

# Chapter 5

## Working conditions

5.1 Throughout the inquiry, the committee heard that transport employers are facing workforce challenges from two angles. First, many experience difficulty attracting workers in the first place; and second, even where workers are trained and engaged, it can be difficult to retain those workers for any length of time, let alone long enough to off-set the costs invested in training and orientation. Both these issues have been covered in earlier chapters of the report providing detail on issues of recruitment and worker demand.

5.2 However, in addressing problems of worker retention, a number of witnesses and submissions brought to the committee's attention the significance of working conditions associated industrial arrangements. This chapter will provide further detail on the committee's findings and conclusions in relation to the practical experience employees in the transport and logistics industry have, and how this may influence retention of workers.

### Road transport driver conditions

5.3 Scarcity of labour, and the difficulty of filling employment vacancies raises the immediate issue of wages and working conditions. Are truck drivers paid enough? Are the conditions of employment so onerous as to deter people from entering the industry? Evidence from witnesses and submissions during the inquiry suggests that there are inter-related problems associated with the distance drivers may be required to travel, the adequacy of rest facilities on route, and management of family responsibilities.

#### *The tyranny of distance*

5.4 Distance from home drives down job satisfaction, particularly for smaller owner-operator drivers. Business imperatives may require that drivers undertake long journeys in short periods of time, which can result in dangerous levels of fatigue. The Queensland Trucking Association told the committee that:

It is where you get the large distances – and, being honest with you, we have got blokes who are just live cannons. They go in up to here, purchase trucks and trailers that they really can't afford, and the only way they can keep those things running is to keep them working.<sup>1</sup>

5.5 This problem is compounded by a lack of adequate and available rest facilities on route, an issue which a number of witnesses and submissions raised. For instance, the Australian Trucking Association explained that:

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1 Mr Tony Squire, *Committee Hansard*, 12 April 2007, p. 25.

You will often get to a rest area where you had planned to pull over and it is either full of heavy vehicles, because of the sheer number that is growing on the roads, or has our friends with their touring caravans. They are entitled to get off the road and have a rest, and often they do not quite get off the road in the sense of making room for other vehicles to come in.<sup>2</sup>

5.6 Main Roads Western Australia stated that declining numbers of rest places for truck drivers is a real problem in that state, where road freight routes are often long:

...in relation to roadhouses, the industry is making it very clear to us that they are concerned with their dwindling number. If you go back in time, transport truck drivers could actually find a good place to stop off, get some fuel, get a shower, have a good meal and then maybe have a rest or move on. The roadhouses are dwindling in number.<sup>3</sup>

5.7 It was suggested during public hearings that, as a result of inadequate space available at designated rest areas, drivers sometimes have to pull up in other places, which can create safety hazards for themselves and other members of the public:

Finding the right place to park safely to rest is a major issue. If they pull up in the wrong place and abide by the law (requiring rest after a certain number of driving hours), somebody can run into the back of them and kill themselves.<sup>4</sup>

5.8 Although it was generally not raised in the context of working conditions, the committee is also concerned about the implications for driver wellbeing of extended and more complex container combinations on trucks. Some witnesses explained that one solution being used to address driver shortages is to have individual trucks carrying more freight. For example, the Queensland Trucking Association told the committee that:

I think there is a place for all those sorts of effective combinations. We have a situation on the waterfront where we run super B-double units...It allows us to put on two 40-foot containers. They are running them in Melbourne and they are running them on the Brisbane port...I do believe that there are a lot more effective combinations that could be used to service the adjoining capitals and to service the local situation than is currently the case.<sup>5</sup>

5.9 The committee further noted the Commonwealth Government's recent announcement of a new B-triple network to operate on selected routes in Queensland, South Australia, Western Australia, New South Wales and the Northern Territory,

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2 Mr Stuart St Clair, *Committee Hansard*, 4 June 2007, p. 38.

3 Mr Mark Walker, *Committee Hansard*, 2 May 2007, p. 9.

4 Mr Ron Finemore, *Committee Hansard*, 12 March 2007, p. 4.

5 Mr Timothy Squires, *Committee Hansard*, 12 April 2007, pp 25-26.

with the explanation that 'Two B-triples can do the work of five semi-trailers, take up much less space on the road, and emit much less carbon into the atmosphere'.<sup>6</sup>

5.10 While there may be situations in which additional trailers on individual trucks can be a viable option for moving more freight with fewer drivers, carrying such a load must also place extra stress on drivers, particularly in more congested and urban traffic conditions.<sup>7</sup> The safety risks associated with this extend beyond individual drivers to include others on the roads, as the NRMA pointed out in a press release on 3 July 2007:

B triples weigh around 74 times more than the average family car. Overtaking a B triple is the equivalent of overtaking around 9 cars – all in one go. Allowing B triples on NSW roads raises serious road safety issues that need addressing first...While there are economic arguments supporting the need for these trucks, this cannot overshadow legitimate safety concerns.<sup>8</sup>

5.11 The committee notes that speculation on extension of the B double and B triple network has not yet made much impression on the mainstream media. It has serious reservations about whether these suggestions can stand the test of public opinion. Road trains on the Newell Highway, for instance, would appear to be a far less desirable prospect than trains operating on a proposed new Melbourne to Brisbane route.

### *Possible solutions*

5.12 In finding solutions to these problems, it is clear that overarching policy and investment decisions for transport infrastructure should be considered. This will be dealt with in more detail in the next chapter on strategic coordination and long-term strategies, but it is important to note here that the trucking industry has been looking, with some success, at other ways to address the problem.

### *Staged driving*

5.13 One of the strategies most commonly suggested to the committee is staged driving, whereby a series of drivers based in different locations carry a freight load for part of a given route, pass it on to the next driver, and then return home with a load going to other way. This eliminates the need for a single driver to be away for days at

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6 The Hon Mark Vaile, MP, Minister for Transport and Regional Services, 'Vaile announces the B-triple road network', Press release 114MV, 9 July 2007. The committee also noted support for this concept from the Victorian Transport and Logistics Industry Government Partnership. Mr Neil Chamber, *Committee Hansard*, 16 April 2007, p. 29.

7 In considering this idea, the committee is also concerned about extra road wear caused by extended trailer combinations, as well as the fact that the license types necessary to drive large combinations are already in short supply. On balance, it does not seem that this is an effective long term solution to workforce challenges in the transport industry.

8 NRMA Press Release, *NRMA plan for truck safety reforms*, 3 July 2007.

a time, and helps to guarantee adequate rest breaks. For example, the Australian Trucking Association explained that:

For example, someone who, say, lives in Melbourne can drive to Wagga, do a changeover and get back home that night, while the person who lives in Wagga can drive the truck up to Goondiwindi and be back home the next night. A bloke or woman out of Brisbane can so the next leg. The whole thing has gone from Melbourne to Brisbane with three different drivers, and they are all home for the night.<sup>9</sup>

5.14 The committee recognises the life-style rationale for this suggestion, but is not convinced that this is a viable long-term solution. Staged driving relies on suitable drivers being available to pick up the load at each stage of the route, and given the weight of evidence about driver shortages the committee is not convinced that this would be regularly guaranteed. The logistical task involved in transferring a load between drivers at each stop would be more complex, and therefore inherently carry more risks of delay, than if a single load is carried by one driver. While staged driving may present some advantages, in general it does not appear to solve underlying problems of worker or skills shortages in the industry. The committee did not encounter representative driver groups who would support it, and the system is certainly unworkable for owner-drivers. On the other hand, it is normal Pacific National practice for rail movements between Sydney and Melbourne.

#### *Technological change*

5.15 Technological change to improve the physical work experience for truckers is a factor which the committee heard may create better work conditions. Chapter 2 of this report discussed some of the ways in which technological changes are helping make working in trucking more attractive and comfortable for women; however, many of these improvements would apply equally to male employees. For example, the Australian Trucking Association described with interesting detail the many ways in which the physical work environment has improved for all truck drivers in recent years. The committee heard that vehicles are quieter, seating has been designed with ergonomic considerations, cabins are fully air-conditioned, and there are benefits in ABS braking systems and cruise control:

The cabin ambience itself is significantly better than it has been. There have been appointments inside the cabin – so we have seen the ride, comfort of the seats and ambience inside the cabin, such as the quietness, to be quite significant factors in attracting people to the vehicles themselves.<sup>10</sup>

#### ***Remuneration***

5.16 Remuneration levels offered by mining companies cannot be matched by most other transport operators, as this report has explained in chapter 4. However, the

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9 Mr Neil Gow, *Committee Hansard*, 4 June 2007, p. 38.

10 Mr Stuart St Clair, *Committee Hansard*, 4 June 2007, p. 32.

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committee was interested to hear that some transport operators reporting a level of success in mediating wages pressure from the commodities sector by improving working conditions, or finding other ways to provide financial rewards. For example, Queensland Rail explained that it has developed a system of financial incentives outside the formal pay scale:

...we have to look carefully at not having a huge capacity to increase wages in one area without affecting other parts of the business. We looked at incentives that sat outside the pay system. We set up an incentive called StaySmart, where we would offer an incentive to hot spots around the state that had been identified through our career centre as having a significant number of vacancies we were unable to fill. So we would pay a retention payment, particularly to tradespeople in those areas, and we would use the incentive as an attractor in our advertising as well.<sup>11</sup>

5.17 The large rail freight operator Pacific National appears to have no problems retaining employees. The company employs 4,000 personnel, including 840 drivers, and claims a staff turnover of less than 10 per cent. Drivers earn up to \$85,000. There are no recruitment problems, and the company told the committee on its visit to Dynon yards that if a driver lasted for two years they were there for life.

5.18 During a visit to Queensland Rail's training workshop, the committee also heard that workers may be offered flexible working hours or additional time off, as well as more options for task variation and extension, as an example of a non-monetary incentive to stay with that employer; and that this was viewed particularly favourably by younger workers and apprentices. This is in line with Queensland Rail's submission to the inquiry showing that while employees from the baby boomer generation are generally happy to work in a hierarchical organisational environment and value monetary recognition, employees from generations X and Y place more emphasis on access to training and development, flexibility and challenge in their work. Where these types of working conditions are available, a powerful incentive to remain with that employer is created.<sup>12</sup>

5.19 This perspective was further supported by comments from the Victorian Transport and Logistics Industry Government Partnership indicating that although some employers do focus on retaining staff by paying higher wages, others find that workers are often prepared to accept slightly lower wages where working conditions are favourable:

We also hear about drivers who decide to work for somebody else and then find themselves coming back to the original employer because...they appreciate the employment arrangements that were offered to them by the

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11 Ms Lyn Rowland, *Committee Hansard*, 12 April 2007, p. 49.

12 Queensland Rail, *Submission 36*, appendix 2, p. 14.

other employer...I think you are right that employment practices and conditions are a part of that.<sup>13</sup>

5.20 This is not to suggest that remuneration and wages are unimportant in overall working conditions. TOLL Group, one of the major providers of integrated logistics services in the Asian region, told the committee that obtaining workers has generally not been very difficult, due in part to the company's high profile, growth and competitive working conditions, but also to the fact that:

Generally speaking the Toll (wage) rates would be more attractive even to the TWU than a lot of other companies in the industry. If there is a general issue of low wage rates, the Toll rates would generally fair well in comparison with the industry; to a lot of the industry, anyway.<sup>14</sup>

5.21 This may be true, although the committee notes that the Transport Workers' Union considers wage rates in the transport industry overall too low, highlighting the relative nature of an assessment of one company's wages compared with others.<sup>15</sup> On balance, the committee believes that remuneration is an important issue in retaining workers, but that other aspects of working conditions are equally important in providing incentives for workers to enter and remain in the industry, as a number of operators have demonstrated with considerable success.

### **Aviation working conditions**

5.22 The committee also heard evidence of concerns about working conditions in the aviation industry. It appears that much pressure on working conditions in the aviation industry stems from the need for airlines to remain competitive in a predatory international environment. This can lead, for example, to long and erratic working hours, particularly for maintenance staff. The Australian Licensed Aviation Engineers Association told the committee that many maintenance staff are required to work shifts operating on a continuous basis, 24 hours a day and seven days a week.

Unfortunately, the nature of shiftwork that is involved in the aviation industry can contain anywhere from working the shifts of seven o'clock in the afternoon to 11 o'clock at night...If you were working for Qantas, that would be a start of approximately 6.30 in the morning to 6.30 at night and then 6.30 at night until 6.30 in the morning. I believe that there is a particular type of person that can sustain that sort of work over such periods. One of the things that you obviously need to get used to is sleeping during the day. Not everyone is totally interested in doing that.<sup>16</sup>

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13 Mr Neil Chambers, *Committee Hansard*, 16 April 2007, p. 34.

14 Mr Rod Walters, *Committee Hansard*, 16 April 2007, p. 56.

15 Transport Workers' Union, *Submission* 30, p. 3.

16 Mr Paul Cousins, *Committee Hansard*, 16 April 2007, p. 69.

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## **Remuneration**

5.23 The committee heard that there are also concerns about workers, and particularly apprentices, being attracted away from the transport industry by higher wages elsewhere:

Recently one of the apprentices left Qantas after finishing his apprenticeship to take up work in the area of IT, which offered an immediate salary of \$120,000. He completed certain courses in IT during his apprenticeship, which enabled him to do this. So I believe we are competing against those technological industries for apprentices of the necessary aptitude.<sup>17</sup>

5.24 Given the evidence of strong financial competitive pressure in the aviation industry, the committee is interested in the value of non-monetary incentives (such as those described by Queensland Rail above) to improve work conditions, and thereby retention, for workers in this sector. Measures such as increased opportunities for time off, or less strenuous shift arrangements, may be useful. It is also possible that the reason such measures do not yet appear to have been introduced is the relative ease with which operators have been able to secure trainees up to now, compared with the road and rail sectors. Given that worker shortages in aviation are expected to worsen, the committee considers that pre-emptive attention be given to non-monetary improvements in working conditions.

5.25 Some witnesses and submissions mentioned the likelihood that aviation operators may also consider a return to formal indentured apprenticeship arrangements as a method of ensuring workers are retained for at least a certain period after initial training. For example, Qantas told the committee that training an engineer can cost over \$100,000, and training a pilot can cost over \$200,000, and that in order to ensure this investment produces a return:

We will build over time some clarity in the expectation of those people (trainees), because I think it is quite a reasonable ask for an employer like us to say: 'If we invest in you, we expect you to stay. In the event that you leave, we will put some further consequences for you within that.' We have not done that yet. That is a piece of work we need to do to deal with the phenomenon, otherwise we are training the industry.<sup>18</sup>

5.26 While such an approach may appear somewhat rigid, the committee notes evidence from other witnesses that trainees may welcome the certainty and employment security inherent in such an arrangement. For example, the Australian Licensed Aircraft Engineers Association described a new style of traineeship trialled by Qantas in recent years whereby the apprentice was assessed annually as to whether he or she was competent to continue with training in subsequent years. The committee heard that:

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17 Mr Paul Cousins, *Committee Hansard*, 16 April 2007, p. 69.

18 Mr Kevin Brown, *Committee Hansard*, 4 June 2007, p. 25.

That traineeship system was soon wound back to the apprenticeship system because they found that people were not happy to go year by year. They wanted to know that they had a job for four years where they could build up and, if at the end they were deemed competent, could continue on.<sup>19</sup>

5.27 On the basis of such evidence, the committee considers that there can be merit in the option of indentured apprenticeship schemes as one way of ensuring training investment returns dividends to employers, and that this could apply to other sectors of the transport industry aside from aviation.

5.28 However, the committee also suggests that in the introduction of an industry-wide training levy (recommended in Chapter 4 of this report) may alleviate some employer concerns about inequities in the distribution of training costs. Further, the committee also notes evidence from other employers (for example, from TransAdelaide, as described in Chapter 4) who explained that a more flexible approach allowing workers to move between sectors and industries can be a positive for the workforce overall, sharing expertise and creating more attractive career paths. This can mean that, while individual workers may remain with a particular employer for shorter periods of time, they may remain in the broader transport industry for longer, lessening some of the overall skills shortages highlighted in this inquiry.

### **Maritime working conditions**

5.29 Evidence to the inquiry also touched on concerns about working conditions in the maritime industry, although these were again different from concerns in the road, rail and aviation sectors. It appears that the prospect and experience of long periods at sea, and the pressure this puts on personal relationships, can affect both the attractiveness of a career in seafaring, and retention of existing workers. For example, the Australian Shipowners Association told the committee that:

Many of the people who come into the industry and whom I speak to say that (life at sea) is a positive for them. They are aware of the lifestyle challenges that confront them...whereas others are not aware of those challenges and that causes them to leave the industry. We are trying to implement strategies to make sure that more people who pursue a career at sea are fully aware of the lifestyle implications at sea.<sup>20</sup>

5.30 The Transport and Logistics Industry Skills Council also cited reports by the Australian Maritime College which found that:

Sectors of the international shipping industry have complained for years that quality young people will not go to sea. This is the case for almost all the developed nations because capable young people see better career

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19 Mr Paul Cousins, *Committee Hansard*, 16 April 2007, p. 72.

20 Mr Evan Westgarth, *Committee Hansard*, 16 April 2007, p. 80.



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opportunities ashore where they do not have to spend long periods away from home and family.<sup>21</sup>

5.31 Witnesses also expressed concern about occupational health and safety issues in the maritime industry, with reference to port facilities and stevedores. In particular, it was noted with concern by the Maritime Union of Australia that in the six month period between lodgement of their submission in December 2006, and appearance by a Union representative at the inquiry's public hearing in Canberra in June 2007, there had been two further deaths at Australian ports.<sup>22</sup> The committee is concerned by any evidence that lives are being risked and lost in Australian workplaces, and considers that where there may be problems with occupational health and safety standards or practices, these should be dealt with as a matter of urgency. In this context the committee noted the Union's evidence that the Australian Safety and Compensation Council meeting in May 2007 considered a proposal for a new national stevedoring OHS standard, and supports the urgent development of this work.<sup>23</sup>

5.32 The committee also heard evidence of particular problems for female employees in the maritime industry, where aspects of work conditions appear to be causing women to leave the industry. For example, problems were suggested in relation to the following:

Based on advice from women members of the stevedoring workforce and information from job delegates there are two key causation factors – harassment (the most common) and family commitments (a lack of paid maternity leave, or inability to return to work due to insufficient flexible working hours arrangements).<sup>24</sup>

5.33 These and related issues will be dealt with in more detail in the section on industrial arrangements below.

5.34 Chapter 4 of this report has also explained some of the legislative issues associated with income tax arrangements for Australian seafarers engaged on foreign ships, and the committee considers there is value in reviewing remuneration for maritime workers, and seafarers in particular.

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21 Australian Maritime College Annual Graduation Ceremony Presentation 2005, cited in Transport and Logistics Industry Skills Council, *Submission 19*, p. 8.

22 Mr Rod Pickette, *Committee Hansard*, 4 June 2007, p. 7.

23 Mr Rod Pickette, *Committee Hansard*, 4 June 2007, p. 7. It is noted the concerns about occupational health and safety were also raised in submissions from other sectors of the transport industry. See, for example, The Chartered Institute of Logistics and Transport, *Submission 3*, p. 2, and the Transport and Logistics Industry Skills Council, *Submission 19*, p. 9.

24 Maritime Union of Australia, *Submission 12*, p. 26.

## Industrial relations

5.35 Practical experiences of working conditions are closely linked to legislative provisions for industrial agreements. The committee heard evidence about the effectiveness of contemporary workplace provisions in this area. As is to be expected, given progress of the progress of recent debate about the Commonwealth Government's WorkChoices legislation, much of the evidence on this matter was framed in the WorkChoices context. It is not the concern of this inquiry to comment on the details of the WorkChoices legislation itself, which has in any case been dealt with in the course of other Senate inquiries.<sup>25</sup> However, in so far as industrial arrangements and legislation are relevant to working conditions and worker retention in the transport industry, it is important to note some of the issues which were raised in the course of the inquiry.

5.36 Earlier sections of this chapter note evidence of concerns in the transport industry related to occupational health and safety, workers' compensation, flexible work hours and leave provisions, which are matters commonly discussed in legislation for industrial arrangements.

5.37 The Department of Employment and Workplace Relations submitted that some types of workplace arrangements are more suited to delivering satisfactory employee outcomes in these areas than others. For example:

As many employers have found, one of the key factors in highlighting the attractiveness of the industry particularly to female employees who, overwhelmingly, continue to be the primary carer of children, is the availability of flexible working arrangements built around their child care requirements. While award based workplace arrangements are frequently rigid, workplace conditions determined at the enterprise or individual level have the flexibility to allow all employees with family responsibilities, regardless of gender, the freedom to commit to the workplace while still providing support for families.<sup>26</sup>

5.38 On the other hand, other witnesses and submissions argued that the reality of workplace experience is quite different, and the claimed flexibilities of individually negotiated agreements (such as those detailed under the WorkChoices legislation) will not flow automatically from legislation. For example, the New South Wales Government submitted that one of the primary effects of the WorkChoices legislation will be to place downwards pressure on pay and conditions for employees in the federal system:

...the removal of important workplace rights such as protection from unfair dismissal, access to the AIRC for dispute resolution, access to union representation, and the absence of a right to collective bargaining can only

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25 See, for example, Senate Employment, Workplace Relations and Education Committee, *Workplace Relations (A Stronger Safety Net) Amendment Bill 2007*, June 2007.

26 Department of Employment and Workplace Relations, *Submission 16*, p. 31.

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exacerbate such downward pressure on pay and conditions. Such provisions may also have significant effects on occupational health and safety, by, for example, discouraging employees from raising OH&S issues for fear of arbitrary dismissal.<sup>27</sup>

5.39 Similarly, the Australian Rail, Tram and Bus Industry Union submitted that the new WorkChoices legislation does not adequately account for inequities in the power relationship between employers and employees when negotiating flexible work arrangements, and that:

Whilst forms of employment other than full time employment are not undesirable of themselves, problems arise when they are motivated by a cost cutting agenda and where the savings to the employer are a consequence of shifting the cost to the employee/s.<sup>28</sup>

5.40 On the other hand, the committee also recognises that the labour market does not necessarily respect industrial legislation that attempts to check the free movement of labour. Generally, large employers in both the public and private railway industry continue to pay good wages and allow good conditions of employment. Small businesses like owner-drivers, who have less power to influence prices, continue to be underpaid, and underpay their employees. The committee believes that there is a strong case for increasing wage levels for the lowest paid employees in the industry, who have been squeezed in the race to the bottom of the tendering process.

## **Recommendations**

### ***Recommendation 7***

**The committee recommends that all jurisdictions ensure legislation is enacted to give effect to the model bill on *chain of responsibility* approved by Australian Transport Ministers in November 2003; and that all jurisdictions implement procedures to ensure the transport system is operating at optimal safety standards.**

**The committee recommends that employers in all sectors of the transport and logistics industry give priority to improving work conditions, including minimum safe rates of pay and paid waiting time, as well as offering shorter or more flexible shifts and any other options as appropriate, as a means of retaining workers and encouraging current license holders to return to the industry.**

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27 New South Wales Government, *Submission 31*, p. 22.

28 Australian Rail, Tram and Bus Industry Union, *Submission 27*, p. 32.

