

14 December 2006

Committee Secretary
Senate Employment, Workplace Relations and Education Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Email: eet.sen@aph.gov.au

To Whom It May Concern:

RE: INQUIRY INTO WORKFORCE CHALLENGES IN THE TRANSPORT INDUSTRY

I am writing to provide a submission in relation to the Senate Inquiry into Workforce Challenges in the Transport Industry.

I have been involved in the transport industry for over 40 years, commencing my transport career as a heavy vehicle truck driver. I have been heavily involved in road transport reform in Australia over this time, including being Chairman of the Australian Trucking Association for 3 years from 1997 to 2000.

As the Executive Chairman of Ron Finemore Transport Pty. Ltd., I have a major interest and concern in relation to the workforce challenges facing the road transport industry, especially in rural and regional Australia. Our company currently operates 120 trucks throughout Victoria, New South Wales, Queensland and South Australia and employs approximately 140 permanent drivers. In addition, we use approximately 50 casual drivers and 50 subcontractors on an as-needs basis. The majority of our work is to, from and within rural Australia.

Our company, as well as most other transport companies in Australia, are currently facing major challenges in relation to attracting and retaining employees in rural Australia, especially skilled heavy vehicle drivers. If the issue of driver shortages currently being experienced by the transport industry in rural Australia is not addressed as a matter of urgency, this problem will create a flow on effect to all businesses in rural Australia as they all rely on road transport at some time for the goods they either produce or consume, and therefore ultimately their end customers will also be adversely affected.

The key workforce challenge issues facing rural road transport in Australia include:

1. LICENCE CLASS SYSTEM

The current system for obtaining heavy vehicle drivers licences is a progressive system where drivers must hold a particular category of licence for a specified period before they can apply and be tested to upgrade to a higher licence class. The licence classes and requirements for Victoria are summarized below:

- Light Rigid (LR) - To apply for this category you must have held a car driver licence for at least 12 months.
- Medium Rigid (MR) - To apply for this category you must have held a car driver licence for at least 12 months.
- Heavy Rigid (HR) - To apply for this category you must have held a car driver licence for at least 24 months.
- Heavy Combination (HC) - To apply for this category you must have held a car driver licence for at least 24 months, including Medium Rigid or Heavy Rigid licence for at least 12 months.
- Multi Combination (MC) - To apply for this category you must have held a Heavy Combination, Heavy Rigid or a combination of Heavy Rigid and a Heavy Combination vehicle licence for at least 12 months, plus the completion of an approved course.

The minimum age a person can obtain each category of licence is summarized below:

MINIMUM AGE EACH LICENCE CATEGORY CAN BE OBTAINED	NSW	VIC	QLD
Car Licence	17	18	17
LR or MR licence	18	19	18
HR licence	19	20	19
HC licence	20	21	20
MC licence	21	22	21

In rural Australia, 95% of the vehicles utilized are MC vehicles due to the bulk volumes required to be carried to and from rural Australia, and the higher utilization and productivity achieved and therefore cost effectiveness of using these vehicles. This is compounded by the fact that young drivers are not able to obtain the lower category vehicle experience in rural Australia in order to upgrade to a HC and MC licence due to the small number of lower category licence vehicles operating in rural Australia.

It is therefore almost impossible to recruit enough skilled heavy vehicle drivers in rural Australia with the relevant experience to perform the transport tasks required. An apprenticeship or a substantial subsidy for wages may be an option to take them through their various licence categories at a time when they are not productive, but I see little chance in reality of this changing.

A possible solution to this issue could also be to re-classify driver licensing requirements to allow earlier eligibility for top end classification licensing in return for more training.

2. DEMERIT POINT SYSTEM

In addition to the above licence class difficulties, the current demerit point system is adding to the recruitment problems. The demerit point system currently in place fails to recognize the difference between professional heavy vehicle truck drivers and general car licence drivers. Professional heavy vehicle drivers are driving on the road everyday, for at least 10 hours per day in their profession and also as an ordinary citizen. General car licence drivers usually only drive a maximum of an hour

or two on average per day, so the chances of incurring an infringement are significantly less than a professional heavy vehicle driver.

Every day professional heavy vehicle drivers are at risk of losing their licence for minor infringements. A heavy vehicle driver who incurs a minor infringement during holiday periods where double demerit points apply, is at risk of losing their licence and incurring large fines for a couple of minor offences.

Whilst the demerit system needs to penalize all drivers for failure to comply with road rules, it fails to take into account the significant difference in time spent on the road between heavy vehicle drivers and general car licence drivers and the severity of the offence. The argument run by some that they are professional and thus should have a higher standard is misplaced in this debate.

The current structure of the demerit point system means that people do not want to join the road transport industry as heavy vehicle drivers due to the high cost of fines incurred by drivers personally and the risk of losing their licence both professionally and as a private citizen. The road transport industry has been losing many heavy vehicle drivers to the mining industry where they can earn higher incomes and do not have to comply with the general road rules and risk incurring infringements.

I believe serious consideration needs to be given to increasing the number of points available to heavy vehicle drivers and giving them the opportunity to earn extra points for going an extended period without offences, rather than just the big stick penalty approach (i.e. adopt a carrot and stick approach). Another possible solution is to reform offences to recognize the effect minor offence infringements have on an individual both professional and in a private capacity.

3. RECRUITMENT COMPETITION

The transport industry is highly competitive in terms of recruitment activity, due to the high demand for heavy vehicle drivers in rural Australia. Ron Finemore Transport (RFT) continually has vacant positions for heavy vehicle drivers in regional areas of Australia, which remain unfilled. Other companies in rural Australia are also experiencing the same problem.

The following advertisements were published in two local newspapers from 28th October 2006 to 29th November 2006:

- Central Western Daily (i.e. Orange region, NSW) - 66 heavy vehicle drivers
- Border Mail (i.e. Albury / Wodonga region) - 110 heavy vehicle drivers

Most companies who advertised the above positions repeated the advertisements over a number of days / weeks.

From RFT's experience, the quality of applicants today is generally poor, with only 20-30% of applicants who apply being suitable for the positions. On average, only 5 applications are received each time RFT advertises and the majority of applicants are in the over 40 age bracket.

Those that apply for heavy vehicle driver jobs are usually either looking for short term (i.e. fill-in) work or those that are unskilled, unsuitable or not of a character suitable

for the industry. The drivers we look for are skilled, professional members of the driving team and therefore those that are good and suit our requirements are generally already employed. Good drivers are difficult to attract in a highly competitive labour market as they already are employed in good jobs or do not want to work in regional areas. The only opportunities to get new people occurs with those wanting to relocate for family reasons or when other companies fail.

4. RECRUITMENT FROM OVERSEAS

To try to combat the current driver shortage problems in regional Australia, our company has investigated the opportunities available to bring experienced professional drivers to Australia from overseas. RFT is looking for drivers who have a strong work ethic, who want to settle in rural Australia with a long term view to permanent residence. This approach would ensure a longer term mutual benefit for RFT's investment in training and developing these drivers. Securing long term drivers in rural Australia will benefit RFT, the drivers individually and all businesses and communities in rural Australia.

These investigations have shown that governments do not recognize truck drivers as a skilled profession and are reluctant to progress such an initiative due to possible negative media exposure.

Heavy vehicle drivers are skilled professionals who are required to gain considerable driving experience before they can upgrade licence classes. They are also required to pass medical tests and driving and practical examinations prior to being issued with the relevant licence class. In addition to this, heavy vehicle drivers are required to undertake ongoing training as heavy vehicle drivers, including fatigue management, advanced driving skills and training related to specific customer requirements or goods carried. It is difficult to understand why this profession is not recognized as highly skilled. I personally would never allow an unskilled driver to drive expensive heavy vehicle equipment and let them drive the number of hours per week that a heavy vehicle truck driver does. The consequences of this would be potentially devastating.

If Governments do not properly classify the heavy vehicle driver profession and recognize it as a skilled profession, RFT and other rural road transport companies will continue to struggle to recruit experienced heavy vehicle drivers. It is suggested that the skill level of higher category licences be reclassified to acknowledge their true worth. Overseas recruitment is a viable alternative solution to the current driver shortage in rural Australia and the Government needs to support, not hinder this initiative.

Immigration opportunities need to be embraced. The argument put by others that these people would be underpaid is wrong. They would be paid the same as their Australian counterparts.

5. OTHER WORKFORCE CHALLENGE ISSUES AND STATISTICS

The heavy vehicle driver workforce is ageing. RFT's permanent driver workforce currently consists of 75% over the age of 40, with 37% of all drivers over the age of 50.

It is difficult to obtain, let alone retain younger drivers for long periods, with the average length of service for drivers in the 20-30 year age bracket only 0.6 years, compared to an average length of service of 6.6 years for drivers aged over 60. The number of drivers in the 20-30 age bracket, employed in our company, has decreased from 5.44% in September 2005 to 3.7% in September 2006.

People are either not interested in joining the road transport industry at all, or are increasingly leaving the road transport industry or regional Australia to pursue other career options. Some of the reasons for this include:

- Onerous legislative requirements, for example the recent proposed draft Heavy Vehicle Driver Fatigue Legislation developed by the NTC
- Increased paperwork / administrative requirements
- Significant penalties for drivers relating to non-compliance with legislation
- The hard work and long hours involved in heavy vehicle driving, as well as being away from home for long periods.
- Negative views of being a truck driver, caused largely due to media / public perception of truck driving industry. The minority are making industry look bad for the majority
- Young people are now encouraged to study and pursue alternative careers. Truck driving careers are not seen as worthwhile in the community.
- Transport industry is not seen as an attractive prospect due to the trends in the industry with many companies selling up and leaving industry due to financial pressures, etc.
- Better income / conditions in other industries (such as mining)

Road transport is an essential service to all Australians, especially rural communities. Everything we eat, wear or use is transported by road transport at sometime. Road transport provides a critical link between production and consumption of the goods produced and consumed in rural Australia.

A real solution to the current workforce challenges in the transport industry is essential to ensure the long term viability of the road transport industry and the businesses it serves. It is critical that Government and business work together to resolve this problem, preferably by attracting Australian residents to the transport industry, and where required supplementing our Australian workforce with skilled overseas migrants.

I welcome and commend this Senate Inquiry and hope that my submission will assist the Committee in recommending and implementing a long term practical solution for the industry.

I would be pleased to appear to discuss further aspects of this letter as many of the issues are difficult to explain in writing. I can be contacted at anytime on 0418 694 049.

Regards,



RON FINEMORE, AO
Executive Chairman