be made.

3.62 Witnesses and submissions to the inquiry commented that variations in training requirements and regimes between jurisdictions and between industry sectors leads to a lack consistency and assurance in accreditation and standards which is problematic:

I do not have to be a qualified truck driver; I have to have a license. Why don't I have to know all the other skills? What are the skills? Who has identified them? Are they aligned with the payment scheme? What is the

58 The Bus Industry Confederation, *Submission 32*, p. 14.

59 Mr Andrew Thomas, *Committee Hansard*, 12 March 2007, pp 19-20.

role? We do not know, because we have this bunch of people who wander through the industry getting specific qualifications about a specific skill, not a unified total qualification.⁶⁰

Each company trains their own people; it is not necessarily the same. They will have a qualification to drive a train in Pacific National. They could leave and go to someone else, who will say, 'We need to give you further training.'⁶¹

3.63 While some strategic planning initiatives related to training are underway, these are usually individual actions and the committee heard coordination across the industry is poor,⁶² albeit with some emerging exceptions.⁶³

...there are companies out there which are trying to do something. In blunt terms, they are trying to put their money where their mouth is. I think that at times they are finding difficulty with that because their efforts to do things are influenced by their sphere of influence which might be at a local regional level. I think there needs to be some national effort. To put it bluntly, there has not been a coordinated national effort in the last couple of years.⁶⁴

3.64 The committee noted the frequency with which support for a uniform national qualifications framework was voiced. For example, the New South Wales Road Transport Authority argued that:

What we fail to have in our industry is a qualification framework. We can talk about a training framework, we can talk about all of these issues, but we do not have a qualification framework...there should be a qualification framework in some form that offers professionalism. A number of applications I have made for funding suddenly find a brick wall because we do not have recognition. Other industries have recognition. If I were a bricklayer, I would have to be a qualified bricklayer.⁶⁵

3.65 Similarly, the Australian Logistics Council told the committee :

...in just about every area we are saying that nationally accredited and recognised qualifications are essential because, as industry consolidates, operators need people to operate nationally rather than by state.⁶⁶

60 Mr Lyle White, *Committee Hansard*, 12 March 2007, p. 21.

61 Mr Andrew Thomas, *Committee Hansard*, 12 March 2007, p. 22.

62 Mr Anthony Grant, *Committee Hansard*, 3 May 2007, p. 16.

63 For example, Professor Nagel described awareness in some universities of the benefits of smooth articulation between vocational education and tertiary qualifications. *Committee Hansard*, 16 April 2007, p. 41.

64 Mr Ian McMillan, *Committee Hansard*, 16 April 2007, pp 40-41.

65 Mr Lyle White, *Committee Hansard*, 12 March 2007, p. 12.

66 Mr Hal Morris, *Committee Hansard*, 21 March 2007, pp 9-10.

3.66 The committee notes that under the Department of Education, Science and Training's approved training regime, there is already a comprehensive suite of training packages covering all sectors of the transport industry, and that as such this may be considered as a national qualifications framework. The committee further noted that the Transport and Logistics Industry Skills Council is currently undertaking a review of these training packages to ensure they operate in a coordinated and complementary manner.⁶⁷

3.67 However, the committee also heard anecdotal evidence of a possible disjuncture between having a transport qualification and being recognised as a tradesperson in some jurisdictions, and that this could have implications in terms of wages and other working conditions. It is not within the scope of this inquiry to investigate the details of this interaction, but the committee notes that recognition of transport skills and qualifications within declared trades categories is of concern to many in the industry and should be reviewed as part of strategic planning processes.

Recommendations

Recommendation 4

The committee recommends that industry-wide strategic planning for training examine concerns that the transport and logistics training regime may not align with broader trades recognition processes in some jurisdictions, possibly to the detriment of transport employees.

The committee further recommends that strategic planning for industry-wide training include:

- **A review of current traineeship funding practices to ensure the delivery of government trainee funding is directed to new entrant training, and is not disguised using existing workers.**
- **A minimum of 60 per cent of government training funding be directed to new industry entrants, to ensure at least 4,500 new entrants are trained each year to meet projected industry demand.**
- **Government funding to be linked to a licensing requirement to ensure new entrants complete their training with an appropriate license to ensure full participation on commencement of employment.**

Recommendation 5

The committee recommends that an industry-wide training levy be applied to all operators in all sectors of the transport and logistics industry. In determining the amount and method of paying the levy, reference should be made to the varying

67 Further information is available from the Transport and Logistics Industry Skills Council at <http://www.tlisc.com.au/index.php?menuID=209>.

capacities of different companies and stakeholders to make such a contribution, so that no company or stakeholder is relatively disadvantaged or advantaged.

