

Chapter 6

Policy and strategy

6.1 The transport and logistics industry is characterised by diversity; of mode, size, freight-type, ownership, location, employees' skills, and infrastructure requirements. A major challenge in addressing workforce issues is to recognise the interrelationship between these layers of diversity, and to develop policy and planning processes which can respond appropriately to economic and industry needs.

6.2 Transport planning and investment has struggled to shed its state-based origins and operational characteristics. It is critical that there be coherent planning and strategy at an aggregate level. It appears that at present, such an approach is lacking. There is planning and policy activity underway, and the committee heard of a variety of individual and collaborative processes from a range of witnesses and submissions; however, overall coordination and longer term planning issues remain unresolved.

6.3 Reasons for this include inadequacy of data on the transport and logistics industry; varying perspectives on the role of government at both a national and state level in developing and coordinating policy; and problems with the underlying infrastructure needed for industry to meet growing demands in freight movement. Above all this, and the subject of this report, is the problem of how to optimise labour input into transport services, especially in a tight labour market with skills shortages and in the absence of a strong industry profile and ethos. This chapter details the committee's findings and recommendations in relation to these issues.

Data

6.4 Understanding how best to respond to workforce challenges in the transport industry relies on a comprehensive and accurate evidence base on which to build policy developments and make funding decisions. The committee heard consistent evidence from witnesses and submissions of inadequate data, making it difficult for stakeholders at operational, policy, funding and administrative levels to make properly informed decisions and plans, or sometimes any decisions and plans at all.

The barrier is the absence of an adequate database. The problem is that the type of data necessary to give this important issue the attention it deserves is simply not available. This is not to say that there is no data available but rather it is simply insufficient for the task at hand.¹

6.5 One important issue of reliability concerns classification of different types of employment activity within the industry, and the way these classifications interact with data collections for other industries. For example, the Department of

1 Australian Rail, Tram and Bus Industry Union, *Submission 27*, p. 6.

Employment and Workplace Relations commenced its comprehensive submission by noting that:

First, the Australian Bureau of Statistics (ABS) determines employment by industry by classifying people according to the predominant activity of the organisation in which they work. For example, truck drivers can be employed in a range of industries including transport, wholesale trade and manufacturing. Second, and relating to this issue, employment levels in industries can be significantly affected by outsourcing. For example, if a company in the transport industry outsourced its information technology (IT) needs, the ABS would consider that as a decline in transport employment and an increase in employment in the property and business services industry.²

6.6 The committee benefited from valuable information provided by the National Centre for Vocational Education Research (NCVER) both in its submission and during an appearance before the committee in Adelaide. In particular, data from NCVER highlighted key characteristics of apprentices and trainees, including the predominance of male students and those over 25 years of age, and the high proportion of apprentices and trainees who are already in the workforce.³

6.7 Evidence to the committee highlighted problems with data on key issues not being collected or available. NCVER told the committee that:

One of the statistical information gaps we have is on destinations of apprentices and trainees. We pick up some of them through the student outcomes survey in terms of their apprenticeship or training if they are training afterwards, but we do not have any detailed information on what happens to apprentices or trainees when they finish their apprenticeship or traineeship. By 'finish', I do not necessarily mean completing it. Some of them will finish earlier; they will stop doing their apprenticeship or traineeship. We do not have a lot of statistics on the reasons for stopping and whether they are still working in the industry.⁴

6.8 Similarly, there are gaps in reliable survey information about wages of apprentices and trainees, and on the relationship between training and employment more generally.⁵

6.9 The committee also heard evidence about data gaps from transport industry operators, who explained the effect such information gaps can have on business and planning decisions. For example, the South Australian Freight Council stated that the lack of information about current and future employment within the industry is a key

2 Department of Employment and Workplace Relations, *Submission 16*, p.2.

3 National Centre for Vocational Education Research, *Submission 10*, p. 2.

4 Ms Sandra Pattison, *Committee Hansard*, 3 May 2007, p. 9.

5 *Ibid.*, p. 10.

challenge in understanding and rectifying skills shortages,⁶ while the Australian Logistics Council described some of its own data collection activities, and the need to expand on these to show variations in workforce situations:

...we do not know enough about what the problem is in terms of people. There is a requirement for further research. The figures I gave you in my introductory comments are the outcome of recent research done by both the Australian Logistics Council and by the Transport and Logistics Centre on our behalf. But they are still rough initial figures. We need to dig into that. We need to understand state by state and regional area by regional area what the variations and the difficulties are from a people perspective.⁷

6.10 Similar views were also expressed by witnesses from state government agencies, who highlighted the difficulty of making decisions based on incomplete or unreliable information:

...we do have a need in our industry for better information. At this stage, we are basing our decisions on individual studies and strongly held anecdotal beliefs in a lot of cases. That is something that we do have a critical need for – better information in relation to making decisions and future directions for our policymakers. It is very important.⁸

6.11 The committee was encouraged to hear that work by the NCVET is continuing to expand the range of data being collected through surveys and formal studies. This includes a survey of employer views on labour shortages, the results of which will be available later in the year, and a study of the movement between training undertaken and subsequent employment outcomes which show the extent to which training in transport and logistics translates into employment in that field.⁹ The committee also notes with interest that the results of a South Australian-based survey on what attracts young people to traditional trades are to be available soon.¹⁰

6.12 This work will complement continuing ABS data collection activities. This includes surveys of employers who have recently advertised jobs in a range of professional trades and semi-professional occupations, as well as managing the Migration Occupations in Demand List, which determines aspects of ways in which the skilled migration system works and aspects of how certain education and training programmes operate.¹¹ All these studies will add to the evidence base for policy and planning decisions.

6 Mr Anthony Grant, *Committee Hansard*, 3 May 2007, p. 15.

7 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 8.

8 Ms Perram-Fisk, *Committee Hansard*, 12 April 2007, p. 33.

9 Ms Sandra Pattison, *Committee Hansard*, 3 May 2007, p. 4, 7.

10 *Ibid*, p. 12.

11 Mr Michael Manthorpe, *Committee Hansard*, 4 June 2007, pp 61-62.

Infrastructure planning and investment

6.13 Some of the most important of these policy and planning decisions concern infrastructure development. Road, rail, port and aviation infrastructure must be constructed and maintained with reference to the skills and availability of workers in different sectors and locations. The committee is concerned that this interface is frequently neglected, and that this is affecting employment.

Road infrastructure

6.14 In relation to roads, the committee noted that Australia is the most road transport dependent country in the OECD with some 810,000 kilometres of roads.¹² Funding for construction and maintenance of roads is in large part provided by the Commonwealth through grants to state and territory governments and to local government, which manages the majority of practical maintenance and construction activity.¹³

6.15 Expenditure on road infrastructure is substantial. During 2005-06, the Department of Transport and Regional Services (DoTARS) provided \$497 million to 701 local governing bodies in the form of Local Road Grants.¹⁴ This in turn was part of a larger allocation, including states and territories where they administer unincorporated land, of \$307.5 million for improvements to local roads.¹⁵

6.16 The committee is concerned that despite this level of expenditure, current road infrastructure planning does not take account of the road workforce situation, causing both immediate problems and enhancing future risks. For example, the Sea Freight Council of Queensland stated that:

...the doubling of the freight task may translate into a greater number of trucks on the road...If these issues are not addressed, existing congestion issues will be compounded. One of the consequences of congestion is increased driver idle time: its worsening will further intensify demand for skilled truck drivers as shippers and truck operators try to meet the growing demand for quick, just in time deliveries. This situation will inevitably push up freight rates in order to offset increased operator costs.¹⁶

12 Australian Trucking Association, *Submission 20*, p. 2.

13 The committee noted submissions from the Australian Local Government Association that local councils are responsible for construction and proper maintenance of more than 640,000 kilometre or over 80 per cent of Australia's total road length. Australian Local Government Association, *Submission 14*, p. 1.

14 Department of Transport and Regional Services, *Annual Report 2005-06, Output 2.2.2: Local Government*, www.dotars.gov.au.

15 Department of Transport and Regional Services, *Annual Report 2005-06, Output 1.3.1: AusLink*, www.dotars.gov.au.

16 Sea Freight Council of Queensland, *Submission 11*, p. 6.

6.17 Part of this problem may relate to poor planning and coordination between transport operators and logistics operators, rather than deficiencies in the road network per se. The Tasmanian Freight Logistics Council noted disconnections which sometime exists between the location of freight storage facilities and the main routes taken by trucks delivering freight:

The major supermarket chains have built their distribution centres in country or remote areas that seem to have no relevance to normal road-haul sections. Freight operators who deliver to these centres often incur lengthy and unfair delays in waiting in long queues for their freight to be offloaded which adds costs and hours to their day's activities. In many instances this results in drivers being outside their allowed hours which means that they are required to rest and other freight on their truck doesn't get delivered.¹⁷

6.18 However, even where provision of roads and road infrastructure may be suitable in terms of location, good maintenance is critical to ensuring transport operators can move vehicles efficiently and safely, reducing driver idle-time. An increase in the number of trucks on the road as a result of the growing freight task is likely to increase the need for maintenance:

The quantification of road wear and maintenance associated with heavy vehicles is a very difficult area...(but) Certainly, heavy vehicles do wear the roads, there is no doubt about that, and certainly when you talk about higher axle loadings under concessional loadings schemes that is very much the case.¹⁸

6.19 The committee notes that this has serious implications for the extended use of B triple semi-trailers, an idea for which the Minister for Transport and Regional Services has recently expressed support.

6.20 Overall, it is not clear to the committee that infrastructure planning and investment take account of labour circumstances in the transport industry. Infrastructure costs are substantial, and recouping of these costs is a major consideration if expenditure is to be termed as investment.

Rail infrastructure

6.21 A recurring theme throughout the inquiry was the interaction between the road and rail transport sectors, and whether or not there is value in a concerted effort to move more freight by one means than the other as a way to address workforce challenges.

6.22 It was suggested that at a time when truck drivers are in such short supply that some vehicles stand idle, trains can carry far greater volumes of freight while needing fewer drivers. The Australian Logistics Council noted that 'It only takes one train

17 Tasmanian Freight Logistics Council, *Submission 7*, p. 4.

18 Mr Mark Walker, *Committee Hansard*, 2 May 2007, p. 7.

driver to drive a train as opposed to a truck driver and so on'.¹⁹ For some industry operators, rail services are already playing an important role in compensating for truck driver shortages. The Tasmanian Freight Logistics Council emphasised that:

...any decrease in the current rail services available in Tasmania would mean a substantial increase of freight being carried by road. Employers are currently experiencing difficulty obtaining skilled drivers and any further increase in truck movements in Tasmania will further exacerbate this problem.²⁰

6.23 There can also be cost benefits to operators of rail over road freight delivery. A report by the Australasian Railways Association points to a 30 per cent discount on the East-West and Melbourne-Brisbane corridors, and 20 per cent on the North-South corridor.²¹ Similarly, a report by Ernst and Young in 2004 found that rail could haul freight between Brisbane, Sydney and Melbourne at up to 60 percent below the cost of road transport.²² This tends to support the views of some witnesses that while trucks may still be the most appropriate means of transporting goods over relatively short distances and in urban areas, there are advantages to rail over longer distances.²³

6.24 The committee is aware of infrastructure developments encouraging the movement of goods by rail between major cities, with current work on signalling and extended passing loops on the main south line. The open access regime on the main trunk routes has also had the effect of ensuring industry pressure on governments to improve infrastructure. It is by no means obvious, however, that the Commonwealth has any particular commitment to an expanded role for railways.

6.25 The committee is aware of some practical considerations that may qualify the benefits of seeking to move more freight by rail than road. For example, according to the Auslink 2004 White Paper,²⁴ approximately 80 per cent of road freight is transported over distances of less than 100 km, which suggests there would be only limited scope for transferring modal share. A 2006 report by the Productivity Commission into pricing across the road and rail freight sectors had a similar finding, noting that only 10–15 per cent of freight is contestable by rail. Further, it argued that

19 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 10.

20 Tasmanian Freight Logistics Council, *Submission 7*, p. 3.

21 Australasian Railway Association Inc, *the Future for Freight: Economic Analysis of the Cost of Moving Freight on the Inter Capital City Corridors*, 2005, pp 47-50. The report did, however, also note that rail traditionally has had less flexible services and underperformance, especially on the New South Wales elements of the North South corridor

22 Ernst & Young, *North-South Rail Corridor Study Executive Report: Commissioned by the Department of Transport and Regional Services*, 30 June 2006, p. 41. Again, this report noted that rail also has poor comparative reliability, availability and transit times, compared with road transport.

23 See, for example, Mr Tony Squires, *Committee Hansard*, 12 April 2007, p. 24; and the New South Wales Road Transport Association Inc, *Submission 8*, p. 2.

24 Department of Transport and Regional Services, *AusLink White Paper*, 2004, p. 2, 32.

the rail sector's marginal profits could result in a rise in rail prices, rather than an increase in share.²⁵

6.26 However, if more freight were to be moved by rail than road as a way of dealing with driver shortages, it is clear that rail infrastructure must be appropriate to the task. This would include all aspects of the transport and logistics supply chain, including the location of warehousing and distribution centres,²⁶ and the efficiency of modal interfaces. While some jurisdictions have well developed rail networks, this would present problems in other areas, most notably for example, in Western Australia, which lacks the necessary infrastructure. As the state manager of Grace Removals told the committee in Perth:

...from within our industry I get massive volumes of interstate freight that will arrive on a train with everything sweet. Suddenly – and this is not a metro issue; this is right through to Kununurra – we have a problem delivering that.²⁷

6.27 This observation was borne out by evidence from the Transport Forum WA, which submitted that trucks provide nearly all urban freight transport in that state, and are the only mode available in many country areas. Only about 15 per cent of the road freight task is currently contestable by rail in Western Australia.²⁸

6.28 At the beginning of this chapter the committee referred to the state-based operational characteristics of transport, and it is in planning for inter-modal operations that this is most apparent. Freight depots become a state planning issue, as do freight corridors, and the political implications of planning become a serious problem for state governments. This is particularly so in the Sydney region. Decisions deferred affect labour and employment in the industry, and so far there is no evidence of any concern at planning delays at the Commonwealth level.

Port infrastructure

6.29 Just as the committee believes that there could be benefits in transferring some freight from road to rail where it is appropriate and supported by infrastructure,

25 Productivity Commission, *Road and Rail Freight Infrastructure Pricing: Report no. 41*, 2006, p. 27, 35.

26 For example, just as it was noted above that there could be value in major supermarket chains reviewing the location of their warehouses to bring them closer to key trucking routes, so there may be value in considering co-location with key rail lines.

27 Mr Greg Cream, *Committee Hansard*, 2 May 2007, p. 18.

28 Transport Forum WA, *Submission 25*, p. 7. The committee did note comments from the Australasian Railway Association suggesting plans by the West Australian government for a railway line between Perth and Mandurah. Mr Garry Whiting, *Committee Hansard*, 4 June 2007, p. 46. In further consideration of infrastructure, the committee also noted that even in those states and territories which do have developed urban and rural rail networks, the capacity of the sector to manage a greater freight load can be limited by tunnel heights and differing gauge widths in some areas.

it was also suggested that domestic shipping, particularly on long haul routes, could provide a competitive option for moving freight.²⁹ The rationale for this has several aspects.

6.30 One aspect is the lower environmental damage effect of shipping compared with road transport.³⁰ For example, the Maritime Union of Australia submitted that the shipping industry has high fuel efficiency and low greenhouse gas emissions on a tonne per kilometre basis.³¹ The union advised during public hearings that research is to be commissioned on the relationship between shipping and emissions,³² to be completed towards the end of 2007. The committee looks forward to release of the results.

6.31 It was also noted that, while the replacement cost of highways in Western Australia alone is in the order of \$21.4 billion,³³ there are negligible costs associated with maintaining shipping lanes:

We are very competitive across a whole range of issues...it does not cost anything to have a shipping lane. It does not require any upkeep and there are no original infrastructure costs.³⁴

6.32 The committee heard evidence throughout the inquiry of substantial maritime infrastructure development which is currently taking place in Australian ports. The Maritime Union of Australia explained that:

There is a significant amount of infrastructure development going on in the port of Brisbane. The New South Wales government is expanding the port of Botany. South Australia has further container port development in hand. Melbourne is undergoing channel deepening and a broad strategic plan for the development of that port. In addition, there is a major programme of ports infrastructure planned in Western Australia to cope with the expected resources developments.³⁵

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

30 The committee noted that this argument was also most in relation to rail transport, although with the caveat that shipping is still more environmentally friendly. See, for example, Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 10.

31 Maritime Union of Australia, *Submission* 13, p. 2. In this context, the committee noted that as the transport industry overall is one of the economy's most significant contributors of greenhouse gases and energy consumers, reduced pollution would have benefits related to emissions capture and off-set schemes, as well as health effects

32 Mr Rod Pickette, *Committee Hansard*, 4 June 2007, p. 5.

33 Main Roads WA, *Submission* 23, p. 2.

34 Mr Rod Pickette, *Committee Hansard*, 4 June 2007, p. 5. It was also noted, however, that there are other costs related to unloading vessels and transferring cargo to shore, which may offset these economies to some extent.

35 Mr Rod Pickette, *Committee Hansard*, 4 June 2007, p. 2.

6.33 The Chartered Institute of Logistics and Transport in Australia further noted that dredging activities at Flinders Ports in South Australia have allowed an extra one or two more weekly services to go directly to Adelaide.³⁶ The committee benefited from witnessing some of these developments first hand during site visits to the ports of Fremantle, Townsville and Melbourne.

6.34 However, if domestic shipping is to be a realistic option in meeting the growing freight task, account must be taken of underlying industry workforce issues. Port and shipping operators must have adequate supplies of suitable workers for both sea-going and land-based work. Chapter 2 of this report has highlighted acute shortages of officers, engineers and seafarers across the maritime industry, and the committee is concerned that there is little evidence of these problems being taken into account when new infrastructure developments, and proposals for expanding the domestic shipping industry, are undertaken.

Strategic discussion and policy planning

6.35 It is clear that transport policy has a labour and employment aspect which must be seen as part of an overall plan that also includes market factors and infrastructure investment. The committee is concerned that while governments and industry are devoting some attention to these issues, they tend to be considered individually, with little reference to each other. This must be reviewed as a matter of urgency if the workforce challenges described in this report are to be met.

The role of the Commonwealth Government

6.36 The committee was disappointed that the Department of Transport and Regional Services (DoTARS) was unable to appear before it during the inquiry, or to provide any substantial submission, despite having received notification of the inquiry and an invitation to participate. Although DoTARS declined to meet the committee at public hearings, the committee did benefit from some brief written comments outlining the Department's key perspectives on workforce challenges in the transport industry.

6.37 In particular, DoTARS explained that its primary role is to administer Commonwealth Government funding for road and rail transport, acting as an informed financier. Much of this activity appears to be directed at the AusLink initiative, of which a key planning element is:

...the development of 24 corridor strategies covering each component of the National Network to which the Australian Government contributes funding. These corridors represent the 'backbone' of the transport system and the strategies are being developed in cooperation with the states and territories...AusLink is also the Government's primary programme for investing in Australia's land transport infrastructure. During the current five

36 Mr Ron Horne, *Committee Hansard*, 3 May 2007, p. 34.

year plan to 2009, the Government will invest \$15.8 billion. Under AusLink2, in the period 2009-2014, the Government will invest a further \$22.3 billion...³⁷

6.38 The committee also noted DoTARS' coordination role in transport regulation, and the contribution it has been making to alleviating skills shortages in partnership with bodies such as the Australian Logistics Council, the Australian Freight Councils, and the Transport and Logistics Centre (TALC).

6.39 AusLink funds for long-overdue infrastructure programs are spread across sectors. They include both obligation and incentive structures to ensure states play an active role in moving towards a national regulatory regime.

6.40 However, the committee is concerned that overall AusLink represents a funding package rather than a policy blueprint from DoTARS, and that this is an important dereliction of leadership. It may be argued that the Commonwealth Government has no direct responsibility for transport other than in exceptional circumstances of wartime.³⁸ However, the committee considers that the increasing freight task, and the potential national impact of failing to meet the challenges involved, warrant a more active role for DoTARS as an innovator and leader in transport policy and programs.

6.41 This should include working closely with state and territory governments to ensure not only that Commonwealth funding is of itself directed towards policies and programs based on strategic planning, but that individual jurisdictions also devote attention and funding to long-term capacity-building initiatives, including developing inter-modal freight hubs in metropolitan areas.

6.42 At the Commonwealth level too, it is clear that addressing workforce challenges in the transport industry must involve a comprehensive approach, with attention given not only to immediate employment issues, and strategic infrastructure, but also to broader education and training, which is the key responsibility of the Department of Education, Science and Training.

6.43 It became apparent during public hearings that communication between these three departments, in relation to transport workforce challenges, may not be occurring at an optimum level. Under questioning, the Department of Employment and Workplace Relations agreed that while there is some contact with DoTARS, it is not generally of an active collaborative nature, and that possibilities for closer cooperation may be investigated:

From my own perspective, the most recent contact I have had with DoTARS was when I was invited to give a presentation to the chairs of the

37 Mr Michael Taylor, *Submission 37*, p. pp 1-2. Further information on the AusLink initiative is available from www.auslink.gov.au.

38 Commonwealth of Australia, *Constitution Act 1900*, s. 51.

area consultative committees on our findings in relation to the shortages that currently exist in the industry...It was really just DEWR providing them with information. I am now aware of what they did with that information...That is not to say there might not be some value in us initiating some more active engagement with them. I do not have a problem with that as a proposition. Perhaps we should.³⁹

6.44 In the committee's view, DoTARS should be more proactive in its relationship with the Department of Employment and Workplace Relations, which has ample capacity to provide advice on the employment aspects of the transport industry. In this vein, the committee noted evidence of closer cooperation with the Department of Education, Science and Training:

We certainly talk to the education department about some of these matters, probably more so than the transport department because there are questions about how one can most effectively ensure that the interventions we might come up with or fund sit with the interventions that DEST funds. Making sure that that all works effectively is something that we talk to them about.⁴⁰

State and territory governments

6.45 Previous sections of this report have outlined the role that state and territory governments play in providing funding and managing some legislation and regulation related to transport and logistics in their jurisdictions. Mention has also been made of inconsistencies between jurisdictions, and the evidence that these impact negatively on operators in the transport industry. The need for a more collaborative approach on some issues, such as funding of training, has also been highlighted.

6.46 A collaborative approach between jurisdictions is likely to achieve the most productive and reliable outcomes if guided by a clear strategic framework. The committee is aware that the states and territories currently work together strategically with the Commonwealth Government through various ministerial⁴¹ and officer-level groups, most notably the Council of Australian Governments (COAG).⁴² Some witnesses to the inquiry referred to the COAG National Reform Agenda, one aspect of

39 Mr Michael Manthorpe, *Committee Hansard*, 4 June 2007, p. 59.

40 Mr Michael Manthorpe, *Committee Hansard*, 4 June 2007, p. 58.

41 For example, the Australian Transport Council is a Ministerial forum for Commonwealth, State and Territory consultation, and provides advice to governments on coordination and integration of all transport and road policy issues at a national level. Further information is available from www.atcouncil.gov.au.

42 Further information on COAG is available from www.coag.gov.au. It should be noted that, as well as the Commonwealth Government and the states and territories, COAG includes representation of Australian local governments.

which embraces human capital and aims to lift the nation's productivity and workforce participation.⁴³

6.47 The competition section of this agenda, noted in a Communique of 13 April 2007, also deals in part with transport, explaining that COAG has agreed to a three-phased reform program to provide better price signals for transport freight infrastructure providers and users, in parallel with implementing road transport productivity enhancing reforms. COAG also agreed that each jurisdiction implement its own specific responses to urban congestion.⁴⁴

6.48 While COAG is in some senses a driving institution, the committee also noted some concern expressed during the course of the inquiry about its efficiency and effectiveness, with reference to the transport reform program. For example, the Australasian Railways Association expressed the view that commitment to implementing the human capital aspects of the National Reform Agenda seems to be waning, and that renewed focus and energy is needed to bring these proposals to fruition.⁴⁵ The committee considers that there is a role of the Commonwealth Minister to initiate and promote enthusiastic implementation of the COAG decisions.

6.49 Other sections of this report have noted the range of training and industry development activities are undertaken in different jurisdictions. Most are jurisdiction-specific, although the committee noted that there are some instances of collaboration, or emerging collaboration, between states and territories, either at the government or industry level. For example, the South Australian Freight Council described plans for the future development of its Logistics Information and Navigation Centre (LINC), a web-based portal facilitating public and industry access to information about freight operations and services in South Australia:

In concert with web development, the council is seeking to partner with like interstate organisations to improve the quality and volume of information provided and to ensure that the system satisfies the needs for the industry around the nation. When the two upgrade programs are completed, LINC will be able to create targeted state-specific information to enhance accuracy and usability to national audiences.⁴⁶

6.50 The committee was also interested to read strategic planning statements released by some state governments, such as the Victorian Government's *The TDL Industry Action Plan – 2002-2005*, and *The Victorian Supply Chain Excellence Action Plan – 2006-2009*.⁴⁷

43 For example, see Australasian Railways Association, *Submission 18*, pp 2-3. Further information on the COAG National Reform Agenda is available from www.coag.gov.au.

44 COAG Communique, 13 April 2007, www.coag.gov.au.

45 Mr Garry Whiting, *Committee Hansard*, 4 June 2007, p. 42.

46 Mr Anthony Grant, *Committee Hansard*, 3 May 2007, p. 17.

47 Department of Innovation, Industry and Regional Development, Victoria, *Submission 22*.

6.51 Similarly, the Queensland Government noted that it is undertaking a consultative project engaging a wide range of industry stakeholders which aims to clarify skills and labour issues, and establish a continuing framework for engagement with industry to develop and implement solutions.⁴⁸ Importantly, however, the Queensland Government also noted that there is a need to bring these state-level planning activities together in a coherent national approach:

...this is a national issue that will ultimately require national solutions. There is a clear need to establish national industry leadership and collaboration in addressing this critical issue in a vital industry. The Queensland Government would welcome any opportunity to work with other state and federal authorities to facilitate and support the industry in developing a strategic framework whereby practical responses to mutual labour and skilling needs can be addressed.⁴⁹

6.52 The committee supports this view, and is encouraged by the collaborative and open approach. While it is true that transport operations are mostly privately managed, the public good demands that government exercise an effective regulatory and policy development role. This includes a driving role for the Commonwealth Government, led by the Department of Transport and Regional Services.

Industry bodies

6.53 There are currently a number of industry-oriented planning and policy groups with interest in workforce issues, including the Australian Logistics Council (ALC).⁵⁰ The ALC is a partnership between the Commonwealth Government and key stakeholders in the logistics field including users, suppliers, peak bodies and academics, and acts as a peak industry body advising government on relevant issues.

6.54 The ALC has been working under the Australian Logistics Industry Strategy, a five-year strategy published in May 2002 (the same year in which the ALC was established to lead implementation of the strategy) and reviewed at the end of 2006.⁵¹ The strategy includes a people aspect, the main manifestations of which for the ALC

48 Queensland Government, *Submission 12*, p. 2.

49 Queensland Government, *Submission 12*, p. 2.

50 Information on the Australian Logistics Council is available at www.ozlogistics.org.

51 Department of Transport and Regional Services, *Evaluation of the Australian Logistics Industry Strategy*, February 2007. The evaluation found, among other things, that progress has been made in areas including implementation of the strategy by State-based freight councils, and integrated road and rail decision-making through AusLink. The evaluation also found further work is needed in areas including consolidating government commitment to the strategy, establishing a shared industry voice on the impact of regulatory decisions, improving infrastructure, improving data and the industry's evidence base, and improving the industry's complex and fragmented training system.

are endorsement of 'capable people' as a priority area, supported by three working groups dealing with recruitment and employment issues.⁵²

6.55 The ALC told the committee it has now been charged by the Deputy Prime Minister with responsibility for developing the next five year strategy for transport and logistics in Australia, which it is expected will continue to build on the four priority areas identified in the first strategy:⁵³

We are now heavily into the project planning for exactly that process which is the development of the next five-year strategy. It will cover...infrastructure development and use; the capability of the people in the system – branding, education, skills, safety et cetera – the regulatory reform and harmonisation requirements; and the fourth area if the data and getting a better understanding of innovation and what is actually going on in the industry.⁵⁴

6.56 The committee is encouraged that workforce issues will continue to be prioritised in this strategy, and looks forward to details being finalised.

6.57 Notwithstanding this context, the committee has some concern resulting from comments that, even where national industry bodies are making progress in developing forward planning policies and programs, the practical effectiveness of these may fall prey to inconsistencies and lack of coordination between administrative and regulatory regimes. For example, the Australian Trucking Association explained that it has worked with the National Transport Commission to develop agreed standards on driving hours:

...we have just finished six of seven years of working out new national fatigue regulations. These are yet to be implemented in the states. They will start in about September of next year. But there are already indications that there will be differences between each of the states.⁵⁵

6.58 Other witnesses pointed out that, even where there is strategic planning occurring and being implemented, the timeframes involved may be too short to provide a reliable, long-term solution:

Five years is nothing in this industry or in this economic growth period. We have to be looking 25 years out. We have to be looking at off-port hubs. We have to be looking at urban congestion. It is a whole of chain issue.⁵⁶

52 These are the Careers Working Group, the Safety Working Group, and the Education and Skills Steering Group. Australian Logistics Council *Annual Report 2006*, pp 12-13.

53 Further information about the first five-year strategy is available at www.ozlogistics.org, and from the Australian Logistics Council *Annual Report 2006*.

54 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 11.

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

56 Mr Tony Squires, *Committee Hansard*, 12 April 2007, p. 21.

6.59 Here, too, there is a critical strategic role for the Commonwealth Government. It is not unusual for governments to be reluctant to plan this far ahead, as the results of necessary decisions (about land use, infrastructure, and strategic planning around supply and demand for capital and labour) are difficult to predict or guarantee over the longer term. However, the potential effects of failure to plan in this instance, and of benefits from effective planning, render government timidity, disinterest, or inactivity for other reasons, unacceptable.

6.60 In identifying a way forward, the committee suggests that some recasting the current relationship between the ALC and DoTARS may be helpful. While the ALC may provide some advice to government, this function appears in reality to apply mainly to implementation and promotion of established ideas and policies.⁵⁷ While this is important, the committee sees opportunities for better strategic planning if the ALC were to be more proactive in acting as a 'policy arm' for DoTARS, with more scope for suggestion of new policy directions, and for acting as a sounding board for ideas originating from within DoTARS. It is not clear that this is currently the case, and the committee recommends that this matter be given serious consideration.

The need for improved coordination

Inter-modal interface

6.61 As well as more comprehensive, long term planning to address workforce challenges, the committee heard evidence of other transport industry problems where better coordination between stakeholders could be beneficial. While not having a direct effect on worker recruitment and skilling, these can contribute to efficient, cost-effective operation and more attractive working conditions for employees.

6.62 Coordination of the inter-modal interface is a particular concern. The committee heard that there are a number of difficulties here; for example, for some large equipment arriving at ports in South Australia on international vessels destined for mine sites:

That material coming into South Australia is quite specific. It is specialist. How can that material be taken from the port, whether it is Port Lincoln, Port Adelaide or whatever else, to a mine site? The railways are not capable of handling that. How does that move forward? That infrastructure has to be moved.⁵⁸

6.63 It also appears there are sometimes serious problems with aspects of the logistics supply chain coming from inland areas even before goods or freight reach

57 As, for example, in the drafting of the second Five Year Plan. This is not to dismiss the importance of this work, but rather to note that continuation and adaptation of existing approaches appears to take the place of more dynamic policy innovation.

58 Mr Ron Horne, *Committee Hansard*, 3 May 2007, p. 34.

port sites. Some of these can be related to the location of ports in or very near to major cities, which means that:

...the port is in an area where trucks have to virtually travel through the city to get to it. Rail has to do that sort of thing too. Take Brisbane, for example, where the rail freight network is being shared by the passenger network. It is the same in Melbourne and Sydney. The problem in Queensland is getting severe.⁵⁹

6.64 The committee recognises that some of these problems are linked to infrastructure; there are often not enough railway tracks and extended loops, or there may be insufficient transport pathways. In other cases, infrastructure may be underused because of commercial agreements.

6.65 The implications for urban traffic safety and road congestion inherent in this situation are clear.⁶⁰ Importantly, however, inefficiencies in delivering goods and freight from inland areas to coastal hubs may not all arise from problems with physical infrastructure, but can also be as a result of mistaken planning at the operational level:

For one company I dealt with fairly recently, their product from Adelaide to Melbourne went through eight different centres. That is absolutely not productive, but they did that because that was the traditional way they had done it. They have not had a person or group of people sit down and analyse their chain. I am sure there is a lot of money that can be saved as well as a lot of human capital resources that can be saved through the process.⁶¹

6.66 This suggests that transport and logistics operators may benefit from reviewing standard procedures from time to time, to see if infrastructure developments mean new and more efficient route or storage options have opened up, with accompanying options for more efficient deployment of workers.

6.67 There is evidence of another problem related to business practice that is affecting inter-modal coordination; a disjuncture between standard operating hours in different parts of the supply chain. The committee heard that:

One of the biggest issues faced by the whole chain at the present time is the harmonisation of business hours. Anybody who has had a look at that can see government does not interface too well with private industry because private industry works longer hours than government. There is all this sort of stuff. The distribution centres do not work the hours conducive to the 24-hour operations on the waterfront.⁶²

59 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 16.

60 The consequences of increased traffic congestion for driver fatigue and stress have been noted in Chapter 5 of this report.

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

62 Mr Trevor Jorgensen, *Committee Hansard*, 12 April 2007, p. 20.

6.68 It is difficult to see fundamental changes to standard operating hours being made by either private sector or government stakeholders to address this problem, but it may be possible to develop new business practices which can better coordinate the industry's 24-hour operational cycle within public sector approaches, and the committee encourages stakeholders to devote collaborative efforts to this end.

Competitive pressures

6.69 The committee noted that in seeking ways to improve integration of the transport inter-modal interface, competition in different sectors should be acknowledged, as well as the influence this could have on industry support for new inter-modal arrangements. As one witness noted:

It is a delicate balance between trying to provide good access to the industry, good access for the economy and productivity and, at the same time, not providing freight solutions which actually jeopardise other transport modes.⁶³

6.70 Similarly, the Victorian Transport and Logistics Industry Government Partnership emphasised the diversity within the industry, and the fact that:

...we really now compete across supply chains right from the point of production through to the point of end use. We have to look at that total spectrum and all of the components in between: whether it moves on a truck, a train, a plane or a ship and how it interfaces between a port and the land and the like. There is a lot of work to be done.⁶⁴

6.71 The role of administrative and industry advisory bodies in gathering and developing ideas for better, more efficient functioning of transport and logistics processes that are mutually suitable to all sectors, is critically important. The committee is pleased to note that some groups are aware of this and considering ways to move forward, in management terms at least:

At a macro level we are moving from management by individual transport modes – road, rail, sea and air – to an integrated approach to management. This has a direct implication, in our view, for the skills required of people working within the industry and also the way that we recruit, attract, retain, train and treat people in the industry.⁶⁵

Strategic future discussion: summary of approaches

6.72 In view of this evidence, it is clear that current policy in relation to transport employment is for the most part treated as a minor adjunct to general transport industry development, rather than a strategic planning area in its own right. Gaps remain in the effectiveness and coverage of employment planning that does occur. To

63 Mr Mark Walker, *Committee Hansard*, 2 May 2007, p. 7.

64 Mr Neil Chambers, *Committee Hansard*, 16 April 2006, p. 38.

65 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 2.

address this, the committee believes there is a need for review of strategic discussion and policy planning, at a national level, in relation to effective operation of the transport industry and workforce.

6.73 Such a review must take account of all stakeholders, namely the Commonwealth Government, state and territory government, local government, transport industry and logistics industry groups, employer groups, workers' representatives, education and training providers, and stakeholders from other relevant industries, with particular reference in this case to the mining industry.

6.74 In the context of this broad range of stakeholder interests, the committee noted suggestions from witnesses and submissions that there is a particular need to clarify and consolidate leadership responsibility for transport industry and workforce policy and planning. For example, the Maritime Union of Australia suggested that government approaches to leadership should be reviewed, and that industry also needs to commit to longer term planning:

We are doing our best but we are having to work with a wide group of parties. We would like to see government take a much more proactive leadership role to bring the parties together, to knock a few heads together and to get us on the pathway to success...there is a failure on the industry's part to commit to forward planning that is required. I have not got any sort of magic pudding or single policy solution, but I do believe that there does need to be leadership around this issue.⁶⁶

6.75 Care must be taken to avoid adding an extra bureaucratic layer to an already complex set of government and industry policy and regulation structures. As DoTARS noted,⁶⁷ there are already a number of industry and government planning and policy bodies operating in this field, and it is important to avoid replicating previous discussion processes which some witnesses feel may not always have realised their initial intentions:

There are a lot of stories about that. Some people say 'We've been around that many times and we keep going around in circles.' What we really should be pushing for is a single national body that has the overarching carriage to say 'Black is black.' If there are local issues, they need to be escalated through that.⁶⁸

6.76 To ensure duplication is avoided, it is important that government leadership at a national level be properly coordinated internally, with regular, focused and strategic communication between relevant Commonwealth Government departments (specifically, the Departments of Transport and Regional Services, of Employment and Workplace Relations, and of Education, Science and Training). The Department of Transport and Regional Services should lead this activity.

66 Mr Rod Pickette, *Committee Hansard*, 4 June 2007, p. 13.

67 Mr Michael Taylor, *Submission 37*, p. 1.

68 Mr Garry Whiting, *Committee Hansard*, 4 June 2007, p. 54.

6.77 The committee also agrees with the views of witnesses and submissions to the inquiry indicating that, for the transport and logistics industry, reliable long term strategic planning and policy development must extend beyond five years.

6.78 The committee supports the current work of the ALC in developing the details of the next five-year strategy, and is also of the view that options for longer term planning, possibly with reference to the next ten, and the next twenty years, should also be investigated, with DoTARS making more use of the policy development skills and expertise of the ALC. Further, stakeholders representation in this process should be broadened to include employee representatives and major transport users, including mining companies.

Recommendations

Recommendation 8

The committee recommends that the three Commonwealth Government departments with portfolio responsibility for issues related to the transport and logistics industry workforce (the Department of Transport and Regional Services, the Department of Employment and Workplace Relations and the Department of Education, Science and Training) undertake a strategic policy discussion, developing and implementing a process for better communication and collaborative action on these matters.

The committee recommends that the Department of Transport and Regional Services take a leadership role in convening, motivating and sustaining this discussion.

Recommendation 9

The committee recommends that the ALC continue development of the next five-year strategy for the national transport and logistics industry, but extend the overall scope of planning work to focus on the next ten and twenty years as well.

The committee further recommends that planning activities undertaken by the ALC should include representation from transport employee bodies and major transport users including mining companies.

The committee recommends that the ALC also give particular priority to addressing constraints on integrated use of different elements of the transport system, and identifies ways to achieve maximum operating capacity from current and planned infrastructure.

