

The Senate

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Standing Committee on  
Employment, Workplace Relations  
and Education

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Workforce challenges in the transport industry

August 2007

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## **Terms of Reference**

The Senate Committee on Employment, Workplace Relations and Education to inquire into and report on workforce challenges in the Australian transport sector, with particular reference to the following:

- current and future employment trends in the industry;
- industry needs and the skills profile of the current workforce;
- current and future skill and labour supply issues;
- strategies for enhanced recruitment, training and retention; and
- strategies to meet employer demand in regional and remote areas.



# Preface

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Senator Judith Troeth  
Chairman**

## Summary of findings and recommendations

The committee found that there are workforce challenges facing every sector of the transport industry: roads and railways, shipping and aviation. To varying degrees, industry finds difficulty attracting and retaining employees, and particularly young employees, whose entry into the industry is necessary to replace a workforce which is ageing and looking to retirement. Younger workers are deterred by poor industry image, more attractive career prospects in other industries (particularly mining), and lack of coordination and appropriateness of training regimes.

These problems add further operational pressure to employers who are already facing tight profit margins, and who may sometimes struggle under complex regulatory and compliance regimes. A particular difficulty here relates to the variations in transport-related legislation and regulation between different jurisdictions.

The need to address these workforce challenges is becoming urgent in the face of estimates that the national freight task will double by 2020. There is a critical relationship between Australia's reliance on commodities for economic growth, a successful commodities industry and effective transport and logistics. It is vital that these workforce challenges, which may compromise the transport industry's effectiveness, be addressed.

Some action has been taken, by both industry and government stakeholders, and the committee commends this progress. However, much work remains to be done, and the recommendation of this report may serve as a guide in where effort, investment and policy focus should be directed at the highest priorities.

### *Recommendation 1*

**The committee recommends that industry bodies in each jurisdiction agree to a national branding image for adoption by transport and logistics operators in all sectors of the industry, to be used consistently in promotional activity. The brand should be attractive to both young people and to women, and underpinned by consistent professional workplace standards.**

### *Recommendation 2*

**The committee recommends that transport and logistics industry operators engage with state and territory education authorities to find ways to raise the profile of transport and logistics in school-based career preparation activities, including exploring possibilities for more school-based apprenticeship programs and increasing industry presence at careers expos and similar events.**

**The committee further recommends that industry operators work with state and territory education authorities to increase opportunities for school-based apprenticeships in skills demanded by the industry, with a focus on secondary schools located near major transport hubs.**

***Recommendation 3***

The committee recognises that the expansion of the subclass 457 visa to the transport industry is not an appropriate solution to the industry workforce challenges and recommends that this option is not considered by the industry.

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

***Recommendation 6***

The committee recommends that section 23AG of the *Income Tax Assessment Act 1936* be reviewed, and the meaning of 'foreign service' for income tax purposes be clarified so that Australian seafarers are not disadvantaged in their earnings capacity relative to seafarers of other nations when working on foreign-flagged vessels on the high seas.

***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.**

***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 extent 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.**



# Chapter 1

## Introduction and background to the inquiry

1.1 The Senate referred this inquiry into workforce challenges in the transport industry to the Employment, Workplace Relations and Education (EWRE) Committee on 6 September 2006, with a reporting date of 9 August 2007.

1.2 The purpose of the inquiry was to:

- (a) Address the scope of the problem of labour and skill shortages affecting all sectors of the transport industry and the likely consequences of serious labour shortages;
- (b) Review labour supply research undertaken for the transport industry, to canvass the views of industry, consumers and unions in regard to recruitment and employment practices in the industry;
- (c) Alert Parliament to the projected labour shortage in the transport industry which will seriously affect the distribution of all goods and most travel services in the next ten years;
- (d) Make recommendations on Commonwealth-led coordination of improved training delivery for the sector, and address issues related to employment incentives that are characteristic of the industry.

### Conduct of the inquiry

1.3 The inquiry was advertised in full text in *The Australian* on 13, 19 and 27 September 2006; 11 and 25 October 2006; and 8 November 2006. It was advertised in abbreviated form from 22 November 2006 to 21 March 2007. Submissions were invited from relevant interest groups, organisations, agencies and individuals with an interest in the transport industry and workforce. Thirty-seven submissions were received, primarily from professional associations, unions, peak industry groups and the government sector. Public hearings were held in Sydney in March 2007, in Brisbane and Melbourne in April 2007, and Perth and Adelaide in May 2007, and in Canberra in June 2007. The committee also conducted a number of site visits to key industry locations during the inquiry.

### *Background*

1.4 The EWRE Committee has previously considered workforce shortages in relation to the horticulture industry<sup>1</sup>, and previously looked at skills shortages and

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1 Senate Employment, Workplace Relations and Education Committee, *Perspectives on the future of the harvest labour force*, October 2006.

how they might be addressed through a more effective training regime. Throughout the course of the current inquiry it became evident that a number of common themes exist across these investigations. Evidence of available worker supply being unable to meet industry demand; of a lack of coherent (or sometimes any) future planning on the part of governments, industry groups and employers; of debates on the possibilities presented by migrants for filling worker shortages; and of concerns around worker pay and conditions. All were touched on in both inquiries.

1.5 However, while these were common themes, the nature of the discussions, and the conclusions the committee has been able to draw, are not identical. The transport industry and its workforce have their own particular characteristics, which are considered in this report, and these provide the context for both the investigation and the committee's recommendations.

### *Industry Context*

1.6 Transport specific businesses contributed 4.5 per cent of total gross domestic product in 2004-05, amounting to approximately \$39 billion:

Table 1: Transport and storage GDP, 2000-01 – 2004-05

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>T and S GDP</b>	31777	33029	35256	36783	38682
<b>- Road</b>	10613	11262	12019	12845	13691
<b>- Rail, pipelines and other transport</b>	4530	4828	5303	5498	5488
<b>- Air</b>	4457	4205	4742	5139	5661
<b>- Services and Storage</b>	12182	12723	13177	13298	13842
<b>T and S GDP per capita</b>	1563	1625	1734	1809	1903
<b>T and S percentage pf national GDP</b>	4.2	4.2	4.4	4.4	4.5

Notes: Figures are in \$ million at 2003-04 constant prices. T and S GDP relates to transport-specific businesses. Services and storage includes water transport.

Source: Australian Bureau of Statistics, Australian national accounts, national income and expenditure (5206.14), Time series data (quarterly) 1959-2005.<sup>2</sup>

1.7 In the same period, the transport sector provided 454,000 jobs, or 4.6 per cent of total employment:

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2 Department of Transport and Regional Services, *Australian Transport Statistics*, August 2006, p. 7.

Table 2: Employment in transport and storage, 2000-01 – 2004-05 ('000)

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Road</b>	213	221	218	231	215
<b>Rail</b>	37	32	36	39	37
<b>Air and space</b>	53	51	46	45	47
<b>Water (sea)</b>	13	14	13	13	14
<b>Other transport</b>	1	1	1	1	1
<b>Services to transport</b>	68	69	66	69	77
<b>Storage</b>	30	24	27	30	44
<b>Transport and storage nfd*</b>	3	2	2	5	21
<b>Total employment T and S**</b>	419	413	408	433	454
<b>Total employment – all industries</b>	9057	9168	9395	9560	9845

Notes: Figures represent the annual average of quarterly data. \* Not further defined. Insufficient detail was collected from survey respondents to allocate them to a specific industry code. \*\* Figures may not sum due to rounding.

Source: Australian Bureau of Statistics, *Year Book Australia 2006* (1301.0)

1.8 In February 2006, the National Transport Commission (NTC) released a report entitled *Twice the Task – a Review of Australia's Freight Transport Task*.<sup>3</sup> This report responded to forecasts that Australia's land freight task would double between 2000 and 2020, and agreed on balance that the freight task will indeed increase significantly in a relatively short period of time<sup>4</sup>.

#### *Mining and drought: factors driving demand*

1.9 The report found that the key influences on demand driving this increase would include

...increases in demand for minerals and agricultural production, and the substitution and growth of imports as both consumer goods and raw material inputs. The increasing desire to reduce inventory will see growth in air freight and probably a continuing reduction in average delivery size to end destinations.<sup>5</sup>

3 National Transport Commission Australia, *"Twice the Task" A review of Australia's freight transport task*, February 2006.

4 National Transport Commission Australia, *"Twice the Task" A review of Australia's freight transport task*, February 2006, p. 2.

5 National Transport Commission Australia, *"Twice the Task" A review of Australia's freight transport task*, February 2006, p. 2.

1.10 The committee heard evidence supporting aspects of this statement, and other conclusions of the report, such as the problems caused by the lack of a nationally consistent regulatory regime, and the need to plan for future upgrading of road and rail infrastructure. A recurring theme was the interaction between the commodities boom and the transport industry, and the need for effective transport and logistics systems to support economic growth being driven by the mining sector. Some witnesses suggested that realising the full potential of the mining sector could be jeopardised if more attention was not paid to finding solutions for current workforce problems in the transport industry:

In whichever documents we read and in whichever reports come out, transport and logistics hardly ever seems to get a mention. We would like to make the point that without it nothing will happen. With a lot of the development that is mooted to happen in the north west of this state, there is a fair chance that it will not happen because we just will not have the people to make it happen.<sup>6</sup>

1.11 Similarly, the Department of Employment and Workplace Relations submitted that:

...despite commodity prices surging over recent years, mining companies have been stymied in their efforts to increase the export volume of resource commodities due to a number of factors. These factors include the existence of pockets of transport 'bottlenecks', and general transport related constraints.<sup>7</sup>

1.12 The practical effect of the mining sector's requirement for efficient transport systems and workers to move minerals and ore, and its capacity to attract workers away from other operators with large salaries, is dealt with in more detail later in the report. Unfortunately, this was not a matter the committee was able to pursue with the major mining companies.

1.13 The committee also heard evidence supporting the *Twice the Task* report's suggestion that increased agricultural production could exacerbate existing stresses in the transport industry workforce, particularly in the event that the current drought breaks and agricultural production revives. Mr Ron Finemore explained, in relation to the trucking industry, that:

We have 175 drivers. And today we are 17 short. For the last 12 months, we have always been between 10 and 20 short on any day. Forty-nine of these are casual, and if we get rain in the southern half of Australia, half of these will disappear back to their family farms to drive tractors for the cropping season.<sup>8</sup>

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6 Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, p. 11.

7 Department of Employment and Workplace Relations, *Submission 16*, pp 10-11

8 Mr Ron Finemore, *Committee Hansard*, 12 March 2007, p. 2.

1.14 It could be expected that an up-turn in agricultural production due to changed weather conditions would contribute to increased freight loads, placing further pressure on transport systems, and associated infrastructure. The Australian Logistics Council, in commenting on the commodities boom, told the committee that:

...there is a question about this boom. It is not a matter of whether it is going to continue or not but whether the real level of skills shortages is masked by the drought. The best case scenario would be that we have record mineral prices continuing into the future and therefore record demand for minerals, and it rains again and the agricultural sector also places demand on the transport and logistics sector. So the best case scenario would even further strain our capacity both from a hard infrastructure perspective and from a people perspective moving forward.<sup>9</sup>

1.15 Concurrently, the continuing drought may in itself put pressure on transport systems through increased movement of livestock, with farmers offloading animals, through slaughter or forced sale, which have become too expensive to feed. There could also be increased need to transport fodder and water to drought affected areas.<sup>10</sup>

#### *Passenger services*

1.16 Movement of freight was not the committee's only concern. The effects of worker shortages in the transport industry also extend to commuter passenger services in larger capital cities. The committee heard evidence, particularly in relation to railways, of an increasingly urgent risk that worker supply is already, or will soon be, out-stripped by demand. The Australasian Railway Association submitted that, in addition to an expected increase of non-bulk freight of 82 per cent in tonne-kilometre terms between 2003 and 2020, and the continuation of rail being the preferred mode of transport for bulk freight, passenger services were also expected to increase:

All governments are increasing investment in passenger services due to community demands for improved rail services and reliability. In 2004 there were 589 million passenger journeys on urban rail and tram services and 9.4 million passenger journeys on long distance services, and this is expected to increase. Without considerable effort to improve the labour force's availability, flexibility and quality, the rail industry carries a high risk of not realising its objective of providing the transport mode of choice.<sup>11</sup>

1.17 The committee noted development of more sophisticated urban transport developments in discussion with TransAdelaide about the introduction of the new Flexity tram system, and with TransPerth, concerning the extension of services in both cities. The larger established networks of Sydney, Melbourne and Brisbane, meanwhile, are under increasing strain from lack of capacity.

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

10 Department of Employment and Workplace Relations, *Submission* 16, p. 9.

11 Australasian Railway Association, *Submission* 18, p. 1.

*Shipping and aviation*

1.18 While the committee benefited from substantial evidence provided by road transport and railway operators, the terms of reference for the inquiry require broad investigation of other sectors of the transport industry too, including the maritime and aviation sectors. The committee found that considerable workforce challenges exist in these sectors as well. For example, the Australian Shipowners Association submitted that:

Evidence suggests within Australia the demand for suitably qualified seafarers is extremely high, particularly with respect to deck and engine officers. Some employers/operators have suggested that any future growth will largely depend upon their ability to attract, train, recruit and perhaps most critically, retain a competent and sustainable workforce.<sup>12</sup>

1.19 The Maritime Union of Australia told the committee that Australia's international seaborne trade grew substantially in recent years, with an annual growth rate of 9.3 per cent. Further, forecasts for world commodity demand and Australia's increasing reliance on oil and other imports are projected to further increase external maritime trade, as well as the annual domestic shipping task, which may increase by as much as 26.6 per cent by 2013.<sup>13</sup> Of particular note was the statement that:

In net terms, Australia currently relies on imports for 17 per cent of overall petroleum consumption, but by 2020, the Australian Bureau of Agricultural and Resource Economics estimates the figure will rise to 46 per cent. Other industry analysts think this view is optimistic, with the Australian Petroleum Production and Exploration Association saying our oil import dependency will rise to 78 per cent over the next 10 years. Even on the lower estimates, this means a huge increase in the shipping task required to import clean petroleum products into Australia<sup>14</sup>.

1.20 In aviation, the industry context appears to be heavily influenced by competitive market pressures, particularly in association with passenger travel, but also with aircraft maintenance and some freight services. The committee visited Aviation Australia, which is the leading provider of aeroskills, or basic aircraft maintenance training in Australia, and one of the leading aircraft maintenance training organisations in the world. The committee heard that while major airlines and the military historically had a major role in training and employing aircraft maintenance apprentices, this responsibility now increasingly falls to other organisations as the airlines strive for competitive advantage and economic efficiency.

1.21 For its part, Qantas Airways submitted that international aviation is conducted in an increasingly competitive and distorted operating environment, which has been highlighted over the past five years. In this time, the global aviation industry has

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

13 Maritime Union of Australia, *Submission 13*, p. 4.

14 *Ibid.*, p. 5.

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experienced unprecedented shocks and pressures for change, to which Australia's airlines have not been immune. In particular, Qantas has felt the effects of an increasingly globalised market in which there is ever increasing competition from government owned or supported 'national agenda' carriers, which have caused Qantas' market share to decline from 40 per cent at privatisation in 1995 to 32 per cent now<sup>15</sup>. Competitive pressure from low-fare carriers is also increasing.

1.22 The committee noted with particular attention that:

The structural advantages of these carriers have a significant impact on Qantas' competitiveness in international markets. These include government ownership and support, bankruptcy protection, lack of competition regulation, better access to capital, funding of security and insurance costs and more favourable taxation frameworks...Further, globalisation means that companies are increasingly able to source their goods and services, including labour and skills, from a worldwide market. Boeing as an example, is reported to be outsourcing over 70 per cent of the manufacturing of its new 787 aircraft. The above factors challenge legacy business models such as ours, and mean that we are constantly having to find new ways to increase our own competitiveness to ensure our ongoing viability. This includes the need to continually seek efficiencies from all areas of our operations, including our workforce. Ensuring that our workforce has the right skills and capabilities, and that the maximum efficiency and effectiveness is gained from these has never been more important than now<sup>16</sup>.

1.23 The committee heard that competitive pressures in the aviation industry have been further heightened by rising fuel costs, with both Qantas and Virgin Blue introducing fuel surcharges into their fare structures for both domestic and international flights in recent times.<sup>17</sup> Interestingly, the Department of Employment and Workplace Relations noted that although fuel costs also make up an important component of total operating costs in the road transport industry:

...it appears that the high fuel prices experienced in 2006 have not materially dented road transport employment due to the continued strong demand for road freighting services. With petrol and diesel prices currently easing, it is possible that road freight operators may benefit from reduced cost pressures, presenting a further potential upside risk to employment in that sector over the coming year, assuming that overall demand for freighting services remains at its current level.<sup>18</sup>

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15 Qantas Airways Limited, *Submission 26*, p. 3.

16 *Ibid.*, p. 3.

17 Department of Employment and Workplace Relations, *Submission 16*, p. 10. It is also noted that in line with falling fuel costs towards the end of 2006, Qantas moved to reduce the surcharge on international flights. However, in general terms the costs of fuel continue to be a factor driving competition in the industry.

18 Department of Employment and Workplace Relations, *Submission 16*, p. 10.

1.24 Overall, the committee understands that pressures of increased demand for transport services are common across all sectors, and that most future projections are for increases. The industry's ability to meet these demands is dependent in large part on the availability of suitable transport workers; and here too the committee heard that there are important challenges.

### ***Workforce Context***

#### *Effects of low unemployment*

1.25 Low unemployment levels are generally considered to be a positive economic indicator, usually correlated with strong growth and appropriate monetary policy. The committee recognises that an extended period of economic growth in recent years has resulted in historically strong labour market conditions, with unemployment generally below five per cent, and participation at around 65 per cent.<sup>19</sup>

1.26 In line with this, employment growth in the transport industry has trended steadily upwards, with particularly strong increases in the past 12 months. The largest increases have been in the services to transport sector, followed by the road transport and railway sectors.<sup>20</sup> The Department of Employment and Workplace Relations advised the committee that:

An examination of vacancy trends shows demand for labour has increased over the last five years, with growth in vacancies. Additionally, employment projects for the industry suggest continued labour demand for growth over the next five years, albeit at a slower rate.<sup>21</sup>

1.27 The committee became aware during the inquiry that, although there are important and widespread benefits associated with such low levels of unemployment, particularly at the macroeconomic level, some transport operators are struggling to attract and retain workers in a climate of tight labour market demand. The Australian Logistics Council told that committee that 'We are...a labour intensive industry at a time of national labour shortage. We are in the competition for labour in this country like never before...'.<sup>22</sup> Similarly, the Transport Forum WA noted that:

I think that probably the most important thing I can say is that we are in a very diverse and extreme competitive environment and, like a lot of other industries that we see and hear about, 'skills shortage' are not buzzwords; the skills shortage is a reality. We are facing a very hard road ahead...<sup>23</sup>

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19 Department of Employment and Workplace Relations, *Submission 16*, p. 3.

20 *Ibid*, pp 3-5.

21 Department of Employment and Workplace Relations, *Submission 16*, p. 6.

22 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 1.

23 Mr Ian King, *Committee Hansard*, 2 May 2007, p.11.

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### *Ageing of the current workforce*

1.28 The committee further heard evidence from all quarters that skills shortages resulting from tight labour market conditions are being exacerbated by the ageing of those currently employed in the transport and logistics industry. More than 40 per cent of workers are aged 45 years or older, and substantial workforce attrition through retirement can be expected in the next five to ten years. Although the effects of ageing are likely to be more severe in the mining and manufacturing sectors, some estimates suggest the transport and storage industry faces a shortfall of up to 10,000 employees over the next five years.<sup>24</sup> There are some variations across sectors, which will be dealt with in more detail later in the report.

### *Image problems*

1.29 The industry is not only expected to suffer worker shortages due to ageing. The committee heard consistent evidence that many employers and operators are having considerable difficulty attracting young people, and women, to enter the transport and logistics field in the first place. There are a number of reasons for this, but one of the most common cited by witnesses at public hearings, or in written submissions, was that negative stereotyping associated with industry image is a major inhibitor to engaging young people. The committee repeatedly heard such comments as:

The T&L industry doesn't have a good image as a career choice by potential new T&L entrants or the community at large. To a great extent this is a legacy of the past with lasting images of cowboy drivers, militant unionists and blue singlets.<sup>25</sup>

The freight logistics industry's inability to attract young employees is not helped by its image. When asked, few young people would nominate freight logistics as their desired career path – regardless of the financial rewards to do so. The image of freight transport as a dirty, nuts and bolts – or old economy – industry contributes to this perception.<sup>26</sup>

I think we are still seen as running around with blue singlets and beer bellies and sucking on cigarettes that we should not be smoking and taking so many drugs to let us stay awake until we are Superman. I cannot deny that may well have been the case in the past. We need to overcome that.<sup>27</sup>

1.30 In conclusion, employment as a long haul truck driver has few attractions to young people with families. Anecdotal evidence to the committee suggests that many current drivers would give up the work if they could, because of this dislocation to family life.

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24 Department of Employment and Workplace Relations, *Submission 16*, p. 11.

25 The Chartered Institute of Logistics and Transport, *Submission 3*, p. 2.

26 Dr Daryll Hull, *Submission 15*, p. 3.

27 Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, p. 15.

1.31 In the contemporary workforce context, then, many employers and transport operators are experiencing some difficulty securing appropriately skilled workers, in sufficient numbers, to satisfy the industry's increasing employment demand. Considerable attention and energy is being devoted to finding effective ways to attract and retain workers, particularly in terms of favourable workplace conditions, image change and effective training, and these will be discussed in detail later in the report, along with the committee's own inquiry findings.

1.32 Chapter 2 of this report will investigate in more detail problems with attracting employees to the industry, with special attention to young people and women. Chapter 3 discusses ways in which training for the transport and logistics industry may be reviewed to better address workforce challenges, which may be read in conjunction with chapter 5 on strategies for retaining workers. Chapter 4 outlines some of the major issues faced by employers in managing the transport and logistics workforce, while chapter 6 discusses longer-term strategies and overarching policy conditions.

## Chapter 2

### Attracting workers to the transport industry

On Friday I actually had to drive through this city because we did not have a driver...I actually made the delivery because we had a commitment to a customer that we had to meet...that is how serious it is – the state manager of a major business in the transport industry, particularly the removals industry, driving a truck because there were no other options.<sup>1</sup>

2.1 This chapter details the extent of labour shortages in the transport and logistics industry. As noted in Chapter 1, the committee heard consistent evidence that skills shortages arising from population ageing and worker retirement are being made worse by difficulties in attracting new employees. Young people and women are particularly difficult to engage, with reasons commonly cited including poor industry image and ineffective recruitment strategies. However, the committee also heard examples of effective strategies to attract workers. These issues, as well as recommendations for addressing the problem, are described below.

#### Areas of need

2.2 While the committee heard evidence of difficulty attracting workers in all sectors of the industry, there are certain areas in which shortages, and therefore the urgency for attracting new entrants, are most acute. According to the Department of Employment and Workplace Relations (DEWR) the largest employing occupations in the transport industry are drivers – of trucks, buses, trams, taxis, and chauffeurs.<sup>2</sup> The committee heard evidence from numerous witnesses of serious shortages in these areas. For example, the Australian Trucking Association submitted that:

...the industry's skills shortage is worsening, especially for drivers and diesel mechanics...It is not uncommon for regional carriers to have their trucks parked for protracted periods of time, as there is no one available to drive them. Whilst the trucks and trailers remain stationary, freight to be moved continues to accumulate and debts for the trucks must be funded.<sup>3</sup>

2.3 Similarly, Transport Forum WA told the committee that:

...the rate of turnover for truck drivers was equal to the average of all industries with the high vacancy level primarily caused through growth. The combination of an ageing workforce and maintained increases in the freight task will exacerbate the current skills shortage. It is clear that with

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1 Mr Greg Cream, *Committee Hansard*, 2 May 2007, p.22

2 Department of Employment and Workplace Relations, *Submission 16*, p. 18. The Department noted that approximately three quarters of persons employed in the transport industry, including drivers, are in less-skilled occupations.

3 Australian Trucking Association, *Submission 20*, p. 3.

the forecasts that predict a growth in the freight task of between 75 per cent and 100 per cent over the next decade there will need to be a significant recruitment of drivers aged 25-34, particularly in the multi-combination vehicle class, to address the potential gap.<sup>4</sup>

2.4 In relation to train drivers, the Australian Rail, Tram and Bus Industry Union submitted that:

It is our experience that there is a shortage of locomotive drivers. Whilst we acknowledge that there is no hard data, information coming to the RTBU is highly indicative of such a shortage...employers have mentioned from time to time that it is difficult to find locomotive drivers.<sup>5</sup>

2.5 Shortages in truck and train drivers can not only affect freight and passenger transport, but also indirectly those industries relying on road and rail transport. For example, in relation to ports and the maritime industry, the Maritime Union of Australia noted that:

In order to handle the increased volumes, the stevedores will need to undertake further investment and improve the efficiency of their road-port and rail-port interfaces...an uncoordinated trucking task can have a severe negative impact on port efficiency.<sup>6</sup>

2.6 Aside from driver shortages, there are also shortages in other areas of the transport and logistics industry, including occupational groups classified as skilled. The Department of Employment and Workplace relations submitted to the committee that a quarter of jobs in the transport industry are classified as skilled occupations, such as managers, professionals, associate professionals and trade. Amongst these skilled occupations, there are pressing and widespread shortages of motor mechanics, accountants and engineers. A particular problem with shortages of accountants and engineers is that these occupations are required in many professions, so the transport industry is competing for skilled workers against these other industries.<sup>7</sup>

2.7 This proposition was supported by findings of the Transport and Logistics Industry Skills Council survey, which showed that truck driving skills represent an area of need, but that there are also shortages in:

...a number of ancillary and segmented industry roles, including marine surveyors, lecturing staff, rail engineers, track workers, warehouse trainees, freight forwarders and train drivers. Also mentioned was a growing need for higher level skills in manager/supervisory positions, as well as the ongoing impact of the increase in legislative and regulatory responsibilities

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4 Transport Forum WA, *Submission 25*, p. 9.

5 Australian Rail, Tram and Bus Industry Union, *Submission 27*, pp 22-23.

6 Maritime Union of Australia, *Submission 13*, p.17.

7 Department of Employment and Workplace Relations, *Submission 16*, pp 20-22.

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(requiring) management of subcontractors and issues relating to chain of responsibility.<sup>8</sup>

2.8 Skills shortages in the maritime and aviation industries are influenced not only by domestic employment dynamics, but also by global workforce dynamics, due to the international nature of much air and sea transport activity. Here, too, there is evidence of skills shortages, particularly in skilled occupations. The Maritime Union of Australia stated that, in the context of a global shortage of seafarers, there is a particularly acute shortage of officers and engineers, and that a critical seafarer labour shortage is emerging with the potential to disrupt the price of labour and the orderly development of Australia's energy resources.<sup>9</sup> In relation to the aviation sector, Qantas noted that:

Signals are beginning to indicate potential shortages of pilots in the future, for example, already in Australia we are seeing the number of student pilot licenses issued declining. This will have a significant impact on the number of suitable applications for direct entry pilots and a consequential direct flow on to the ability to meet demand for such labour...We are also beginning to see a rise in the number of Australian pilots who are willing to be based overseas to work for other carriers (for example,) Cathay Pacific, Emirates, Dragon Air have all been taking on significant numbers of pilots from Australia. As the demand for pilots globally increases without a concurrent rise in supply, so too will the rate of pay demanded by pilots rise.<sup>10</sup>

2.9 Overall, the committee found that there are significant skills shortages in several areas of the transport and logistics industry, which are causing many employers difficulty in attracting workers to fill vacancies. A survey by the Transport and Logistics Industry Skills Council indicated that:

63 per cent of all employers responding to the survey indicated that they had found it difficult to attract staff to their organisations over the past 12 months, with an additional 23 per cent indicating that they had found more severe difficulties in attracting staff.<sup>11</sup>

2.10 Data from the National Centre for Vocational Education Research (NCVER) *2005 Survey of employer use and views of the VET system* also showed that transport and storage employers tend to experience more recruitment difficulties than employers overall, with skills shortages being cited as the main reason:

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8 Transport and Logistics Industry Skills Council, *Submission 19*, p. 3.

9 Maritime Union of Australia, *Submission 13*, p. 7. The South Australian Government also highlighted the likelihood of shortages in marine pilots. Department for Transport, Energy and Infrastructure, *Submission 28*, p. 2.

10 Qantas Airways Limited, *Submission 26*, pp 7-8.

11 Transport and Logistics Industry Skills Council, *Submission 19*, p. 2.

Table 3: Recruitment Difficulties, 2005

	Percentage of T and S employers	Percentage of all employers
<b>A lot of difficulty</b>	30	21
<b>Some difficulty</b>	13	20
<b>No difficulty</b>	45	45
<b>Have not looked for staff</b>	12	15
<b>Total</b>	100	100

Source: NCVET 2005 Survey of Employer Use and Views of the VET system.<sup>12</sup>

Table 4: Of those with recruitment difficulties – reasons for recruitment difficulties, 2005

	Percentage
<i>All industries (top 3 reasons)</i>	
<b>Shortage of skilled people in the industry</b>	69
<b>Lack of existing workers in the industry being skilled up</b>	9
<b>Young people have a poor work ethic</b>	9
<i>Transport and storage industry (top 3 reasons)</i>	
<b>Shortage of skilled people in the industry</b>	62
<b>Remote location</b>	15
<b>Lack of existing workers in the industry being skilled up</b>	14

Source: NCVET 2005 Survey of Employer Use and Views of the VET system.<sup>13</sup>

2.11 Issues for employers in managing worker demand will be dealt with in more detail later in the report. However, it is clear that there is an urgent need to consider how more workers may be attracted to the transport industry. In order to develop strategies addressing this problem, the committee considered some of the underlying reasons for difficulty attracting workers to the industry. These are explained below.

### Industry image

According to members, remuneration in the freight logistics chain is above average, and there is no financial disincentive for people, particularly those that are young, to enter. Rather, the lack of new entrants to the sector appears to be more a consequence of a lack of desire to work in the transport industry *per se*. It is widely acknowledged that the transport industry, in particular long-haul driving, has faced significant image problems, compounded by sensationalist media, over recent times.<sup>14</sup>

2.12 Few witnesses or submissions to the inquiry did not make reference to the poor image from which the transport industry suffers, and it was often cited as the key factor making it difficult to attract new industry entrants. Employment in transport and logistics is consistently seen as blue-collar, uncouth, male-dominated, unhealthy, unsophisticated work, with few longer term career options, poor working conditions,

12 National Centre for Vocational Education Research, *Submission 10*, p. 20.

13 Ibid.

14 Sea Freight Council of Queensland Limited, *Submission 11*, p. 4.

and a distinct lack of glamour. The committee heard numerous reference to the image problem, and the fact that despite some efforts to counter it, the negative perception persists:

When you see photographs of rail systems, they tend to be middle-aged men in rail cars or people in fluorescent vests with hammers – when I say people, they are generally male – working on a track somewhere. This is nowhere near the range and scope of career opportunity that exists within the industry.<sup>15</sup>

...the attractiveness of driving a truck is no longer there. Twenty or thirty years ago boys and young men would give their right arm to be seen to be a truck driver. Now it just does not have that appeal. That is a perception or an image thing that is very difficult to overcome. The training aspect is almost secondary to encouraging people into the industry.<sup>16</sup>

The only message conveyed in the media is negative. The good news stories do not make headlines therefore providing a poor public perception, particularly in the area of job security in the aviation industry. In recent years the media coverage of Qantas job cuts has created a very low level of public confidence in aviation careers.<sup>17</sup>

2.13 There is evidence of particular problems with image in the road transport sector. Studies have shown a range of perceptions exist, but as a recent report commissioned by the Transport Workers Union highlighted:

Their (survey respondents') top-of-mind perceptions of a truck driver was someone who didn't see their family very much, worked long hours, was stressed, relied on drugs for stimulant if driving long distance, and was likely to be lonely.<sup>18</sup>

2.14 In the rail sector, a report by the Australasian Railways Association noted the effect negative image can have on existing, as well as prospective, employees:

Current employees in the industry believe the general public perspective of the rail industry is negative. The perceived poor image by the general public has significant impacts on industry employees in terms of absenteeism, morale and turnover.<sup>19</sup>

2.15 Like all other industries, transport is not a single homogenous block. 'Image' can vary across sectors. For example, the aviation industry does not suffer from the same problem, and there is less difficulty attracting new entrants. During a site visit to Aviation Australia's headquarters in Brisbane, the committee heard that there

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15 Mr Cliff Gillam, *Committee Hansard*, 2 May 2007, p. 33.

16 Mr Jonathan Northorpe, *Committee Hansard*, 16 April 2007, p. 3.

17 Aviation Australia, *Submission 2*, p. 4.

18 Transport Workers Union, *Workforce Challenges in Road Transport*, January 2007, p. 15.

19 Australasian Railway Association, *The Changing Face of Rail: A journey to the employer of choice*, p. 11.

continues to be little difficulty attracting new entrants to cabin crew training courses; although the risk of worker oversupply also tended to be offset by very high turnover rates once graduates completed training and commenced employment, particularly with some airlines. Both Qantas and Aviation Australia noted, however, that there may be emerging difficulties in regard to attracting, training and retaining skilled aircraft maintenance personnel.<sup>20</sup>

## Young people

2.16 With the rapid ageing of the current transport workforce, it is critically important that a new generation of young people become involved in the industry to fill the areas of skills shortage outlined above.<sup>21</sup> Without this, the industry itself, as well as the economic growth it supports, is at risk of becoming unsustainable. The committee noted with some concern that even where new entrants are being attracted to careers in the transport and logistics industry, they are not always young people. Rather, new industry entrants are commencing training later in life after having explored a number of other occupations first. For example, the Transport and Logistics Industry Skills Council told the committee that:

As an industry, transport has one of the highest qualification rates in terms of vocational qualifications when you look at the statistics. Unfortunately, when you look inside that, very few of those are actually related to the industry. So you have a whole lot of people who have qualified in other industries who are not working in this industry. So there is a job of work to be done in the context of a recruitment campaign: how do you maximise that and bring those people across and utilise those skills that they have already got? Because the evidence is there that people are attracted to us as second and third career choices.<sup>22</sup>

2.17 The National Centre for Vocational Education Research (NCVER) provided data showing that the majority of students undertaking an apprenticeship or traineeship in the transport industry are men over the age of 25, and that just over half were existing workers in the workforce, and hence not new entrants.<sup>23</sup> The result of this is that, in part, retiring workers or those exiting the industry for other reasons are being replaced by older people, who may also then be expected to retire themselves within a relatively short period of time. While this may be a useful interim solution to skills shortages, it is clear that the longer term sustainability of the transport workforce would be better served by finding better ways to attract and retain young people.

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20 Aviation Australia, *Submission 2*; and Qantas Airways Limited, *Submission 26*.

21 For example, the committee heard that in Western Australia, attracting young people to offset workforce ageing a major priority for the Public Transport Authority, where surveys of retirement intentions indicate 50 per cent of core personnel will be lost in the next 10 years. Mr Cliff Gillam, *Committee Hansard*, 2 May 2007, p. 30.

22 Mr Ian McMillan, *Committee Hansard*, 16 April 2007, p. 31.

23 Ms Sandra Pattison, *Committee Hansard*, 3 May 2007, p. 2.

2.18 The image barrier is a particular challenge to attracting young people to consider and engage in careers in the transport and logistics industry. In a dynamic employment market place, many witnesses and submissions highlighted the fact that young people are aware of a variety of career and lifestyle options, and a future in transport does not seem appealing in comparison to these options. Hours of work, and particularly distance from home, are regarded by young people as an obstacle to job satisfaction. The Australian Logistics Council told the committee of research showing that when young people were asked what they thought about logistics, the answer was that they simply did not think about it at all.<sup>24</sup> Where there is a level of awareness, there is a problem of perception that the industry offers 'jobs, not careers'; that there is no longer term pathway offering professional progression across a worker's employment life. There is evidence of some truth in this perception, and the issue of career pathways will be dealt with in more detail later in the report. In terms of negative image and difficulty attracting young people, however, it is a significant concern.

2.19 In describing their efforts to attract young people to the industry, many witnesses referred to their efforts to engage with schools and school age students. Here, the emphasis of activity is on dispelling negative perceptions about an unsophisticated employment environment, and securing attention and interest before these were diverted to other career options. In particular, many operators engaged with schools felt that giving practical examples and demonstrations of the types of work available, and the nature of the workplace, was important:

My experience over the last five years of the 10 has been that the best modus operandi is for me to go out to a school...We form a link with the young people and then turn up on another day and talk to them about occupational health and safety, about manual handling, about our industry and about career paths. Then we turn up on another day with a bus and take them down to a Star Track, a TNT or somewhere like that, which is preplanned – or Woolworths – and get management to talk to them...It is incumbent on us as industry people, stakeholders, to lead those young people through the workplace, show them what the work entails and give them an opportunity to talk to our people who have been working in the industry long term...<sup>25</sup>

2.20 Employers and transport operators were also aware of the role school career counsellors can play in advising young people entering the transport industry. Unfortunately, there is a common perception that such counsellors do not encourage students to consider a transport career, or may in fact discourage it. Reasons for this

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24 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 2. See also Mr Greg Cream, *Committee Hansard*, 2 May 2007, p. 14.

25 Mr Bill Noonan, *Committee Hansard*, 16 April 2007, p. 27.

range from a lack of awareness and information on the part of counsellors,<sup>26</sup> to active encouragement to pursue other career and education or training paths. The committee heard that this may be the case with students who have higher academic results, where there can be a strong expectation that moving from school to university is the most desirable course,<sup>27</sup> and that staying longer in school is preferable to leaving in order to undertake industry training:

...I was at a high school late last year and I said to the headmaster, 'I would like to talk to your kids about a career.' He said, 'I want to keep the kids at school.' Where we want to go and where the education system wants to go are two different things.<sup>28</sup>

2.21 Several witnesses also highlighted the important role of parents and friends in making young people aware of and interested in the possibilities of a career in the transport industry. During a visit to the Queensland Rail (QR) workshops in Townsville, the committee had an opportunity to meet current QR apprentices, and heard first hand from one apprentice of the important role his father had in guiding him to undertake the training. Similarly, members of the Victorian Transport and Logistics Industry Government Partnership told the committee that:

...we know from research that careers counsellors, teachers and particularly parents, friends and families are very much an influence on young people in their career choices. I think if we did a study of this – it has not been done – we would find that there are a lot of people in the transport industry who have uncles, father or others who have been in the industry.<sup>29</sup>

2.22 In this case, poor image can be offset by informal and personal influences. There are a number of avenues to consider in developing strategies for breaking down those negative images, and providing young people with more accurate and positive information about the opportunities which are available. The committee saw evidence of several encouraging examples of such strategies operating in different parts of the country, and which may act as blueprints for development of more comprehensive and more widely available ways to attract young people. These are described in more detail later in the chapter.

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26 For example, the committee heard anecdotal evidence that careers counsellors are not always adequately or appropriately resourced to provide the best service to students. In one instance, the committee was told of a VCE maths teacher who was also the designated school careers counsellor, albeit for one hour a week only. It was suggested that the capacity of this teacher to pass on information about any industry, including the transport industry, was very limited, simply because of the lack of time. *Committee Hansard*, 16 April 2007, p. 25. Similarly, see Mr Trevor Jorgensen, *Committee Hansard*, 12 April 2007, p. 18.

27 For example, Ms Sandra Pattison, *Committee Hansard*, 3 May 2007, p. 13.

28 Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, pp 18-19.

29 Mr Neil Chambers, *Committee Hansard*, 16 April 2007, p. 24.

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## Women in the industry

Chair – My next question is not about scraping the bottom of the barrel, but what about the use of female labour?

Mr Heldberg – Love them.

Chair – Can you get them?

Mr Heldberg – No.<sup>30</sup>

2.23 Just as the committee found that negative images associated with work in the transport and logistics industry are a significant problem in engaging young people, there is evidence that the same image problem is preventing women from entering careers in this area. Many witnesses commented on the male dominance which has traditionally been, and still is, characteristic of training and employment in all sectors. For example, the National Centre for Vocational Education Research noted that of all the apprenticeship and traineeship commencements in transport and storage occupations in the 12 months to 30 June 2006, 86 per cent were men. This is particularly noteworthy in comparison to 59 per cent over-all apprenticeship and traineeship commencements.<sup>31</sup> Similarly, the Department of Employment and Workplace Relations submitted that female workers in the transport industry account for only 25 per cent of total employee numbers, which is well below the average of 45 per cent for all industries. Male full-time employment is the most common arrangement, accounting for 66.7 per cent of transport workers, compared with 46.5 per cent of workers across all industries. However, even in part-time work arrangements, women recorded lower employment rates than men.<sup>32</sup>

2.24 These figures were supported by anecdotal evidence the committee heard during public hearings, when many witnesses agreed that there is a heavy male dominance in the transport workforce, and that industry image played a role in this. Queensland Transport told the committee that:

I think there definitely still is the perception that it is a man's world. I sit on a number of committees and I know a number of the groups that you are meeting with, and I am very often the only female even at that executive level. In the depots that I visit and the organisations that I attend, it is rarer to see women.<sup>33</sup>

2.25 However, it was also noted that there are other, more practical considerations which may be making employment in the transport industry less attractive to women. Working conditions and provisions for balancing work and family responsibilities were one of these, with several witnesses and submissions noting the long hours typical in many transport jobs are unattractive to women with other responsibilities.

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30 Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, p. 27.

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

32 Department of Employment and Workplace Relations, *Submission 16*, pp 15-16.

33 Ms Louise Perram-Fisk, *Committee Hansard*, 12 April 2007, p. 39.

Similarly, the committee was told that, despite recent technological advances and improvements in working conditions, physical job requirements may remain a factor making employment in the industry unattractive to women:

The other issue is the physical requirement. A lot of the short-haul work involves getting in and out of the truck all the time, and moving parcels etc up and down off the truck...the physical exertion involved in all of that seems to be too much for a lot of women. We have had a number who have started the courses and just quit.<sup>34</sup>

2.26 In spite of these difficulties, a small number of women are employed in the transport and logistics industry, including in traditional male roles such as truck driving, and the committee was interested to hear of the high level of performance which these women typically display. The Transport Forum WA told the committee that:

They are preferred employees because they are easy on the equipment, more careful with what they do and their paperwork is by far better than the average male. It happens to be a fact.<sup>35</sup>

2.27 Similarly, the South Australian Freight Council stated that:

...the mines rather enjoy having women drive the dump trucks because their style of operation is softer on the equipment and therefore creates less wear and tear. That is a real positive. I employ a couple of women myself in driving trucks and they stand up pretty well against the men in the job.<sup>36</sup>

2.28 Interestingly, while there are a number of initiatives, many quite extensively developed and implemented, to attract young people to employment in the transport industry, there was no evidence of a similarly concerted effort to engage women, with just a few exceptions. For example, Mr Ron Finemore told the committee that his trucking company had tried hard to encourage women, and that while several had been employed, the number was small.<sup>37</sup> The New South Wales Road Transport Association explained that:

We have gone out into the market place and specifically advertised a course for females. We even went to Job Network agencies and ran a little programme called *Ready for the Road* to try and encourage women specifically. It was just for women. We got two applicants and the Job Network agencies just said there were no people who were interested.<sup>38</sup>

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34 Mr Lyle White, *Committee Hansard*, 12 March 2007, p. 16.

35 Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, p. 28.

36 Mr Lachlan McKinna, *Committee Hansard*, 3 May 2007, p. 26.

37 Mr Ron Finemore, *Committee Hansard*, 12 March 2007, p. 7.

38 Mr Lyle White, *Committee Hansard*, 12 March 2007, p. 16.

2.29 The South Australian Freight Council described an industry-generated training program called SHIFT which had also had some success in attracting women to the transport workforce,<sup>39</sup> but this remains the exception rather than the rule.

2.30 It is clear that there are skills shortages in many areas across the transport and logistics industry, and that just as improving the attractiveness of the industry to young people is critical to addressing these shortages and ameliorating the effects of an ageing workforce, so too is improving the attractiveness of the industry to women a vital element. The committee heard evidence of a number of initiatives and strategies which have been developed and implemented by employers, operators and training groups, and which may provide a foundation on which further improvements could be made.

### **Strategies for attracting workers**

2.31 Most witnesses and submissions to the inquiry emphasised the risks of a shrinking workforce to both the transport industry and the economy more broadly. It is clear there is a high level of concern, and action is required as a matter of urgency. It was acknowledged that the current situation has evolved over a period of time, and ideally, preventative measures should have been taken some time ago,<sup>40</sup> but the committee is encouraged by evidence of a number of initiatives being developed and implemented. Some of these appear to be more successful than others, but there is scope for drawing out lessons and ideas for broader application.

### **Branding**

2.32 One key problem is that few people outside the industry know what the 'transport and logistics' industry does. The comments of many employers and transport operators suggested, for example, that it is common for different industry sectors to be perceived as entirely discrete occupation areas; 'truck driving', or 'stevedoring', or 'aircraft maintenance', for example. There appears to be little understanding of the interface between different areas of the industry, as well as the extensive range of skills and employment opportunities which are available. The Queensland Trucking Association commented that:

We are a very computer literate business; we have to be nowadays. We have openings – it is not just truck driving, it is so much more. I do not think that is understood by a lot of kids or a lot of people in general.<sup>41</sup>

2.33 To counter this, and to provide a more readily recognisable 'tag' with which to promote the industry, some operators and administrators have undertaken comprehensive branding exercises. There is a particular emphasis on promoting the 'transport' and 'logistics' aspects of the industry in combination, underlining the

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39 Mr Lachlan McKinna, *Committee Hansard*, 3 May 2007, p. 26.

40 For example, Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, p. 17.

41 Mr Tony Squires, *Committee Hansard*, 12 April 2007, p. 19.

interdependence between the two, and by implication the possibilities of movement and skills development between the sectors.<sup>42</sup> Activities to develop an easily recognisable 'brand' are very important to attracting new industry entrants and countering negative images. The committee heard from Queensland Transport that:

In 2005, market research was undertaken between industry and government in Queensland through the T&L Careers Forum. One of the recommendations was for a transport and logistics brand for T&L. This brand has been accepted by a number of peak associations and industry members, and we note in particular the Australian Logistics Council's role in promoting this brand. It is starting to and at career expos and in advertising in other areas.<sup>43</sup>

2.34 This idea was echoed by an official from the Queensland Trucking Association, from whom the committee heard of the value in having an easily identifiable acronym:

We are certainly pursuing branding of the industry. One of the near things there that I should mention is that we were told that we needed to come up with a two-letter acronym for the industry, the reason being that if I tell you IT you know what industry we are talking about. If I say HR, you know what industry we are talking about. But nobody knew logistics. We also needed a two-letter acronym so that it could be texted as part of a text message on a mobile phone with a thumb. We have settled on T&L as a branding – transport and logistics.<sup>44</sup>

2.35 Similarly, Queensland Rail submitted that it has implemented a successful image-changing employment campaign focused on the branding slogan 'More than I'd imagined'.<sup>45</sup> The point was also made, however, that branding will only be effective if the concept it portrays is reflected in the reality of industry and employment experience. A professional brand must be supported by a professional approach, and in this area the committee heard that while progress is being made, there is still some work to be done, for example in industry-wide safety standards.

### ***Labour hire***

2.36 Despite some signs of positive results, efforts to promote the transport industry to potential new entrants through branding and image change are still at relatively early stages, and are not a solution to employers' immediate needs for workers. As an alternative strategy for obtaining more workers, there appears to be wide-spread use of labour hire companies, particularly in trucking. The advantage offered by labour hire companies is the generally constant availability of a pool of

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42 For example, the Linfox 'integrated logistics' logo on the side of its trucks is an effective branding combination.

43 Mr Jack Noye, *Committee Hansard*, 12 April 2007, p. 33.

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

45 Queensland Rail, *Submission 36*, p. 2.

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workers with various skills available on flexible terms. The limitation is that this can only provide a short term solution to what should be regarded as a long term problem. Use of labour hire companies may be adding to the problem of worker shortages by discouraging employers and companies from developing coherent recruitment strategies which can withstand fluctuations in labour availability. This was highlighted by the Transport Workers' Union, from whom the committee heard that:

We find very much in the workplace that, rather than perhaps develop some sort of strategy around ongoing employment for young people, it is simply a matter of getting a labour hire person to pick up the peaks and troughs. It is simply counterproductive insofar as you find that a driver might be engaged by three or four labour hire companies and will go to the highest bidder...The people who constantly seem to have the problems are those companies that have not made the effort to have some sort of rigorous employment practice in place and have simply picked up the phone and sought additional labour at odd hours of the day.<sup>46</sup>

2.37 Similarly, the Australian Rail, Tram and Bus Industry Union told the committee that use of labour hire companies is common in the rail industry, and that while it can serve as a useful temporary solution to unforeseen worker shortages, it may also reduce the sense of urgency employers and industry groups should have to develop longer term attraction and retention strategies.<sup>47</sup>

2.38 The implications of the above comment for small employers working on very tight profit margins is clear, given the substantial proportion of small scale operators in the transport industry.<sup>48</sup> The problems of recruitment and retention of workers in small enterprises is dealt with more extensively later in the report. In regard to labour hire companies, however, and their usefulness in alleviating the transport industry's worker shortages, the committee believes that while such short term remedies may be helpful in addressing immediate, urgent and unforeseen recruitment problems, reliance on labour hire companies is no substitute for sustainable industry-wide workforce planning.

2.39 Therefore, the committee was very interested to note a submission from the Transport Forum WA, indicating that labour hire approaches and longer term training strategies need not be mutually exclusive concepts. Driver Recruitment, a specialist labour hire company in Western Australia, has implemented a training program for young people, although it will still be some years before new drivers from this program will be ready to enter the industry.<sup>49</sup> This is an interesting strategy which

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46 Mr Bill Noonan, *Committee Hansard*, 16 April 2007, pp 34-35.

47 Mr Andrew Thomas, *Committee Hansard*, 12 March 2007, p. 21.

48 For example, the committee heard that small businesses such as owner-driver trucking concerns have an important role in the industry, with some estimating that they comprise as much as 25 to 30 per cent of the transport trucking business. Mr Ian McMillan, *Committee Hansard*, 16 April 2007, p. 32.

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

may merit further consideration, as a way of simultaneously address both immediate and longer term workforce needs.

### ***Foreign-sourced labour***

2.40 Another option which was brought to the committee's attention as a possibility for attracting and securing more transport workers was migrant labour, and in particular the use of 457 visas, as well as a range of other employer-sponsored temporary and permanent migration arrangements. Importantly, the committee notes that while there is some provision under the concessional regional temporary migration arrangement for regional employers to recruit foreign workers to fill vacancies in less-skilled occupations (including some transport-related occupations), current migration arrangements do not generally provide for engagement of foreign workers in these areas. The extent to which non-sponsored temporary visa holders with work rights seek or engage in employment in the transport industry is difficult to assess with any certainty.<sup>50</sup>

2.41 A number of witnesses and submissions favoured the recruitment of foreign labour, explaining that the shortage of workers, and the economic and business consequences of failing to meet those needs, is so serious that every option for recruitment should be considered and facilitated. Other witnesses also recounted positive experiences with migrant workers. For example, Mr Ron Finemore told the committee that:

This is where I saw some benefit with recruitment from overseas with the use of 457 visas. If someone gets a 457 visa, they are committed to work for you if they are to stay in Australia. Then hopefully they will get a permanent visa and stay working for you afterwards if you have treated them properly. I have found great loyalty in the past from immigrants I have employed as both drivers and subcontractors and therefore thought that this may be a way of getting additional longer term drivers with experience.<sup>51</sup>

2.42 Similarly, other witnesses told the committee that there is an international skills base available which could profitably be drawn on by Australian employers with particular worker needs.<sup>52</sup> On the other hand, there was also concern that any use of 457 visas and similar arrangements to address skills shortages would have minimal effect on the overall number of workers required,<sup>53</sup> and, perhaps more importantly, that use of migrant labour to fill current skills shortages will once again do nothing to address the longer term issue of preparing a stable, well-skilled future workforce. The

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

51 Mr Ron Finemore, *Committee Hansard*, 12 March 2007, p. 2.

52 For example, see Mr Greg Cream, *Committee Hansard*, 2 May 2007, p. 19. See also TTF Australia, *Submission 24*, p. 6. See also TTF Australia, *Submission 24*, p. 6.

53 Transport Forum WA, *Submission 25*, pp 22-23.

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Victorian Transport and Logistics Industry Government Partnership expressed the view that:

We will not meet the freight task unless both road and rail improve their productivity...But 457 visas are not the answer, in our view. At the margins they may have a place, but it is still to be proven and I think the industry has to address the fact that it is going to have to find its future employees within this country and train them appropriately. There is no doubt about that.<sup>54</sup>

2.43 Similarly, the Maritime Union of Australia submitted that:

...the industry has a primary obligation to maximise Australian labour force participation in Australian projects, and by deduction, minimise the use of foreign labour. We accept that there will always be a need for some foreign labour in this industry – for specialist skills, for technology transfer reasons, to meet unforeseen peak demands or contingencies. However, the industry, notwithstanding the heavy participation by non-Australian companies, must commit to an Australians first policy and practice.<sup>55</sup>

2.44 Further, the committee heard from some witnesses that better management of the existing labour market may lessen the need for foreign workers in any case. For example, Queensland Rail told the committee that:

We currently believe that, apart from engineers, you can still get the skills you need in Australia. We firmly believe that. The opportunity is there to look in other states as other industries close or move on, particularly in Tasmania or Victoria around Geelong.<sup>56</sup>

2.45 These points underpin the importance of future-planning and industry workforce sustainability, which was a recurring theme throughout the inquiry. Concerns were also raised from time to time about the skill level of transport workers coming from overseas, particularly in relation to English language skills, and familiarity with left-hand drive rules in relation to road transport employees.<sup>57</sup> The committee recognises that, while there may be some special circumstances in which the use of migrant labour may alleviate severe and unforeseen worker shortages, it is not a suitable alternative to coherent, longer-term attraction and recruitment strategies.

### ***An integrated approach: examples from Western Australia, Queensland, and Victoria***

2.46 While the points mentioned above indicate that a number of avenues are being investigated by transport industry employers in seeking to obtain more workers, the committee is not confident that, even without the shortcomings described, any one

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54 Mr Neil Chamber, *Committee Hansard*, 16 April 2007, p. 29.

55 Maritime Union of Australia, *Submission 13*, pp 9-10.

56 Ms Lyn Rowland, *Committee Hansard*, 12 April 2007, p. 53.

57 Mr Lachlan McKinna, *Committee Hansard*, 3 May 2007, p. 22.

strategy can provide the solution. Rather, there appears to be a need for a multi-faceted, integrated approach which aims both at satisfying immediate shortages, and building a sustainable future workforce. This idea is reflected in submissions from the Department of Employment and Workplace Relations, which suggested that improving motivation and enthusiasm of current job applicants, as well as addressing underlying demand for skills and qualifications, must both be taken into account.<sup>58</sup>

2.47 Given the need to engage young people, the committee sees much merit in policies and programs designed to introduce schools and school students to transport industry employers, and it was interesting and encouraging to hear of a number of emerging and developed initiatives in several jurisdictions. Many programs focus on practical exposure of students to the transport industry environment, and it is here that training programs appear to have achieved some success. For example, Mr Bill Noonan expressed the view that:

Given the right set of circumstances, young people will come into our industry. We have proven it. We have actually taken young people inside the grey box, if you like, and shown them what the job is about...if you gave me a group of young people today and said 'Take them out and get them employed or actually talk to them about the industry,' you would find that a lot of them would be attracted to work in the industry. That is the killer – to make the connection.<sup>59</sup>

2.48 More will be said about training in the chapter of this report devoted to that issue, but a couple of examples of strategies to attract new industry entrants, and particularly young entrants, are outlined below.

#### *Western Australia*

2.49 Concerns about workforce ageing have led to work being undertaken in Western Australia to find better ways of engaging young people in the transport industry. In an attempt to remedy school leavers' ignorance of transport career prospects, a focused VET in schools programme, funded and run by the Transport Forum WA, is being progressively developed and implemented.

2.50 Under this program, students in years 11 and 12 spend one day a week in a paid transport company position, while still being able to complete their high school graduation requirements on the other four days. These students are able to move to full time employment on completing year 12, a transition which all participants in the program's first year of operation made successfully.<sup>60</sup> There is an industry target of 100 participants by January 2008.

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58 Department of Employment and Workplace Relations, *Submission 16*, p. 24.

59 Mr Bill Noonan, *Committee Hansard*, 16 April 2007, p. 30.

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

2.51 The committee further notes programs being developed to facilitate pathways for entry level workers to engage with the industry, and to accelerate manager and possibly driver training.<sup>61</sup>

### *Queensland*

2.52 The committee was very interested in the proactive and collaborative approach taken by the Queensland Government, together with employers, to attract young people and address workforce challenges more generally. Mr Phil Reeves MP, Queensland Parliamentary Secretary to the Minister for Transport, explained that while various industry sectors have in the past tended to operate separately, including where workforce issues are concerned, there is now recognition that skills shortages across all industries need to be tackled coherently. The *Queensland Skills Plan*, released in March 2006, creates a new government/industry engagement model to look specifically at skills and labour shortages in transport and logistics.<sup>62</sup>

2.53 This model provides a firm foundation on which transport operators like Queensland Rail (also a registered training organisation) are able to provide a comprehensive package of programs for young people, some of which are specific to the rail industry, and others with broader applications. For example, rail specific training includes programs for drivers, as well as technical and points system training. More general trade and technical programs include apprenticeships, a Civil Infrastructure Development Program, a Management Performance Program and a Commercial Imperatives Financial Program.<sup>63</sup>

### *Victoria*

2.54 Victorian authorities are also taking an integrated approach to training in the state transport and logistics industry. The Victorian Transport and Logistics Industry Government Partnership was established in 2001 with a view to ensuring industry groups, government and government agencies would work in cooperation to realise the seamless functioning of all aspects of the supply chain.

2.55 A wide range of networks are therefore able to operate under the auspices of the Partnership, some with a specific focus on attracting and recruiting workers. For example, a Labour and Recruitment Partner Reference Group is being established to provide advice on recruitment and retention programs, and to investigate creative solutions to expanding the labour pool. These may include employing farmers who are currently unemployed due to the drought; attracting mature-age and existing part-time employees back to the workforce; providing part-time regional work for mothers; and attracting indigenous and disadvantaged groups into the workforce.

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61 Ibid., p. 20.

62 Queensland Government, *Submission 12*, pp 1-2.

63 Queensland Rail, *Submission 36*, pp. 4-5.

2.56 In regard to young people, the Partnership is engaged, among other things, in sponsoring career forums which showcase opportunities in transport and logistics. These include the biannual *Freight Week* and the associated *Careers In Freight* day, and *The Victorian Supply Chain Excellence Summit and Careers Forum*.<sup>64</sup>

2.57 It is worth noting that in general these forums target not so much young people, but those who are in a position to influence young peoples' career choices, such as career advisers, teachers, new apprenticeship program managers and job network personnel. This approach may be helpful in addressing the problem mentioned above of school staff not encouraging suitable students to consider transport careers due to a lack of understanding and information about the possibilities available.

## **Recommendations**

### ***Recommendation 1***

**The committee recommends that industry bodies in each jurisdiction agree to a national branding image for adoption by transport and logistics operators in all sectors of the industry, to be used consistently in promotional activity. The brand should be attractive to both young people and to women, and underpinned by consistent professional workplace standards.**

### ***Recommendation 2***

**The committee recommends that transport and logistics industry operators engage with state and territory education authorities to find ways to raise the profile of transport and logistics in school-based career preparation activities, including exploring possibilities for more school-based apprenticeship programs and increasing industry presence at careers expos and similar events.**

**The committee further recommends that industry operators work with state and territory education authorities to increase opportunities for school-based apprenticeships in skills demanded by the industry, with a focus on secondary schools located near major transport hubs.**

### ***Recommendation 3***

**The committee recognises that the expansion of the subclass 457 visa to the transport industry is not an appropriate solution to the industry workforce challenges and recommends that this option is not considered by the industry.**

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64 Victorian Transport and Logistics Industry Government Partnership, *Submission 22*, pp. 4-6.

# 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.<sup>1</sup> 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

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

population (around 900,000) is enrolled in these courses.<sup>2</sup> 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.<sup>3</sup>

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.<sup>4</sup>

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,<sup>5</sup> 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.<sup>6</sup>

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

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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 occupations<sup>7</sup> 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.<sup>8</sup>

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	%
<b>Age 19 and under</b>	1070	1150	1110	1070	1020	3.8
<b>Age 20-24</b>	2980	3300	3150	2950	2890	10.8
<b>Age 25-44</b>	20840	22440	18900	15630	14260	53.6
<b>Age 45-64</b>	11160	12290	10690	8980	8280	31.1
<b>Age 65 and over</b>	130	180	210	190	180	0.7
<b>Total</b>	36180	39360	34050	28830	26630	100.0
<b>Male</b>	32060	34550	29760	25040	23000	86.4
<b>Female</b>	4130	4810	4290	3790	3630	13.6
<b>Total</b>	36180	39360	34050	28830	26630	100.0
<b>Existing worker</b>	24240	26510	21420	16370	14700	55.2
<b>Not existing worker</b>	9990	12250	12590	12450	11930	44.8
<b>Unknown</b>	1960	600	40	10	(a)	0.0
<b>Total</b>	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.<sup>9</sup>

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.<sup>10</sup>

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.<sup>11</sup> 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),<sup>12</sup> although

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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.<sup>13</sup>

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.<sup>14</sup>

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.<sup>15</sup>

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

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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.<sup>16</sup>

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.<sup>17</sup>

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.<sup>18</sup> It is not entirely clear what the reasons for these variations may be,

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

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.<sup>20</sup>

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>	%	%	%	%	%
<b>Permanent</b>	54	59	55	54	61
<b>Casual</b>	37	35	37	38	33
<b>Employee (Other)</b>	*	*	*	0**	0**
<b>Employer</b>	2	1**	2	2**	2
<b>Self employed</b>	6	6	6	7	4
<b>Total</b>	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.<sup>21</sup>

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.<sup>22</sup> 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.<sup>23</sup>

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.<sup>24</sup> 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:

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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.

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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.<sup>25</sup>

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.<sup>26</sup> 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.<sup>27</sup>

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.<sup>28</sup>

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.

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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.<sup>29</sup>

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.<sup>30</sup>

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.<sup>31</sup> 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

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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.

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

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.<sup>33</sup> 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.<sup>34</sup>

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

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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.<sup>35</sup>

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.<sup>36</sup> 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.<sup>37</sup> 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.<sup>38</sup> Similarly, the committee heard that in the road transport industry in Western Australia, over 80 per cent of companies have fewer than 10 employees.<sup>39</sup>

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:

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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.

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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.<sup>40</sup>

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.<sup>41</sup>

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.<sup>42</sup> 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.<sup>43</sup>

#### *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

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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.<sup>44</sup>

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.<sup>45</sup>

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.<sup>46</sup>

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.<sup>47</sup>

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

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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.<sup>48</sup> 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.<sup>49</sup>

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...<sup>50</sup>

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

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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.<sup>51</sup>

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.<sup>52</sup>

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...<sup>53</sup>

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.<sup>54</sup>

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

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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.

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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.<sup>55</sup>

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.<sup>56</sup>

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.<sup>57</sup>

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

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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.<sup>58</sup> 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.<sup>59</sup>

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

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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.<sup>60</sup>

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.'<sup>61</sup>

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,<sup>62</sup> albeit with some emerging exceptions.<sup>63</sup>

...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.<sup>64</sup>

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.<sup>65</sup>

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.<sup>66</sup>

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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.<sup>67</sup>

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**

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

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



# Chapter 4

## Challenges for employers

Our problem today is, if you go out there and you train a driver, the industry just says: 'You've trained him; thank you. I'll pay him 50c an hour more and I'll nab him.'<sup>1</sup>

4.1 Many employers in the transport and logistics industry are experiencing difficulty recruiting and retaining enough suitable workers to meet their business needs. This was made clear to the committee early in the inquiry, and remained an important theme throughout. There are factors related to attracting workers to the industry, and to training new and existing workers, which contribute to the problem.

4.2 However, the committee also heard that there are other challenges for employers in managing current and future workforce needs. These challenges are focused in two key areas; firstly, problems of inter- and intra-sectoral competition for workers, resulting in 'poaching' of employees; and secondly, problems of bureaucratic and legislative complexity, resulting in administrative burden and inconsistency.

4.3 Employee 'poaching' appears to be widespread in all sectors of the industry, with particular problems arising from competition for workers with the commodities sector, and in aviation and shipping, from the internationalising of that workforce. However, the committee also heard evidence of employers within the transport and logistics industry attracting workers away from each other. This highlighted the problems of fragmentation, and that for workforce challenges to be effectively addressed, employers must see their own enterprises are part of a larger system.

### Competition to attract and retain workers

4.4 The transport and logistics industry is facing a labour sellers market, in a climate of low unemployment and increasing freight movement activity. Employers are having to meet their workforce needs by competing for the limited numbers of skilled workers. Many employers are unused to having to allocate a high proportion of their investment costs in labour, and this suggests possible flow-on effects to overall transport costs.

#### *The mining sector*

4.5 The problem of competition for workers was mentioned frequently with reference to the strong mining sector, particularly in Queensland and Western Australia:

It is a booming economy...We know we did not train and we did not foresee it. But no-one could have foreseen what has happened in Western

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1 Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, p. 17.

Australia. It has an economy that is growing faster than China's, for crying out loud.<sup>2</sup>

4.6 Evidence of this practice was provided from witnesses and submissions to the inquiry from all industry sectors, although it was referred to with particular frequency in relation to the mining sector, and the current commodities-driven economic boom. For example, during public hearings in Perth, the committee heard numerous statements to this effect concerning the situation in Western Australia:

In Perth, we managed to find someone and employed him for a start the following morning, and the following morning he was on a plane to a mine, because that afternoon he had received an employment opportunity. In Geraldton, the same week, they had not one but two drivers who moved immediately – simply because of a better opportunity. They were not unhappy with the employer, they were not unhappy with anything other than that they had an opportunity elsewhere – and they were highly mobile – in the mining sector.<sup>3</sup>

4.7 Witnesses spoke with particular concern about the size of the disparity in wages offered by mining companies, and those which they themselves could afford:

An example would be that a removalist driver with road train skills in still looking at around \$23 an hour. The same person's currency out on a mine site is in multiples. It is not increases; it is actual multiples of \$23 for someone triple road train rated. Our industry could not withstand that cost to maintain someone at those sorts of the prices.<sup>4</sup>

There is that three- or four-year period, and this is when it is very hard to keep them. Otherwise, they can go up to a mine site, work as a trades assistant and get \$90,000 a year. Whilst the boom is on that is great for them.<sup>5</sup>

4.8 It was acknowledged that this practice of poaching workers from other operators within the industry<sup>6</sup> is not entirely new, or in fact exclusive to mining operators. However, changes to broader economic, industrial and workforce conditions mean such an approach, lacking strategy, is unsustainable.

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2 Mr Greg Cream, *Committee Hansard*, 2 May 2007, p. 23.

3 Ibid, 2007 p. 25.

4 Ibid, 2007, p. 13.

5 Mr Ian King, *Committee Hansard*, 2 May 2007, p. 19.

6 For example, Veolia Transport Australian told the committee that in the bus industry, there are frequent instances of companies 'stealing' staff from other companies, in an employment environment described as 'closed shop'. Mr Barry James, *Committee Hansard*, 16 April 2007, p. 62.

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There is not a lot of money left to take someone and teach them for two years. We filch them from each other. That has, historically, always been the case. We are unable to do that these days. We have run out.<sup>7</sup>

4.9 It was also suggested that the problem of transport workers being lured to the mining industry to the detriment of other operators is being made worse in some high-demand skills areas by 'just-in-case' hiring, whereby as many workers as possible with sought-after skills are engaged, even if they then end up working in another capacity. For example, the Western Australian state manager of Grace Removals told the committee that:

There is also an obscene obsession in some of the other industries to have truck drivers who do not even drive trucks. The HR license carries so much currency that it is almost a pre-requisite to go onto some sites when in actual fact these people are never asked to drive. I have a mining background also...I have spent time at Newman and I know the rules – and I can assure you that the people who can drive are not driving at the moment because they are out there earning money whichever way it comes. But this crisis would have happened regardless.<sup>8</sup>

4.10 It should not be assumed, however, that where this strategy is practiced, it is only mining companies doing so. The committee also heard evidence of non-mining transport operators using similar approaches, sometimes in an attempt to stop the flow of workers in that direction:

The only way we know of is to recruit even larger numbers so the numbers of persons taken out by the mining industry are replenished. We cannot compete on the dollar figure and it is the dollar figure that will determine where these people go.<sup>9</sup>

4.11 The committee contacted representatives of some of the major mining companies operating in Western Australia during the course of the inquiry, but was disappointed that a meeting could not be arranged.

4.12 The committee also heard some anecdotal evidence that the flow of transport industry workers to the mines may be slowing, and that some operators are beginning to see workers returning to mainstream areas of the industry. For example, during a visit to the Port of Townsville, which is currently planning major expansion activities, the committee heard that port operators are aware of a number of workers who, having spent several years at mine sites in Queensland, are now returning to coastal and other urban areas. Lifestyle stresses associated with working in the mining industry were suggested as possible reasons for this movement.

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7 Mr Fred Heldberg, *Committee Hansard*, 2 May 2007, p. 17.

8 Mr Greg Cream, *Committee Hansard*, 2 May 2007, p. 23.

9 Mr Evan Knapp, *Committee Hansard*, 3 May 2007, p. 21.

4.13 The committee heard a similar suggestion in South Australia during a visit to the TransAdelaide incorporated transport facility, in relation to workers beginning to return from the mines in Western Australia. Notably, staff at TransAdelaide told the committee that there are considerable benefits to the transport industry as a whole of some workers being involved in the mining sector. First, because mining can provide attractive career paths and longer term opportunities for workers who may otherwise not become involved in the industry at all; and second, because returning workers to mainstream transport operations bring back a range of experiences and skills which enrich those businesses and operations by whom they are subsequently employed.

4.14 This can also apply to workers who move abroad for a period of time; Main Roads Western Australia, for example, noted that increasing numbers of young people in the industry may go overseas and work with a body such as the London Transport or a road authority for a time, returning with a fresh range of skills and experiences to contribute to the Australian industry.<sup>10</sup>

#### ***Other transport industry sectors***

4.15 The competitive battle for a small pool of available workers is not restricted to the mining industry. The committee heard evidence from a number of witnesses and submissions that similar problems, though perhaps not always with the same element of wage-based incentives to workers, are being experienced in other transport industry sectors as well.

4.16 This includes the aviation and maritime industries, where there is additional pressure arising from the international nature of workforce activity, and (in the maritime industry) the fact that many of the seafaring skills most in demand are exclusive to the industry, and therefore the pool of available workers is by nature relatively limited.

4.17 In the aviation industry, for example, the Australian Licensed Aircraft Engineers Association expressed the view that there is a significant problem with Australian aircraft maintenance engineers, considered amongst the best in the world, being lured to more attractive overseas opportunities:

Australians qualified in but not restricted to aircraft maintenance are sought the world over, with poaching of personnel a consistent and ongoing problem that the employees and government of this country contend with. In an Australia-wide population of 6,000 licensed aircraft engineers (LAEs), over 500 spend their working lives in other countries, which is the approximate equivalent of 8.5 per cent. Added to that, there is a worldwide shortage at the present time of licensed aircraft engineers and various incentives such as high rates of pay, shares in company and profit sharing,

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10 Although there is always some level of attrition in these circumstances, with a proportion of workers moving overseas and not returning, Main Roads Western Australia explained that in their experience, over 50 per cent of young people did return. Mr John Taya, *Committee Hansard*, 2 May 2007, p. 8.

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not dissimilar to executive profit sharing, and free international and domestic air travel are used to poach and keep LAEs.<sup>11</sup>

4.18 Similarly, Qantas told the committee that the numbers of pilots willing to be based overseas to work for other carriers is increasing, and that this is only likely to continue as global pilot shortages worsen. Further, in relation to aircraft maintenance workers, there is some evidence of workers being 'poached' in a process similar to that in the mining sector:

It is becoming apparent that other companies with whom Qantas Engineering competes for labour are often not investing to the same degree (if at all), resulting in poaching of skilled Qantas engineering staff by such companies. For example, large aviation manufacturers and MROs in Australia that do not have apprentices, are hiring Qantas graduates with offers of inflated wages. If Qantas was to match these offers we would become uncompetitive and be forced to send maintenance overseas.<sup>12</sup>

4.19 Following this theme, Aviation Australia submitted that if there should be a loss of base maintenance or heavy maintenance work to foreign countries, strategies will need to be put in place to ensure enough workers with the appropriate skills remain available in Australia to meet industry needs here.<sup>13</sup> Importantly, Aviation Australia also noted that the movement of airline maintenance work to overseas locations may not be a disadvantage:

Although the prospect of airline maintenance work being taken overseas will continue to be a very real prospect, it is counterbalanced by the opportunity for expanded third party maintenance repair and overhaul businesses by well run organisations.<sup>14</sup>

4.20 As for the maritime industry, the Australian Shipowners Association told the committee that the biggest factor affecting skilled work, at least as far as the bluewater sector is concerned, is competitive labour pressure within the industry itself:

The bluewater sector has traditionally been responsible for doing the lion's share of training in terms of sponsoring new entrants to the industry and training them up to be competent to perform work aboard a ship. We have highlighted in our submission that, whilst this has traditionally been the case and certainly is at present, other industry sectors have relied on our industry to be the source of their labour.<sup>15</sup>

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11 Mr Paul Cousins, *Committee Hansard*, 16 April 2007, pp 66-67.

12 Qantas Airways Limited, *Submission 26*, p. 5.

13 Aviation Australia, *Submission 2*, p. 4.

14 Aviation Australia, *Submission 2*, p. 4.

15 Mr Evan Westgarth, *Committee Hansard*, 16 April 2007, p. 78. The Maritime Union of Australia also commented on the movement of workers from the bluewater sector to other industry areas, including the offshore sector. *Submission 12*, p. 7.

4.21 It is clear from these and similar comments that competition for labour between operators within the transport industry is a difficulty for many employers. Small employers in particular with limited financial capacity to match wage-based incentives to attract or retain workers offered by larger employers, face more serious difficulties.

### **Regulation and bureaucratic burdens**

4.22 In addition to the challenges employers face in competing for a limited supply of workers, numerous witnesses and submissions to the inquiry also commented on the difficulties presented by complex regulatory regimes operating across state and territory borders.

4.23 Uniform transport regulations have been subject to a great deal of concentrated activity by the transport ministerial council over many years. It seems inexplicable to the committee that there continue to be complaints from transport operators, and a wonton tendency on the part of state regulatory agencies to make up new regulations unilaterally.

4.24 Evidence to the inquiry did not suggest disagreement with the need for a sound regulatory environment. In fact, many operators see benefits in increased pressure on operators to meet compliance standards:

...there has been increasing pressure on drivers to comply with government regulations. This means more paperwork that many drivers, particularly those who have been in the industry for many years, resist...Whilst this is a factor in some older drivers dropping out of the industry, the improved standards are actually improving the attractiveness of the industry to new entrants.<sup>16</sup>

4.25 However, problems persist. Some witnesses expressed frustration with the bureaucratic processes associated with training:

...the criteria for what constitutes a traineeship and the sorts of competency assessments that go with it are not necessarily flexible enough or broad enough to accommodate our business needs. That becomes a disincentive to managers, who are finding that they are dealing with a highly, if you like, bureaucratized process.<sup>17</sup>

4.26 Other industry stakeholders commented that, once workers are trained and employed in the industry, the burdens of complex regulatory compliance may be so onerous as to become a disincentive to workers remaining in the industry. This appears to be particularly the case for long-distance truck drivers, who cross state and territory boundaries and are confronted with different sets of regulations in each state.

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16 Transport Forum WA, *Submission 25*, p. 14.

17 Mr Cliff Gillam, *Committee Hansard*, 2 May 2007, p. 32.

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The Sea Freight Council of Queensland, an industry body representing all sectors within the sea freight logistics chain, explained that:

Regulation and law enforcement has had a significant impact on transport industry labour, particularly on interstate drivers, and it is a major contributing factor to the accelerated rate of departure of long-haul drivers from our members' businesses. Many drivers feel harassed by what they believe is trivial enforcement of minor issues...The majority of disputed penalties relate to log book offences where drivers are penalised for spelling mistakes, errors in adjusting for daylight savings between QLD and NSW, and incorrect estimates of time travelled between towns.<sup>18</sup>

4.27 From some small operators, the committee heard complaints about the difficult task presented by regulatory requirements which are seen as overly bureaucratic and cumbersome for an enterprise with limited administrative capacity. For example, members of TOLL Group voiced concerns on this matter:

...we are concerned about owner-drivers and their existence in the future. Increasing legislative, compliance and commercial frameworks are making it very difficult. As a general observation, owner-drivers and smaller operators are finding it increasingly difficult to make a buck and subscribe to regulation.<sup>19</sup>

4.28 Similarly, the Bus and Coach Association of New South Wales submitted that increased levels of regulatory control imposed on bus and coach operators are proving particularly onerous for smaller operators, especially those in rural areas:

While the larger players in the industry are generally managing the changing regulatory environment, many smaller, particularly rural operators have been left reeling, with some seriously considering their future in the industry. This clearly has implications for the viability of regional and remote communities in Australia, as well as employment and career prospects within the industry.<sup>20</sup>

4.29 For other operators, frustrations arise from the time taken for bureaucratic procedures to run their course, rather than from inherent complexities or compliance burdens. The South Australian Freight Council commented, in relation to Maritime Security Identification Cards (MSICs), that:

An application for a MSIC must have a current need for access to secure maritime precincts (ie, ports) in order to receive a card. MSICs take a considerable time between application and issuing, due to the need for an in-depth background check to be performed.<sup>21</sup>

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18 Sea Freight Council of Queensland, *Submission 11*, p. 4.

19 Mr Alan Mitchell, *Committee Hansard*, 16 April 2007, p. 52.

20 The Bus and Coach Association of New South Wales, *Submission 21*, p. 2.

21 South Australian Freight Council, *Submission 5*, p. 12.

### ***Licensing requirements***

4.30 One particular problem related to regulation concerns the structure of licensing regimes for truck drivers. For younger drivers, there is a disjuncture between the age at which prospective drivers are able to obtain different types of licenses, and therefore be eligible to drive, and the age at which young people become available to embark on careers in the industry.

4.31 Typically, young people of around 16 or 17 years may consider a career in driving on completing or nearing completion of high school. However, the minimum age at which a person can obtain a light rigid or medium rigid license is 18 in New South Wales and Queensland, and 19 in Victoria; and in addition, the person must have held a car license for at least 12 months. To obtain a more advanced license, for example a multi-combination (MC) license, a person must have held the various less advanced license types for at least 12 months each, meaning the minimum age at which a person can obtain a MC license is 21 in New South Wales and Queensland, and 22 in Victoria.<sup>22</sup>

4.32 The type and volume of freight which is carried by road, especially in rural Australia, is such that MC licenses are most sought after. However, the nature of the licensing regime means that not only are there far fewer MC licensed drivers and trucks available in rural areas than there is demand, but that those young people who may be interested in upgrading less advanced licenses are unable to do so due to lack of opportunity to accrue vehicle experience.<sup>23</sup>

4.33 Witnesses and submissions to the inquiry highlighted two related problems for employers associated with this arrangement. The first, linked directly to the disjuncture between the age at which young people begin to consider a career in transport and the age at which different license types (and associated salaries) may be obtained, is that 'By the time most young people have turned 25 and are able to drive vehicles in the transport sector, they have already started a career elsewhere.'<sup>24</sup>

4.34 Related to this, the second problem for employers is the connection between the licensing regime and driver insurance premiums. High excesses placed on drivers under the age of 25 are a significant disincentive for employers to engage young people in a driving capacity,<sup>25</sup> particularly for the small owner-driver businesses which make up the majority of the road transport industry. However, without the opportunity to gain practical experience as a driver before the age of 25, workers can not hope to be able to obtain a full MC license until sometime in their late 20s or early 30s; by which time many have certainly moved into other employment fields with

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22 Ron Finemore Transport, *Submission 4*, p. 2.

23 Ibid.

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

25 Ibid.

more attractive career path options. This problem is made worse for employers by the genuine need to be confident that drivers are capable and competent to manage expensive equipment:

The barriers created through the graduated licensing system and insurance are integral to drivers failing to move up through the license classes however in addition employers are seeking a minimum of two year's vehicle experience. The reluctance to employ inexperienced drivers is understandable. A new prime mover can easily cost over \$400,000 and trailers over \$100,000. A driver in control of a triple road train may be managing a vehicle and freight combination in excess of a million dollars.<sup>26</sup>

## **Legislative framework**

### ***Chain of responsibility legislation***

4.35 Some of the increases in regulatory requirements mentioned by witnesses and submissions during the inquiry have arisen as a result of changes to legislation governing the transport industry, both in individual jurisdictions and more broadly. One of the most important of these changes relates to the introduction of *chain of responsibility* legislation. At a national level, Australian Transport Ministers approved a model bill in November 2003 (The Road Transport Reform (Compliance and Enforcement) Bill). This bill contains provisions to ensure legal liability is imposed on all parties in the transport and logistics chain who have responsibility for tasks where their actions may result in an offence.<sup>27</sup> State and territory authorities have subsequently developed individual legislation to give effect to the bill in their own legislation.

4.36 The chain of responsibility legislation seeks to spread legal responsibility for unsafe practices in the transport industry beyond drivers only, who have traditionally borne the brunt of liability. Under the regime, all parties with control over the operations of the vehicle have residual legal responsibilities in the event of an accident. These may include primary producers, miners, manufacturers, retailers, importers, exporters and tourism operators.<sup>28</sup>

4.37 Many witnesses and submissions commented on the benefits of the chain of responsibility legislation, recognising not only the inherent justice of a more coherent legal approach, but also the practical benefits of the revised regime. It was noted that even though the legislation has been implemented relatively recently, particularly in some states, there is already evidence of satisfactory effects on operations and business approaches. For example, the Victorian Transport Association commented that:

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26 Transport Forum WA, *Submission 25*, p. 12.

27 National Transport Commission, *Information Bulletin: Chain of Responsibility*, February 2004.

28 National Transport Commission, *Information Bulletin: Chain of Responsibility*, February 2004.

We know that is having an impact on employment practices and, I suspect, will have a continuing impact...they are taking their responsibilities in relation to things like chain of responsibility laws very seriously. Whether they are also running their own fleet, such as Woolworths, or whether they are purchasing their freight transport needs, that are realising that they have legal obligations that they need to take seriously.<sup>29</sup>

4.38 The committee was particularly interested to hear examples of industry-led initiatives for voluntarily improving safety standards, prompted and guided by the introduction of the new legislation. For example, the Australian Logistics Council explained that a number of its key members relating to the retail logistics supply chain, including Coles and Woolworths, Toll, Linfox, the Australian Trucking Association, the National Transport Commission, and the Transport Workers Union, have come together to develop a voluntary code of conduct across a number of areas. These include:

...fatigue, load restraint, drug and alcohol policy, and so on. That is being implemented. That is about creating a national minimum standard against those safety areas to try and lift the safety standards of transport and logistics in that particular supply chain; also to make it simpler to live by the law.<sup>30</sup>

4.39 However, it does appear that while the chain of responsibility legislation is having some positive effects, and is in principle accepted and supported despite the extra regulatory requirements which some operators are experiencing, there are some continuing concerns about enforcement of this and other legislation. Some witnesses expressed the belief that policing authorities need to take a stronger stand:

I can tell you who they are every night between Melbourne and Sydney, and Sydney and Brisbane. They are the same trucks. Those blokes never get penalised. You know the companies. You can pick the people who are doing problematic driving hours and the people who are being asked to do extra hours...(The chain of responsibility legislation) will create and is creating a major difference. What we need is the policing authorities in the various state governments around the country to enforce, as Queensland has with the assistance of the TWU on some people who were strongly and badly doing the wrong thing – to get stuck in.<sup>31</sup>

4.40 On balance the committee considers that changes to the legislative regime, and in particular the introduction of chain of responsibility legislation, in recent years have been positive, and necessary to improving industry competitiveness and professionalism. There is evidence that some operators are experiencing challenges in ensuring compliance with this legal framework, but given the relatively recent

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29 Mr Neil Chambers, *Committee Hansard*, 16 April 2007, pp 36-37.

30 Mr Hal Morris, *Committee Hansard*, 12 April 2007, p. 5.

31 Mr Ron Finemore, *Committee Hansard*, 12 March 2007, pp 5-6.

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introduction of legislation, and the general goodwill supporting it, it is worthwhile giving attention to ways in which these may in time be remedied.

### *Maritime legislation*

4.41 Legislative issues for the transport industry were also raised in relation to sectors not immediately affected by the chain of responsibility legislation. In particular, the committee heard evidence from stakeholders in the maritime transport industry about problems with laws governing income tax of Australian seafarers, which may be putting them at a serious disadvantage. This could affect the attractiveness of the industry as a career option.

4.42 The Maritime Union of Australia, the Australian Maritime College, and the Australian Shipowners Association all commented on this problem, which relates to interpretations of 'foreign service' in section 23AG of the *Income Tax Assessment Act 1936*.<sup>32</sup> Interpretations of the meaning of 'foreign service' in this legislation by the Federal Court have resulted in Australian seafarers being exempt from paying domestic income tax only where they are engaged in shore-based foreign service. Exemptions do not apply to seafarers where they are engaged on foreign vessels and required to traverse the high seas.

4.43 As the Australian Maritime College noted, this is in contrast to arrangements for seafarers from other OECD countries, where concessionary tax arrangements do apply to those working on foreign vessels on the high seas.<sup>33</sup> The consequence of this, as the Australian Shipowners Association explained, is that:

...Australian seafarers (including trainees) are disadvantaged when it comes to securing foreign employment. Australian seeking to work on foreign vessels must either accept lower salaries (once Australian income tax is paid) or negotiate higher rates than seafarers sourced from other countries.<sup>34</sup>

4.44 Given the challenges facing the maritime industry in terms of recruiting and retaining seafarers,<sup>35</sup> it seems reasonable to suggest that this is an area in which changes could be made to improve the attractiveness of a career in seafaring.

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32 This section states that: Where a resident; being a natural person, has been engaged in foreign service for a continuous period of not less than 91 days, any foreign earnings derived by that person from that foreign service is exempt from tax. Foreign service means service in a foreign country as the holder of an office or in the capacity of an employee. Australian Shipowners Association, *Submission 29*, p. 9.

33 Australian Maritime College, *Submission 17*, p. 5.

34 Australian Shipowners Association, *Submission 29*, pp 9-10.

35 In this context it is also interesting to note that the size of Australia's registered shipping fleet has declined in recent years, meaning that there are fewer Australian-flagged ships on which trainees may undertake sea experience, and on which qualified seafarers may work. Australian Shipowners Association, *Submission 29*, p. 8.

4.45 The Maritime Union of Australia raised a further concern in relation to coastal shipping legislation, related to cabotage law and practice. The committee heard that current cabotage laws in this country (unlike those in many other countries) do not require vessels trading on the Australian coast to be Australian flagged, nor to carry Australian seafarers, nor that the vessel be built in Australia. The Union submitted that the result of this is that:

...the Australian coastal zone is effectively annexed from Australian sovereignty such that Australian law does not apply in the Australian coastal zone, even in Australian territorial waters. This allows vessels to trade along the Australian coast completely exempt from Australian industrial laws including workers' compensation and OHS laws, exempt from aspects of taxation law and customs law, exempt from immigration law and exempt from ship safety and environmental law.<sup>36</sup>

4.46 It appears, therefore, that there may be wide variations in employment regulations and legislation applying to the many ships and seafarers operating in Australia's coastal waters, and that this may contribute to an unstable industrial environment in which it is difficult for Australian seafarers and maritime stakeholders to manage strategies to attract and retain suitable skilled workers.

## **Recommendation**

### ***Recommendation 6***

**The committee recommends that section 23AG of the *Income Tax Assessment Act 1936* be reviewed, and the meaning of 'foreign service' for income tax purposes be clarified so that Australian seafarers are not disadvantaged in their earnings capacity relative to seafarers of other nations when working on foreign-flagged vessels on the high seas.**

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36 Maritime Union of Australia, *Submission 13*, pp 5-6.

# 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.

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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.



# 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.<sup>1</sup>

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

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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.<sup>2</sup>

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.<sup>3</sup>

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.<sup>4</sup>

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.<sup>5</sup>

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

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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,<sup>6</sup> 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.<sup>7</sup>

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.<sup>8</sup>

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.<sup>9</sup> 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.<sup>10</sup>

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.<sup>11</sup> All these studies will add to the evidence base for policy and planning decisions.

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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.<sup>12</sup> 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.<sup>13</sup>

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.<sup>14</sup> 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.<sup>15</sup>

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.<sup>16</sup>

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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](http://www.dotars.gov.au).

15 Department of Transport and Regional Services, *Annual Report 2005-06, Output 1.3.1: AusLink*, [www.dotars.gov.au](http://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.<sup>17</sup>

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.<sup>18</sup>

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

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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'.<sup>19</sup> 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.<sup>20</sup>

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.<sup>21</sup> 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.<sup>22</sup> 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.<sup>23</sup>

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,<sup>24</sup> 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

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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.<sup>25</sup>

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,<sup>26</sup> 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.<sup>27</sup>

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.<sup>28</sup>

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,

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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.<sup>29</sup> The rationale for this has several aspects.

6.30 One aspect is the lower environmental damage effect of shipping compared with road transport.<sup>30</sup> 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.<sup>31</sup> The union advised during public hearings that research is to be commissioned on the relationship between shipping and emissions,<sup>32</sup> 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,<sup>33</sup> 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.<sup>34</sup>

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.<sup>35</sup>

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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.<sup>36</sup> 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

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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...<sup>37</sup>

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.<sup>38</sup> 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

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37 Mr Michael Taylor, *Submission 37*, p. pp 1-2. Further information on the AusLink initiative is available from [www.auslink.gov.au](http://www.auslink.gov.au).

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

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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.<sup>39</sup>

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.<sup>40</sup>

### *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 ministerial<sup>41</sup> and officer-level groups, most notably the Council of Australian Governments (COAG).<sup>42</sup> Some witnesses to the inquiry referred to the COAG National Reform Agenda, one aspect of

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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](http://www.atcouncil.gov.au).

42 Further information on COAG is available from [www.coag.gov.au](http://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.<sup>43</sup>

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.<sup>44</sup>

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.<sup>45</sup> 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.<sup>46</sup>

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*.<sup>47</sup>

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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](http://www.coag.gov.au).

44 COAG Communique, 13 April 2007, [www.coag.gov.au](http://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.<sup>48</sup> 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.<sup>49</sup>

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).<sup>50</sup> 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.<sup>51</sup> The strategy includes a people aspect, the main manifestations of which for the ALC

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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](http://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.<sup>52</sup>

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:<sup>53</sup>

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.<sup>54</sup>

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.<sup>55</sup>

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.<sup>56</sup>

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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](http://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.<sup>57</sup> 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.<sup>58</sup>

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

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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.<sup>59</sup>

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.<sup>60</sup> 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.<sup>61</sup>

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.<sup>62</sup>

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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.<sup>63</sup>

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.<sup>64</sup>

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.<sup>65</sup>

### *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

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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.<sup>66</sup>

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,<sup>67</sup> 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.<sup>68</sup>

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.

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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.**



# Appendix 1

## List of submissions

Sub no:	From:
1	Mr Graham Bailey, NSW
2	Aviation Australia, QLD
3	The Chartered Institute of Logistics and Transport in Australia, SA
4	Ron Finemore Transport, VIC
5	South Australian Freight Council Inc, SA
6	Transport and Logistics Careers Forum Queensland, QLD
7	Tasmanian Freight Logistics Council, TAS
8	New South Wales Road Transport Association Inc, NSW
9	Western Sydney Transport and Logistics Careers Taskforce, NSW
10	National Centre for Vocational Education Research, SA
11	Sea Freight Council of Queensland Limited, QLD
12	Queensland Government, QLD
13	Maritime Union of Australia, ACT
14	Australian Local Government Association, ACT
15	Dr Daryl Hull, NSW
16	Department of Employment and Workplace Relations, ACT
17	Australian Maritime College, TAS
18	Australasian Railway Association, ACT
19	Transport and Logistics Industry Skills Council, VIC
20	Australian Trucking Association, ACT
21	The Bus and Coach Association, ACT
22	The Department of Innovation, Industry and Regional Development, VIC
23	Main Roads Western Australia, WA
24	Tourism and Transport Forum Australia, NSW
25	Transport Forum, WA
26	Qantas Airways Limited, ACT
27	Australian Rail, Tram and Bus Industry Union, NSW

- 28 Department of Transport, Energy and Infrastructure, SA
- 29 Australian Ship Owners Association, VIC
- 30 Transport Workers Union, NSW
- 31 New South Wales Government, NSW
- 32 The Bus Industry Confederation, ACT
- 33 Australian Logistics Council, QLD
- 34 FR8.com.au, VIC
- 35 Australian Licensed Aircraft Engineers Association, NSW
- 36 Queensland Rail, QLD
- 37 Department of Transport and Regional Services, ACT

## **Appendix 2**

### **Hearings and witnesses**

**Commonwealth Parliamentary Offices, 12 March 2007, Sydney**

**Ron Finemore Transport**

Ron Finemore, *Executive Chairman*

**NSW Road and Transport Association**

Mr Lyall White, *CEO*

Mr Hugh McMaster, *Corporate Services Manager*

**Rail, Tram and Bus Union of Australia**

Mr Andrew Thomas, *Industrial officer*

**Commonwealth Parliamentary Offices, 13 March 2007, Sydney**

**Transport and Logistics Centre (TALC)**

Dr Darryl Hull, *Managing Director of TALC Limited*

**Tourism and Transport Forum (TTF)**

Mr Lian McKay, *National Manager, Transport*

Ms Kate Davidson, *National manager, Research*

**Transport Workers' Union of Australia**

Mr Tony Sheldon, *National Secretary, NSW Secretary*

Mr Paul Walsh, *TWU member*

Mr Ron Christiansen, *TWU member*

Mr Ray Driscoll, *TWU member*

Mr Brian Thomas, *TWU member*

**Bus and Coach Association of Australia**

Mr Steven Lynch, *Manager, Policy Communication and Training*

Mr Peter Jones, *Chairman of Employment and Training Committee*

**Commonwealth Parliamentary Offices, 12 April, 2007, Brisbane****Australian Logistics Council**

Mr Hal Morris, *Chief Executive Officer*

**Sea Freight Council of Australia**

Mr Trevor Jorgensen, *Chief Executive Officer, Sea Freight Council of Queensland*

Mr Tim Squires, *Deputy President, Queensland Trucking Association and State Manager, Kagan Bros. Consolidated Pty Ltd.*

**Queensland Transport**

Mr Jack Noye, *Executive Director (Corporate Office)*

Ms Lousie Perram-Fisk, *Senior Project Manager (Industry Capability)*

Mr Geoff Favell, *Director, Strategic Industry Initiatives, Department of Education, Training and the Arts.*

**Queensland Rail**

Ms Lyn Rowland, *Executive General Manager, Human Resources*

Mr Rob Green, *General Manager Trackside Systems, Infrastructure Services Group*

Mr Mike Scanlan, *Group General Manager, Passenger Services*

Ms Wendy Axt, *Acting Group General Manager, Shared Services*

**Monash Conference Centre, 16 April 2007, Melbourne****Transport and Logistics Industry Skills Council**

Mr Geoff Gwilym

Mr John Northorpe

**Victorian Transport and Logistics Industry-Government Partnership**

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Mr Mark Holding, *A/g Chair, Transport and Logistics Industry Roundtable*

Ms Hermione Parsons, *Manager Transport and Logistics, Department of Innovation, Industry and Regional Development*

Mr David Muir, *Senior Industry Advisor, Department of Innovation, Industry and Regional Development*

Ms Linny Thom, *Program Officer, Department of Innovation, Industry and Regional Development*

Mr Neil Chambers, *Deputy Chief Executive Officer, Victorian Transport Association*

Mr Bill Noonan, *Secretary, Transport Workers' Union*

Mr Pieter Nagel, *Chairman, Education and Training Partners Reference Group, Victoria University*

Mr Ian McMillan, *Executive Officer, Transport and Distribution Training Victoria*

Mr Peter Thomson, *Senior project manager/workforce planning, Department of Infrastructure*

### **TOLL Group**

Mr Rod Walters, *General Manager, Human Resources*

Mr Alan Mitchell, *Director Human Resources*

### **Veolia Transport (CONNEX)**

Mr Barry James, *Group General Manager, Human Resources*

Ms Robyn Archer, *Manager, Learning and Development*

### **Australian Licensed Aircraft Engineers Association**

Mr Paul Cousins, *Federal President*

### **Australian Shipowners' Association**

Mr Evan Westgarth, *Employee Relations Officer*

## **Commonwealth Parliamentary Offices, 2 May 2007, Perth**

### **Main Roads WA**

Mr John Taya, *Executive Director, Human Resources*

Mr Mark Walker, *Director, Heavy Vehicle Operations*

**WA Transport Forum**

Mr Fred Heldberg, *Chair TFWA Training Committee, General Manager WA Driver Recruitment*

Mr Ian King

**Public Transport Authority of WA**

Mr Cliff Gillam, *A/g Chief Executive Officer*

**TOLL WA**

Mr Jason Holmes, *Manager*

**Parliament House, 3 May 2007, Adelaide**

**National Centre for Vocational Education Research**

Ms Sandra Pattison, *General Manager, Statistics Division*

**South Australian Freight Council**

Mr Anthony (Tony) Grant, *Deputy Chairman, SAFC*

Mr Lachlan McKinna, *Convenor, SAFC Skills and Careers Working Group*

Mr Evan Knapp, *SAFC Senior Project Advisor*

**The Chartered Institute of Logistics and Transport in Australia (SA Section)**

Mr Ron Horne, *Secretary*

**Parliament House, 4 June 2007, Canberra**

**Maritime Union of Australia**

Rod Pickette - *Communications and Research Officer*

**Qantas Airways Limited**

Mr Kevin Brown, *Executive General Manager People*

Mr David Cox, *Executive General Manager Engineering*

**Australian Trucking Association**

Mr Stuart St Clair, *Chief Executive Officer*

Mr Neil Gow, *National Manager, Government Relations*

**Australasian Railway Association**

Mr Garry Whiting, *Manager Rail Careers, ARA*

Ms Jenny McAuliffe, *Manager Human Resources, Australian Railtrack Corporation*

Mr Ron Devitt, *General Manager Training, Railcorp*

Mr Greg Moffatt, *Manager Training, Pacific National*

**Department of Employment and Workplace Relations**

Mr Ivan Neville, *Assistant Secretary, Labour Supply and Skills Branch*

Mr Michael Manthorpe, *Group Manager, Labour Market Strategies Group*

Ms Louise McSorley, *Assistant Secretary, Industry Strategies Branch*

Ms Colette Shelley, *Assistant Secretary, Industries Branch*



## **Appendix 3**

### **Answers to questions on notice and additional information**

#### *Additional information*

Provided by Qantas Airways Australia, ACT, *June 2007*

Provided by Australian Logistics Council, QLD, *June 2007*

Provided by Queensland Government, QLD, *July 2007*

#### *Answers to questions on notice*

Hearing date

**3 May 2007, Adelaide**

NCVER

**12 April 2007, Brisbane**

Queensland Rail

**16 April 2007, Melbourne**

TOLL Australia Group

Australian Ship Owners Association

**4 June 2007, Canberra**

Australian Trucking Association

Department of Education and Workplace Relations

