



The Secretary
Senate Employment, Workplace Relations and Education Committee
Department of the Senate
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Canberra ACT 2600

Submission to Inquiry into Workforce Challenges in the Transport Industry

The Transport and Logistics (T&L) industry is a key enabling sector and a significant component of the Australian economy. It directly employs about 411,000 people¹ nationally and makes an estimated \$60 billion plus contribution to the Australian economy (or approximately 9% of GDP). In South Australia the industry employs approximately 30,800 people and contributes about \$4.85 billion to the states economy.

T&L Growth

The national transport task is expected to double over the 20 year period to 2020². This means a further need to increase the skilled T&L workforce (in addition to productivity and technological advances) will be required to maintain service levels to business along the value chain and the general community.

Demographic

Australia has an aging T&L workforce, declining birth rates (especially in contrast to the “Baby Boom” years) and extended life expectancy. This will manifest itself in a declining employment to population ratio and workforce participation rate.

As workers leave the workplace due to retirement, new workers will be needed to replace the skills shortfall to handle the economic growth and increased freight task.

Job Market

Australia currently has an unemployment rate of around 5%, and the figures for South Australia were as low as 4.6%³. It is likely that all industries will find it difficult to gain skilled workers over the next decade unless there is a major economic downturn.

In combination with the population information discussed above, it's apparent that there is very little room for T&L industry to increase its base of skilled workers through traditional position advertising in the Australian job market.

¹ Bases on 2001 census figures.

² Australian Logistics Industry Strategy & “Twice the Task” (NTC)

³ 6202.0 Labour Force, Australia, ABS July 2005 & South Australia: State of employment, The Advertiser, 12 August 2005.

Career Threats

There are significant competitive threats to the current employee base of the T&L industry. The resource (mining) sector in particular (currently going through a boom phase on the back of strong world demand), is expected to continue to target current T&L industry workers by offering incentives such as higher wages.

T&L Image

The T&L industry doesn't have a good image as a career choice by potential new T&L entrants or the community at large⁴. To a great extent this is a legacy of the past with lasting images of cowboy drivers, militant unionists and blue singlets.

T&L occupations are seen "blue collar", an impression that is certainly not true in today's increasingly complex value chain and integrated industry. There is also an unwarranted impression of low pay and poor career pathways.

Across the board, the industry still has image problems with regards to worker safety and risk management issues. Despite industry and government efforts to the contrary and significant improvements, the T&L industry is still one of the more dangerous industries in which to work in Australia with an incident occurrence rate twice the national average⁵.

Generation Y

In the past, T&L industry stereotypes have influenced community perception to careers within the industry. These attitudes are being passed on to the youth of today (generation Y or Gen-Y, born during or after 1980⁶) by their parent's generation (baby boomers, born 1946 - 1964).

Generation X appears to have similar attitudes to the baby boomers with regards to the T&L industry. Given that the average age of persons within the industry is 45⁷, it's apparent that it is a lack of career positions within the T&L industry by Gen-X (persons currently aged 27 – 41) that has fed the pre-crisis situation the industry find itself in today. Gen-Y may be more willing to take-up employment opportunities within the T&L industry after awareness and Adopt-a-school⁸ type programmes have been incorporated into the school systems.

Growth in non-traditional industries (in particular information technology and telecommunications) during the Gen-X employment period may also have drawn workers away from the T&L industry.

In addition, as the middle class (people who have a degree of economic independence) has expanded to include the traditional "working class", people have the ability to seek jobs that have income and perceived status that fit their desired lifestyle. This generational attitude has been passed down from baby boomer parents to Gen-X who now influences Gen-Y in their career decisions.

If current trends continue, almost half of the current transport industry workforce will retire by 2020, at a time when the T&L industry forecasts a doubling of Australia's the freight task.

Educational issues

Increased tertiary educational levels may also be adversely affecting the chances of the T&L industry to attract increased numbers of workers.

⁴ Driving Australia's Future, ATA, August 2003

⁵ Statistical Reports based on Workers Compensation-based data: Transport & Storage, National Occupational Health and Safety Commission 2004

⁶ Exact definitions of the various generations vary widely, however those used in this document are median or generally used definitions

⁷ Workforce Planning for the TSLI in the North West Crescent, AMACC, May 2005

⁸ Adopt-a-School programme run by Transport & Logistics Centre (TALC) www.talc.com.au

Persons holding tertiary degrees are less likely to undertake work perceived as unskilled or “blue collar”. Thus resulting in less of the possible available working population (those aged 15 - 65) participating in the T&L workforce during the years in which they study, and in part is the reason for the decline in the T&L participation rate.

It is only the large or multinational firms that are willing to recruit and train young people, while small business wants fully trained drivers⁹. In South Australia 98 per cent of all operators are small businesses. The shortfall in trained drivers is already being felt in some regions, with the Limestone Coast region reporting that on any night 15–20 trucks are unable to move. This problem is expected to worsen with a doubling of the Australian freight task predicted between 2000 and 2020.

Many operational jobs within the T&L industry are essentially the same that they were 50 years ago. There has been little interest or thought put into making these positions more attractive through job redesign. Where job redesign has occurred, it has been through job enlargement or job rotation, rather than job enrichment or innovation.

A recent T&L workforce report into Adelaide¹⁰ north-west crescent found that 26% of workers intend to leave the industry within the next 2 years. While there is some doubt as to the veracity of this figure due to the level of response, if even half of this number do leave it will be a major blow to the industry.

Skills Shortages

The information above demonstrates that in the medium to long term all T&L industry sectors will be affected by workforce skills shortages, there are significant shortages being reported now! These are occurring in all modes and industry sectors, demonstrating that this is a whole of industry problem, and certainly not confined to one or two industry sectors.

Those roles, most frequently highlighted, as having current workforce issues include:

- Customers Brokers
- Truck Drivers (all licence classes, but in particular interstate drivers [Heavy Combination and Multi Combination])
- Train Drivers
- Forklift Operators
- Rail Track Infrastructure Workers
- Transport Engineers
- Roles requiring higher level marine qualifications (e.g. marine surveyors, marine engineers, pilots etc.)
- Mechanics

These are only a few examples of skill needs that come up most frequently when discussing industry shortages. It should be noted that of those mentioned above, most have a significant number of employees in the category today – for example “truck drivers” are Australia’s largest profession according to census data. It is highly likely that there are significant shortages in niche positions that have not been identified by industry organisations due to the small total volume of workers in these positions. Nevertheless, many of these roles are critical to the efficient operation of the Australian T&L system.

⁹ Office of Regional Affairs 2005, ‘Regional transport and freight logistics industry: South Australia’ case study submission to SCORD Regional Skills Shortages Case Studies, submission to the Council of Australian Governments, held by Department of Transport and Regional Services, Canberra.

¹⁰ Workforce Planning for the TSLI in the North West Crescent, AMACC, May 2005

Fragmented nature of current initiatives and responses

Within the T&L industry there is a general realisation that there is a future workforce problem, although not necessarily of its scope or the fact that it spans multiple sectors.

Within the core group of peak industry bodies and training organisations there is a better understanding of what is to be expected and its likely consequences for the future.

In order to have meaningful impact on the T&L industry skill strategies ownership by key stakeholders, especially peak industry organisations, is essential. Associations like CILTIA, Freight Councils, Industry Round Tables and SCLAA are becoming more co-ordinated in their efforts, but this is a slow process and significant communication gaps and “doubling up” of initiatives are still at issue.

T&L Strategies

Image Change

In *general*, the industry has a poor public and professional image that isn't favourable to encouraging young people to join the T&L workforce.

This must be addressed, capitalising on the industry's position as a key enabler of general commercial activity and one of the primary battlegrounds in international trade. New industry focuses on supply chains and vertical integration also provide opportunities for image improvement, defining the industry as vibrant and constantly changing.

Common industry branding will be one of the primary tools required to establish a new public concept of the T&L industry.

Better information

The general community has a poor conceptual understanding of the importance of T&L to their everyday lives, or the complexity of the systems that are in place to see that they receive the consumer goods they want when they want them, and at the lowest possible price.

Careers, not Jobs

The general public perceive the T&L industry as a “job”, singular positions rather than a “career”. The industry has developed career pathways with progression opportunities, entry & exit points, pay, conditions, challenges and responsibilities. These pathways have a great impact on the way the public views the potential to join the industry. “Jobs” that are not parts of a “career”, are merely professional parking areas, or expressed another way, a “position you get to earn money while looking for something better”. This contributes to creating a transient workforce.

Removal of Barriers to Entry

Despite work undertaken by the T&L industry, there are still some barriers to entry into some sections of the industry.

A commonly identified issue is insurance for persons under 25 years old to drive heavy vehicles (those that require Multi Combination licences, generally B-Doubles and larger). This provides limited career pathways from school to working in these positions, despite the ability to gain an MC licence several years earlier.

It is noted that a very limited number of companies have been able to negotiate insurance on an individual driver basis. However, in general, the restriction still remains. This may result in frustration

of the driver in not being able to achieve career goals, and a loss to the industry. Alternatively, faced with this restriction some potential drivers may choose to seek a career in other areas.

Maritime Security Identification Cards (or MSICs) have also been brought to our attention as a barrier to entry. An applicant for a MSIC must have a current need for access to secure maritime precincts (i.e. ports) in order to receive a card. MSICs take between 2-3 months to be issued, due to the need for an in-depth background check to be performed.

For example, this means that a shipping line looking to employ a new person must either recruit from the pool of persons who already hold a MSIC card or employ a new person who can not fully undertake their duties for which they were employed for a period of 2-3 months while a card is being issued.

Recommendations

The Chartered Institute Of Logistics and Transport (South Australian Section) would recommend the following Commonwealth-led strategies to improve T&L training delivery:

- Commonwealth government to continue to support Transport & Logistics Centre (TALC) strategies (www.talc.com.au)
- Enhance and support SA Freight Council Inc - Logistics Information and Navigation Centre (www.the-linc.com.au) project and integrating the content into the TALC T&L portal
- Adding T&L curriculum into Primary, Secondary schools and the new Technical Colleges in 2007/08
- Developing national standards for vehicle inspections and rail signalling/safety systems (i.e. Truck Safe, rail communications & emissions), thus ensuring economies of scale are achieved with safety & accreditation skills & knowledge training across state borders
- Developing a national T&L workforce development steering committee to develop incentives/pathways for people to enter the T&L industry i.e. as drivers, risk managers, operations operatives, etc...
- Develop "*Shrink Wrapped*" e-learning tools, national T&L knowledge content, information packs and education "*Tool Boxes*" to promote commonality of skills and knowledge in the T&L industry

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