

The New South Wales Road Transport Association (NSWRTA), which has been the peak industry organisation for road transport operators in New South Wales since 1890, welcomes the opportunity to lodge a submission to the Senate Employment, Workplace Relations and Education Committee's Inquiry into Workplace Challenges in the Transport Industry.

NSWRTA is a strong advocate in addressing the skills challenges facing the road transport industry. NSWRTA is a Registered Training Organisation. It offers existing worker traineeships and new entrant traineeships under the Australian Qualifications Training Framework as well as numerous other short courses that aim to improve both skills levels and compliance. Approximately 11,000 individuals have been trained by NSWRTA since 2002.

NSWRTA's submission will consider these issues primarily from the perspective of a State based employer organisation with Members that engage in local, long distance and interstate road freight transport.

## **Background**

NSWRTA believes it is important to put the workforce challenge in its broadest context by providing advice on the road freight transport industry, the market for road freight transport, the labour force and the forces that characterise labour market demand.

### ***The Road Freight Industry***

The road freight industry comprises two principal components, the hire and reward sector and the ancillary sector. Hire and reward operators specialise in the provision of freight services to other businesses and to individuals as specialist road freight operators. Many are also involved in warehousing and storage. Others may be involved in other freight modes and/or in ancillary activities such as customs clearing, freight forwarding, stevedoring and/or bond stores.

Ancillary operators run a fleet of trucks that is ancillary to their core business. Such businesses choose not to contract out the road freight task to the hire and reward sector but instead prefer to undertake the road freight task associated with their core business function/s.

### ***The Market for Road Freight Transport***

The market for road freight transport is a derived demand. Freight is generated through the production, distribution and exchange of goods. The road freight industry competes against other freight modes for the pick up and delivery of freight. Over time, road transport has increased its market share of the domestic freight task at the expense of rail and sea transport. However, other modes, especially rail transport, are often best suited to the transport of bulk commodities, especially over long distances as well as long distance intercapital containerised freight.

Notwithstanding rail's advantages over road in these sectors, road has the advantage over other modes for almost all other transport tasks. The main reasons for this are:

- Better network access;
- Greater ability to offer a door to door service;
- A lower critical mass in terms of freight volume to generate an economically viable freight task;
- A wider range of specialised equipment
- Better capability to pick up and deliver on time; and
- A stronger competitive and customer service ethos.

This leads to specialisation in terms of equipment to match the freight task. Equipment can range from a bicycle to a road train or specialised off-road based tippers used in the mining sector. The range of light and heavy rigid trucks as well as wide variety specialised trailers is apparent from the range of freight vehicles on the road.

Historically, the road freight task has grown more quickly than the economy as a whole. There is no indication this will change. Aside from the acquisition of market share from other freight modes, forces behind this include improved industry productivity, a better road network, improved vehicle design, greater specialisation in production, containerisation and reduced international trade barriers.

### ***The Labour Force and the Forces that Characterise Labour Market Demand***

The composition of the labour force in the road transport industry is driven by three main factors, the ever changing nature of the freight task, the structure of the industry and the skills needed to ensure the task is executed in accordance with expectations.

### ***The Ever Changing Nature of the Freight Task***

While the road freight task at the macroeconomic level continues to grow, there continues to be volatility in work available due to factors such as client needs, third party needs, cyclical conditions, seasonal conditions and an imbalance in freight volumes/types between two locations. This is because the road freight industry interacts with every sector of the economy.

Each specialist sector whether it be grain, containers, cash in transit or any other sector would have its own cyclical and seasonal drivers. For example, container volumes through Sydney continue to grow strongly despite a sluggish economy in New South Wales. On the other hand, low grain production levels this year would probably mean a reallocation of equipment and workers elsewhere.

### *The Structure of the Industry*

The road transport industry comprises tens of thousands of businesses, the majority of which are single truck owner driver businesses. Of the remainder of the businesses, most have fewer than ten trucks. There are a small number of very large businesses with hundreds if not thousands of trucks in their company colours driven by employees or tied sub-contractors.

Most workers in the road transport industry are employees. However, a significant proportion of drivers are owner-drivers. Principal contractor sub-contractor relationships are prevalent in the road transport industry because of the way the freight task changes, how client relationships are formed and the capability and the preparedness of the principal contractor to execute transport tasks directly or under contract. The contracting out a freight task may involve delegation to another fleet owner, not necessarily an owner driver. That fleet owner may in turn contract out the task so that third or fourth party contractors actually do the work.

A relationship hierarchy may often exist such that work is distributed to employees, then to tied sub-contractors/fleet owners and finally to 'freelance' sub-contractors/fleet owners.

### *Skills Needed to Ensure the Task is Executed in Accordance with Expectations*

The backbone of the industry's labour force comprises truck drivers and warehouse personnel. While these workers do the physical work people with specialist skills in management and operations of a road transport business which will range from allocators or radio operators, (who delegate transport tasks to drivers and manage warehousing and storage facilities), through to individuals with broad business, administrative, financial, systems, marketing, sales and clerical and IT skills as well as those with skills in vehicle and equipment repair and maintenance.

Road transport companies tend to perform small transport tasks when compared to other sectors of the transport chain. Communication and co-ordination as well as the ability to re-evaluate and reallocate priorities and tasks are often critical skills within a business and across the transport chain.

Road transport also interacts with all sectors of the economy and other freight modes. Collectively, this means some understanding of the expectations within that industry and at the client level is necessary across a diverse range of clients.

### **Current and Future Employment Trends in the Industry**

Structurally, there are expected to be few changes in the industry that will have a bearing on employment trends. NSWRTA believes employment trends will primarily be driven by the ongoing growth in the road freight task and the changing nature of that task. Vehicles and loads will either become bigger driven by productivity and regulatory reform or smaller especially in the case of urban based courier and taxi truck services.

There is a trend towards increased compliance which adds an additional burden of responsibility on road transport operators. There should be support for a trade off between improved and more transparent compliance and operational efficiency which rewards truck owners who apply safer, more environmentally and more efficient practices to their business operations. Improved efficiency within the industry should be strongly encouraged to relieve labour market pressures.

### **Industry Needs and Skills Profile in the Current Workforce**

NSWRTA's comments in response to this term of reference will be confined to truck drivers and warehouse personnel. This is because the skills and qualifications apparent in most other personnel working in the industry are driven by their occupation or their profession, not the industry in which they work.

Aside from the graduated licensing scheme, ticketing schemes for other equipment and the Australian Qualifications Training Framework, there is little in the way of a recognised institutional structure for workers who, given their roles and responsibilities, have traditionally been regarded as 'unskilled'. NSWRTA strongly supports more formal recognition of the skills and abilities of truck drivers, fork lift drivers and other warehouse and transport yard personnel as part of the creation of a career path. This will help in more formally recognising the collective skills in the industry and at the company level and help to better manage labour market needs.

### **Current and Future Skill and Labour Supply Issues**

There are several significant barriers to entry into the road freight industry. Major barriers include:

- The lack of a defined career path from high school into the industry and a well established supporting tertiary institutional structure;
- Insurance issues, especially as they relate to truck driving and the ability to attract drivers under 25 years of age;
- Perceptions regarding the industry, (some of which are justified to some extent but are also exaggerated), regarding factors such long hours, time away from home, the road safety record, occupational health and safety issues as well as drug taking;
- It is dominated by men, especially in terms of the physical work such as driving trucks, forklifts and cranes.

This means significant social, institutional and commercial barriers stand in the way of addressing the problem.

This problem has other dimensions. The average truck driver is probably about 50 years of age. The skills and abilities of individuals also decline with age. In occupations such as driving trucks, forklifts and cranes there are inherent age based risks in allowing workers to continue to perform their current roles. While this problem is probably not unique to the road freight industry, most other industries will be better positioned to continue employing workers well into their 60's and beyond. For road freight businesses, there will be fewer options available to assist elderly drivers to transition into other paid employment within the business.

NSWRTA is aware of little in the way of labour supply research to assist the Committee to grapple with this issue. However, NSWRTA, (and some other state based industry associations), are currently co-operating with research commissioned by the Transport and Logistics Centre through an initiative of the Transport Workers Union. Clearly more needs to be done to understand the workings of the labour market in the road freight industry, especially in terms of market drivers and structural issues which could address labour shortage problems.

### **Strategies for Enhanced Recruitment, Training and Retention**

Strategies should address the following issues:

- At the economy wide level understanding:
  - What skills are needed within the industry and deficiencies when compared to current and predicted circumstances;
  - What forces drive the emergence of workers who are employed, work on a sub-contractor basis or secure work through a labour hire firm;
  - Mobility issues involving workers and equipment between sectors of the economy. For example, what happens to drivers during downturns such as those affecting the grain sector;
  - The role of immigration in addressing skills shortages.
- Encouraging employers to develop and implement better recruitment and retention strategies;
- Evaluating the effectiveness of existing training and skills development initiatives, including:
  - School to work programs;
  - The Australian Qualifications Training Framework;
  - Existing and new entrant traineeship programs;
  - Initiatives arising from employers and their associations and trade unions.

- Document achievements in training and skills development and what can be done to build on these successes;
- Evaluate the appropriateness and relevance of:
  - Training in traditional trades and the extent to which that may point to the future for training in road transport;
  - Private sector run tertiary institutions as opposed to government run tertiary institutions.
- How training should be delivered in road transport;
- The use of role models and pilot schemes that show prospects of attracting workers to the industry and enhancing the skills of those workers;
- Recognition that the road transport industry provides an opportunity for employment:
  - Where workers face retrenchment; and
  - Where unemployment is high.

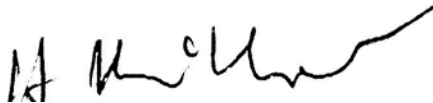
NSWRTA is also willing to discuss with government and their agencies at any level pilot schemes and other initiatives that will help either in better understanding the skills shortage challenge facing the road transport industry or in delivering improved skills levels.

### **Strategies to Meet Employer Demand in Regional and Remote Areas**

NSWRTA is not aware of any particular issues relating to workforce challenges in the road transport industry that are unique to regional and remote areas.

Please contact me if further assistance is required.

Yours sincerely



Hugh McMaster  
**Corporate Relations Manager**  
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