



**Australian Government**

**Department of Employment and  
Workplace Relations**

**Senate Standing Committee on Employment, Workplace  
Relations and Education**

**Inquiry into Workforce Challenges in the Transport  
Industry**

**Submission by the Department of Employment and  
Workplace Relations**

**December 2006**

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## **CHAPTER 1 INTRODUCTION**

The Senate has referred an inquiry into workforce challenges in the Transport sector to its Employment, Workplace Relations and Education Committee. The committee has broad terms of reference to look at 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.

The terms of reference are:

- 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.

The Department of Employment and Workplace Relations (DEWR) is pleased to make a submission to the Committee. The department has three outcomes which cover responsibility for: the delivery of efficient and effective labour market assistance; assisting Australians to achieve higher productivity, higher pay workplaces; and the development of policies and strategies to increase workforce participation in Australia, making it well placed to provide input on issues relating to workforce challenges in this sector.

The body of this submission, comprising Chapters 2 to 6, addresses the terms of reference in order. Chapter 7 provides concluding comments. There are also 3 Attachments to the Submission.

### **1.1 DEFINING TRANSPORT**

For the purposes of this submission, the Transport sector is defined by the Australian and New Zealand Standard Industrial Classification (ANZSIC) as primarily concerned with the provision of transport services via road, rail, water, air and space, other transport and services to transport. The provision of storage services is also covered by the ANZSIC Division Transport and Storage although, where possible, the storage subdivision has been excluded from this submission.

#### **Transport subdivisions**

The ANZSIC classification for Transport includes six subdivisions which are listed below and, where possible, data for the subdivisions have been provided.

- **Road transport**
- **Rail transport**
- **Water transport**
- **Air and space transport**
- **Services to transport**
- **Other transport (mainly pipeline services).**

More detailed information about the ANZSIC structure for the Transport industry is provided in Attachment 1.

## **1.2 DATA LIMITATIONS**

When analysing employment data in the Transport industry, a number of issues need to be borne in mind. 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.

Third, labour market data for the Transport industry can exhibit a high degree of statistical variability and should therefore be used with caution.

## **CHAPTER 2      CURRENT AND FUTURE EMPLOYMENT TRENDS IN TRANSPORT**

### **2.1      LABOUR MARKET OVERVIEW**

When examining the Transport industry workforce, it is important to include some discussion of current overall labour market conditions, in order to provide a backdrop for the broader environment in which the industry is operating.

Reflecting almost a decade and a half of uninterrupted economic growth, Australia has experienced historically strong labour market conditions over the last 15 years, with employment growth averaging 2.0 per cent per annum. However, over the last year in particular, employment growth has been especially robust, increasing by 252 500 (or 2.5 per cent) in the year to November 2006. The recent strong growth in employment, coupled with a significant reduction in unemployment, has driven the unemployment rate down to an equal 30-year low of 4.6 per cent. Concurrently, the participation rate has increased by 0.3 percentage points over the past year to stand at 64.8 per cent in November 2006<sup>1</sup>.

Against this background, 10 of the 17 ANZSIC industry divisions have recorded increases in employment over the year to August 2006 (latest available data), although there has been considerable disparity in the strength of employment growth between industries. For example, the strongest growth in employment (in percentage terms) was recorded in the Property and business services industry, up by 58 800 (or 5.0 per cent) followed by Health and community services, up by 49 100 (or 4.8 per cent). On the other hand, employment in Cultural and recreational services declined by 18 100 (or 6.4 per cent)<sup>2</sup>.

### **2.2      LABOUR MARKET INFORMATION FOR THE TRANSPORT INDUSTRY**

The ABS collects labour market data on the Transport sector on a quarterly basis<sup>3</sup>. As at August 2006, 412 500 persons were employed in the sector, accounting for 4.1 per cent of total employment in Australia. Employment in Road transport accounted for more than half of total employment in this industry, 55.5 per cent or 229 000 persons, followed by Services to transport (19.4 per cent or 80 000), Air and space transport (12.0 per cent or 49 500), Rail transport (9.4 per cent or 38 800), Water transport (3.4 per cent or 14 000) and Other transport (0.3 per cent or 1200).

#### **Labour market developments in the Transport industry**

Employment in the Transport industry fell sharply during the recession of the early 1990s (down by 30 200 or 8.1 per cent between May 1991 and May 1993). However, since then Transport employment has broadly trended upwards, in line with strong labour market conditions that have occurred, in the main, since that time (see Chart 1).

Over the last five years, the Transport sector has recorded an increase in employment of 20 000 (or 5.1 per cent) to stand at a record high of 412 500 in August 2006. However, the rate of growth in the industry is well below the average of 11.9 per cent across all industries over the same period.

- That said, over the last 12 months, employment in the Transport industry has grown particularly strongly, increasing by 13 800 (or 3.5 per cent) compared with an industry average of 2.0 per

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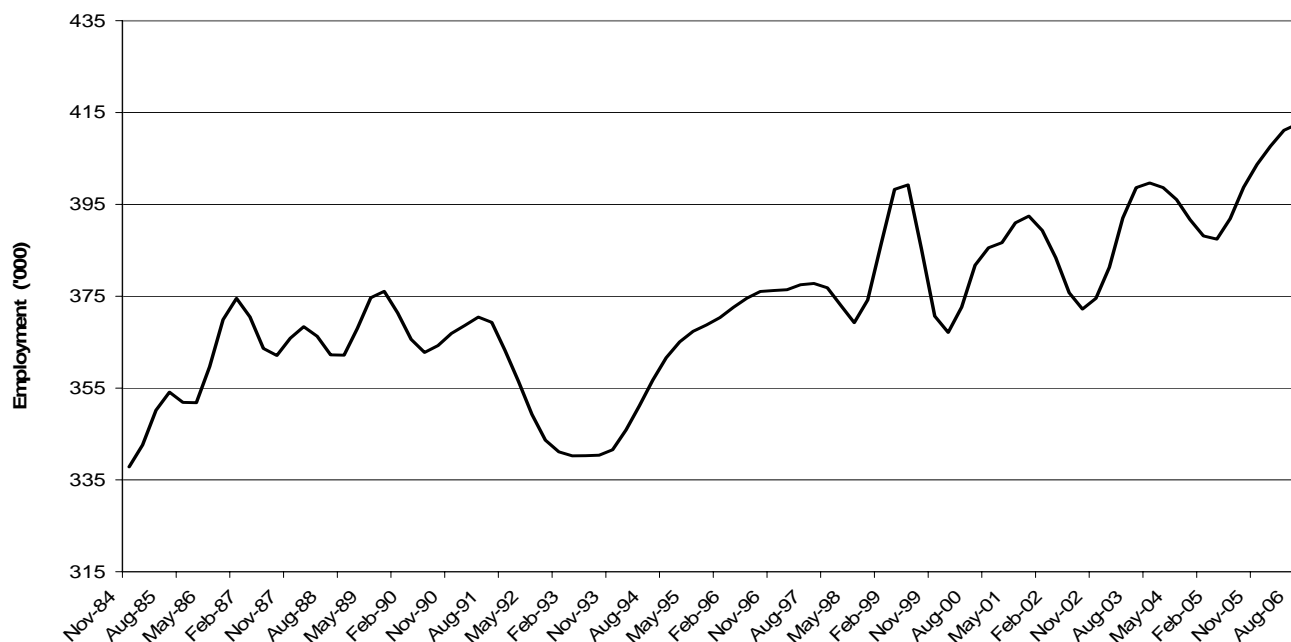
<sup>1</sup> ABS *Labour Force, Australia* (Cat No 6202.0), seasonally adjusted data, November 2006

<sup>2</sup> *Labour Force, Australia, Detailed, Quarterly*, August 2006 Cat No (6291.0.55.003), seasonally adjusted

<sup>3</sup> *Labour Force, Australia, Detailed, Quarterly*, August 2006 Cat No (6291.0.55.003), trended by DEWR. Transport is comprised of Road transport (Subdivision 61), Rail transport (Subdivision 62), Water transport (Subdivision 63), Air and space transport (Subdivision 64), Other transport (Subdivision 65) and Services to transport (Subdivision 66). Unless mentioned otherwise, all employment data on the Transport sector is sourced from the aforementioned publication and has been trended by DEWR

cent. While some of this increase may be attributable to statistical variability, evidence presented later in this submission suggests other factors have also played a key role.

**Chart 1 Employment in Transport, November 1984 to August 2006, '000s (trend)**



Source: ABS *Labour Force, Australia, Detailed, Quarterly*, Aug 2006 Cat No 6291.0.55.003, data trended by DEWR

Information about the characteristics of Transport industry employment, including the age profile, and geographic distribution of employment, hours of work and gender are provided in Chapter 3.

### **Growth in employment by subdivision**

#### *Services to transport*

The largest increase in Transport employment over the five years to August 2006 was recorded in the **Services to transport** subdivision, which accounted for 48.9 per cent (compared with its industry employment share of 19.4 per cent) of total Transport employment growth of 20 000 over this period.

- Within the **Services to transport** subdivision, more than one third (37.8 per cent) of employment growth was recorded in the **Other services to transport** group (which includes, travel agency services, freight forwarding and customs agency services), while the **Services to air transport** category (which includes civil airport operational staff and air transport navigation service staff) accounted for a further 24.5 per cent. While no firm data are available, some of the strong growth in employment in the **Services to air transport** sector may be attributable, at least to some extent, to the tightening of security at Australian airports.

While the broad **Services to transport** subdivision has performed strongly over the last five years, employment over the last year has been virtually unchanged, increasing by just 200 (or 0.2 per cent) with the **Other services to transport** sector actually recording a reduction in employment.

- It is important to note that disaggregation at this level can exhibit a high degree of statistical variability and should be used with some caution.

## Road transport

Over the five years to August 2006, employment in **Road transport** grew by 8800 (or 4.0 per cent) and accounted for 44.1 per cent of all Transport employment growth over the period, somewhat below its overall industry share (of 55.5 per cent).

- Disaggregating the **Road transport** subdivision further, **Road passenger transport** (which includes bus and taxi transport) has accounted for around three-quarters of the growth in employment in the subdivision since August 2001, with **Road freight transport** making up the remainder.
- While **Road transport** has accounted for a smaller proportion of total employment growth than its industry share of employment over the last five years, over the last 12 months it has performed much more strongly. **Indeed, the Road transport subdivision has been the principal driver of the strong employment growth recorded in the Transport sector over the last 12 months. Importantly, the Road freight transport sector alone (a group within the Road transport subdivision), has accounted for 99.0 per cent of the total growth in overall Transport employment during this period.**
  - The Australian Trucking Association, in discussions with the department, has advised that conditions in the Road freight industry, more generally, have been strong over the past year, with anecdotal evidence pointing to an increase in road freight volumes over the past year.
  - This is likely to be due to the current strong rate of domestic demand, which has resulted in the transportation of greater volumes of a variety of goods around the country from production to retailing or export centres.

## Rail transport

**Rail transport** grew by 4400 (or 13.0 per cent) over the five years to August 2006, accounting for 22.2 per cent of total Transport employment growth, compared with its industry share of 9.4 per cent. This relatively strong growth in employment is somewhat at odds with the long term decline in employment that the Rail industry has experienced over the past two decades.

- Rail transport plays a particularly important role in transporting bulk commodities, such as iron ore. While demand for resource commodities has surged over recent years, actual *volumes* of resources exported have not recorded any substantial increases, until recently. This has been due to a combination of factors, one of which has been the existence of pockets of insufficient transport infrastructure<sup>4</sup> and general transport capacity constraints in the Mining industry.

Accordingly, existing rail facilities are likely to have been used to transport resource commodities, although at a much higher capacity. This increased intensity in the use of currently available rail infrastructure, particularly in the Mining sector, may be part of the reason for the strong growth in rail employment over the last five years. That said, the capital intensive nature of rail bulk transport means it is unlikely that the resources boom is the sole driver of the strong increase in employment in **Rail transport** over the period.

- The strongest growth in **Rail transport** employment (in percentage terms) over the five years to August 2006 has been in Queensland and South Australia, while rail transport employment in Western Australia actually declined over this period<sup>5</sup>.

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<sup>4</sup> *Australia's Export Infrastructure*, May 2005 – a report to the Prime Minister by the Exports and Taskforce Infrastructure Taskforce

<sup>5</sup> *Labour Force, Australia, Detailed, Quarterly*, August 2006 Cat No (6291.0.55.003), original data

- In addition to the variability of the data at this level of detail, State by State differences in the public/private ownership of passenger and freight rail infrastructure, and movements from public to private ownership in the rail industry make analysis of changes in rail employment difficult.

Notwithstanding the increase in Rail transport employment over recent years, the longer term trend is towards a lower level of employment in the industry. This long term decline in rail employment is due to a number of factors including widespread privatisation, low profit margins, outsourcing and labour shedding, as well as an increase in the capital intensity of the industry. In general, Rail passenger transport has been in long term decline. Further, while rail as a whole has broadly maintained its share of overall freight movement, it has lost ground to road in the growing non-bulk market, particularly on the east coast inter-capital corridors<sup>6</sup>.

### *Water transport and Air and space transport*

The ABS estimates that just over two-thirds (67.1 per cent) of employment in the **Air and space transport** subdivision and the **Water transport** subdivision is related to tourist activity<sup>7</sup>.

- In this regard, it is worth noting that the Transport industry in general has strong links to tourism, with tourists comprising a significant proportion of air, bus, taxi, water and train passengers. Based on data from the ABS Tourism Satellite Account, DEWR estimates that 29.1 per cent of total employment in Transport is related to tourism<sup>8</sup>.

Over the five years to 2005, the total value of domestic tourism and inbound tourism activity has been relatively weak<sup>9</sup>. This is likely to have been a factor in **Water transport** employment falling by 500 (or 3.6 per cent) between August 2001 and August 2006, and employment in the **Air and space transport** subdivision declining (by 3000 or 5.7 per cent) over the same period.

## **2.3 DEMAND FOR LABOUR**

Indicators of demand for labour include changes in employment and unemployment, as well as trends in job vacancies. The ABS Job Vacancies series provides information about vacancy levels for each industry at the ANZSIC Division level (which includes Storage with Transport). DEWR also produces projections of future employment levels which provide a good indication of demand for labour for each industry as well as each industry group.

An examination of vacancy trends shows demand for labour has increased over the past five years, with growth in vacancies. Additionally, employment projections for the industry suggest continued labour demand growth over the next five years, albeit at a slower rate.

### **Job vacancies**

In the period from 1993 to 2006, an uptrend in the ABS job vacancies series for the Transport industry is evident (see Chart 2). Despite the periodic downward swings, the number of job vacancies in the Transport and Storage industry has risen broadly in line with the growth in job vacancies for all other industries (excluding the Transport and Storage industry).

<sup>6</sup> *Road and Rail Freight Infrastructure Pricing*, Productivity Commission, 2006

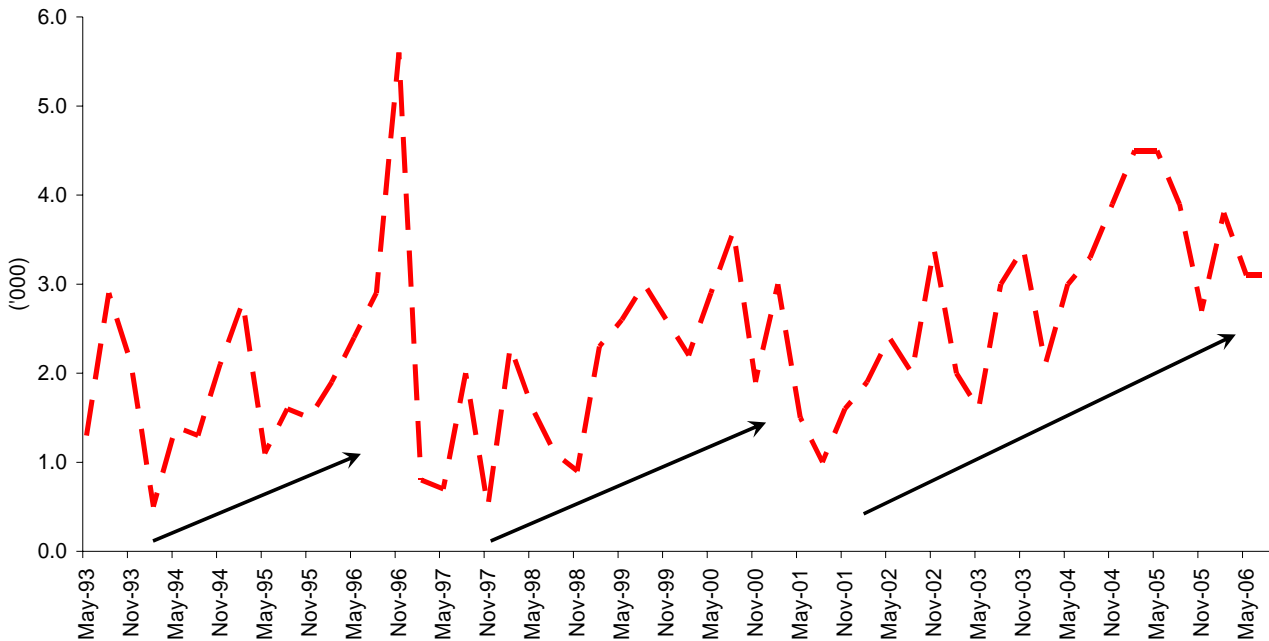
<sup>7</sup> ABS Tourism Satellite Account (Cat No: 5249.0)

<sup>8</sup> ABS Tourism Satellite Account (Cat No: 5249.0). Estimate for Transport concurred by DEWR

<sup>9</sup> "Forecast", Tourism Forecasting Committee, April 2006, Tourism Australia



**Chart 2 Job Vacancies in Transport and Storage, 1993-2006, ('000s)**



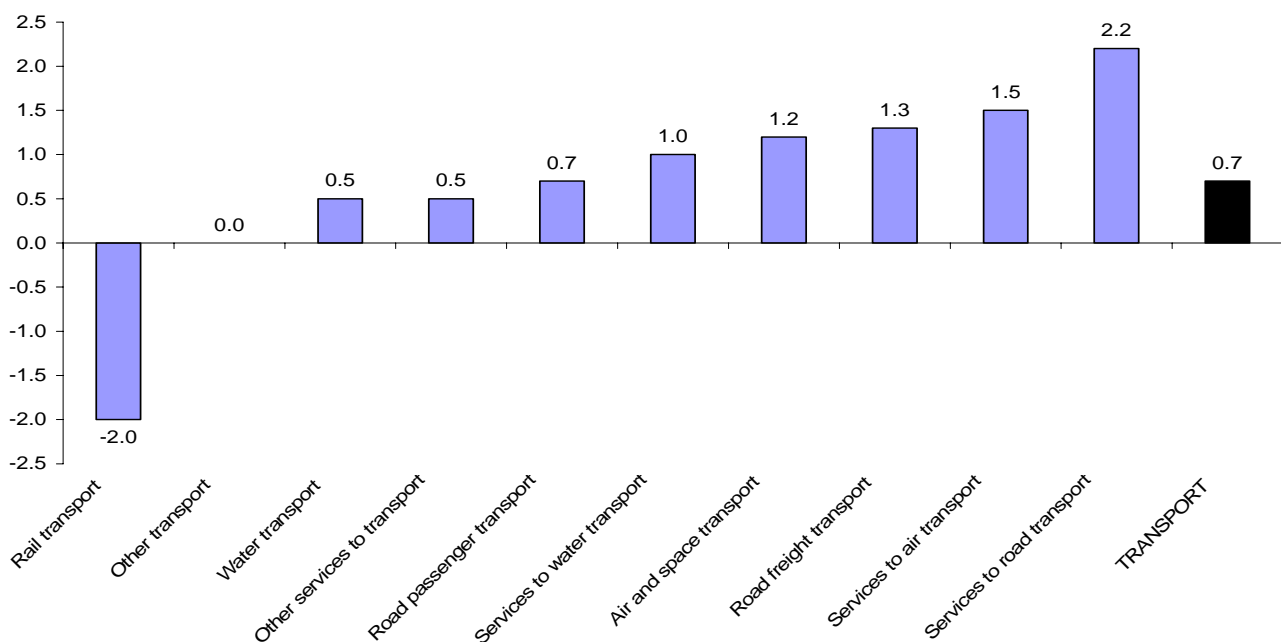
Source: ABS *Job Vacancies*, Cat No. 6354.0

In the period from 1997 onwards, the proportion of job vacancies in the Transport and Storage sector to that of all industries has been broadly stable at between 0.6- 3.5 per cent of the total.

## 2.4 PROJECTED EMPLOYMENT GROWTH

As noted previously, employment has grown in Transport over the past five years, and DEWR projections are for further industry growth, albeit at a slower rate than the average across all industries. The projection for the Transport industry is for employment growth of 0.7 per cent a year for the next five years, or 15 400 new jobs (see Chart 3). The strongest growth is projected for Services to road transport, Services to air transport and Road freight transport.

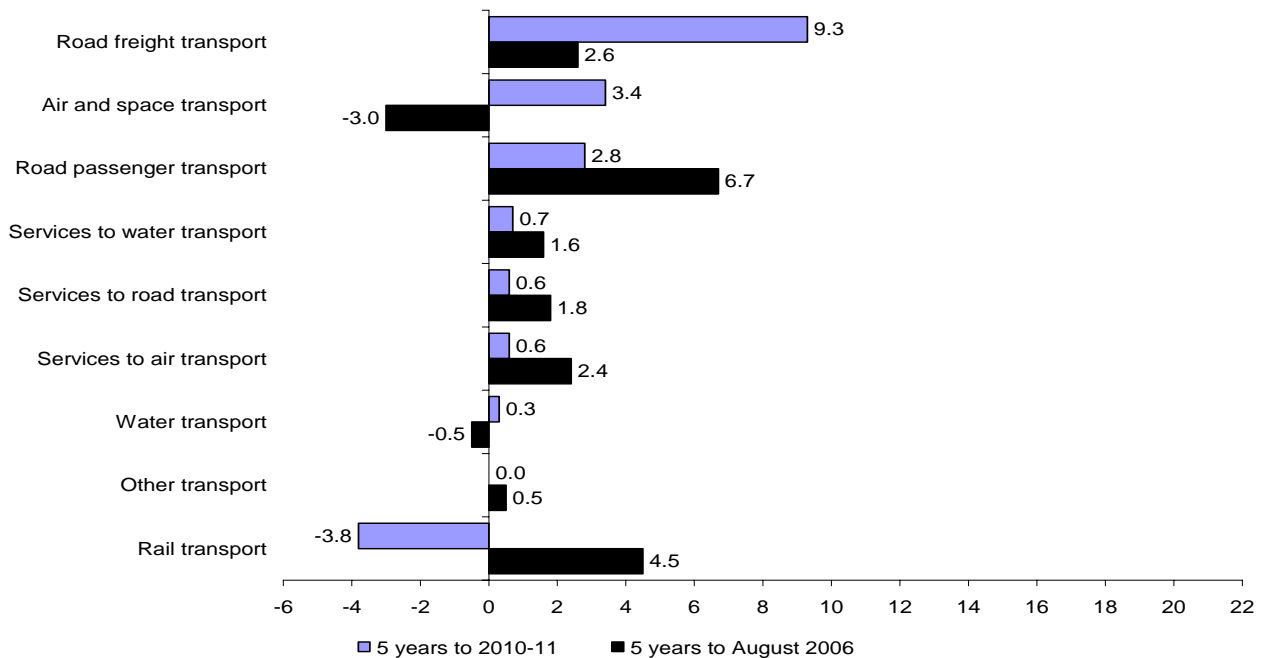
**Chart 3 Transport - Projected Employment Growth (per cent pa) to 2010-11**



Source: DEWR employment projections

As shown in Chart 4, the largest number of new jobs in the next five years is expected to be from Road freight transport (9300), Air and space transport (3400) and Road passenger transport (2800). On the other hand, employment in Rail transport is projected to fall by 3800 which, despite the growth of 4500 in the five years to August 2006, is reflective of longer term trends.

**Chart 4 Transport - Recent and Future Employment Growth (000s)  
5 years to August 2006 and Projected to 2010-11**



Source: ABS *Labour Force Survey* (DEWR trend data)  
DEWR employment projections

## 2.5 OUTLOOK FOR THE TRANSPORT SECTOR

### Employment growth/prospects in the Transport industry

DEWR’s forecasts for employment growth in the Transport sector are underpinned by a number of important assumptions regarding the global and domestic economy. Accordingly, as with any forecast, there are a number of downside (as well as upside) risks which could lead to actual employment growth in the industry being different from current expectations.

The demand for transport services in Australia is a result of the demand and supply of goods and services, both domestically and internationally, and the subsequent movement of those goods from production to retailing or export centres. If the global economy were to slow, then the demand for Australian exports would most likely decline, lowering the volume of goods transported to overseas locations and the level of services exported, creating a drag on domestic economic growth. Similarly, any unexpected slowdown in the growth of Australia’s domestic economy would also be likely to adversely affect the Transport sector, causing a reduction in the volume of goods and services moved around Australia, thus impacting on Transport employment.

For instance, variations in consumer demand would change the volume of retail goods moved from production to commercial centres. Likewise, a change in the demand and supply of bulk and agricultural commodities would impact on the demand for transport-related services. The demand for tourism-related transport services also forms an important component of the demand for transport.

On the supply side, petrol prices and transport equipment costs can also have a significant effect on the supply and cost of transport services. It is also important to note that large scale increases in transport capacity generally involve significant investment in large scale infrastructure with a relatively long lead time. While major transport infrastructure projects (such as the construction of a new freeway or new rail line) can represent significant investments, both in terms of dollars and capacity expansion, once constructed, they do not necessarily translate into equivalently large ongoing employment gains in the Transport industry, given the increasingly capital intensive nature of the industry. The impact of some of these factors on potential employment in the Transport industry, is discussed in some detail below.

### **Effect of the drought**

The Bureau of Meteorology has indicated that drought conditions are intensifying across many parts of the country again. The Australian Bureau of Agricultural and Resource Economics (ABARE) has estimated that this will impact significantly on winter crop volumes, with the national wheat crop expected to be around 60 per cent (or 15.5 million tonnes) lower than last year. In addition, canola crops and barley are expected to fall considerably (down by 69 per cent and 64 per cent respectively)<sup>10</sup>. These significant declines in crop volumes have the potential to impact negatively on employment in the Transport industry and, in particular, the **Road freight transport** subdivision.

- This view is consistent with the Access Economics September quarter 2006 *Business Outlook* report which states that the drought may be a large short term negative for the transport sector<sup>11</sup>.

However, the decline in crop volumes is likely to be offset, at least to some degree, by the increased transportation of livestock, with ABARE expecting an increase in slaughter rates and forced sales of livestock, as a result of farmers offloading animals that have become too expensive to feed. It is also likely that there will be increased transportation of fodder and water to drought affected areas, unless good rains occur across drought affected regions. While employment projections for **Road freight transport** are for growth to 2010-11, the impact of the drought could affect this outlook, at least in the short term.

### **The tourism industry**

As noted earlier in this submission, the Transport industry is closely linked to the tourism industry, with around 30 per cent of Transport industry employment being related to tourism activity at the time of the 2001 Census<sup>12</sup>. The Tourism Forecasting Committee has estimated that the value of inbound tourism should increase by around 38 per cent between 2006 and 2011, together with a modest increase in domestic tourism activity over the same period<sup>13</sup>. While these forecasts clearly bode well for the portion of the Transport industry that is linked with tourism, geopolitical, health related or economic developments, domestically or internationally, as well as marketing activity by competitors, can all significantly impact upon tourism activity without warning. Accordingly, any negative shocks to tourism activity would be likely to have at least some impact on the Transport industry in Australia.

There are also other factors which impact on the Transport industry. For instance, while the future value of the Australian dollar remains uncertain, should it rise further in the period ahead it may have the effect of reducing the number of visitors to Australia and encouraging more Australians to travel abroad, which again could dampen transport activity and employment.

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<sup>10</sup> ABARE Australian Crop and Livestock Report 2006-07

<sup>11</sup> Access Economics, *Business Outlook* September quarter 2006

<sup>12</sup> Concurred by DEWR using data from the ABS Tourism Satellite Account (Cat No: 5249.0) and data from the 2001 Census

<sup>13</sup> This forecast was obtained from the fourth release of "Forecast", Tourism Forecasting Committee, April 2006, Tourism Australia

## Fuel costs

Fuel is a major cost for the large majority of operators in the Transport industry. Data from the ABS *Consumer Price Index* publication show that the price of automotive fuel increased by 10.5 per cent over the year to the September quarter 2006. That said, fuel prices have eased recently, falling by only 1.1 per cent between the June quarter and September quarter 2006.

Fuel costs have the potential to significantly affect the profitability of the Transport industry, particularly, those transport operators who are not able to apply fuel surcharging mechanisms to their fee structures, or hedge against fuel price increases. In the event that operators are able to pass on increased operating costs, consumers of transport services are forced to bear the burden of increased prices.

The airline industry has been particularly heavily affected by increasing fuel prices, with Qantas and Virgin Blue introducing fuel surcharges into their fare structures for both domestic and international flights. Qantas, for example, stated in their annual report<sup>14</sup> that fuel costs increased by 45.1 per cent in 2005-06, with fuel hedging and surcharges only partially recovering the additional costs. This has clearly affected the airline's profitability, with Qantas reporting a full year profit before tax of \$671 million in 2005-06, a 26.6 per cent decline on the previous year. The airline industry is highly competitive with all players seeking to minimize operating costs. Rising fuel costs will simply add to this pressure and are likely to result in employment levels being constrained.

- In line with recent falls in fuel costs, Qantas recently reduced their fuel surcharge on international flights. Neither Qantas nor Virgin Blue has moved to reduce the surcharge on domestic flights at this stage.

Fuel costs also make up an important component of total operating costs for those in the Road transport industry. However, 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 freight 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 freight services remains at its current level.

## The commodities boom

The commodities boom has had both direct and indirect effects on employment in the Transport industry. Increasing commodity prices and the high terms-of-trade have generated large income flows throughout the economy. This has underpinned strong levels of business investment and stimulated economic activity in other industries, which has also translated into stronger activity in the Transport sector.

Commentators, such as ABARE, are also forecasting further modest price increases in 2006-07 for a range of commodities, combined with higher export volumes<sup>15</sup>, boding well for the wider economy. However, should the commodity cycle slow and quantities moved drop, this could impact on income growth in Australia and have significant negative repercussions for a range of industries, including Transport and transport related employment.

In terms of the direct effects that the commodities boom may have on Transport employment, it is important to consider that, despite commodity prices surging over recent years, mining companies have been stymied in their efforts to increase the export volumes of resource commodities due to a

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<sup>14</sup> Qantas 2006 Annual Report

<sup>15</sup> ABARE *Australian Commodities*, September quarter 2006

number of factors. These factors include the existence of pockets of transport ‘bottlenecks’<sup>16</sup> and general transport-related constraints. In an attempt to overcome current and potential future transport capacity constraints, the Mining industry has been investing heavily in transport infrastructure. For example, the September quarter 2006 Access Economics *Investment Monitor*<sup>17</sup> reports that new work in rail and port capacity has surged, with a number of port upgrades occurring in Queensland, New South Wales and Western Australia. As this new infrastructure comes online, transport constraints should ease, allowing the transportation of greater volumes of resource commodities. It is also worth noting that mine volumes appear to be ramping up and the strong investment in transport infrastructure should continue to support this into the future.

The ongoing work that is occurring at present in upgrading or expanding transport infrastructure, particularly in the Mining sector, is likely to create a large number of jobs during the construction phase. **The vast majority of these jobs, however, would most likely be categorised as engineering construction employment, rather than jobs in the Transport industry.** While the investment in mining-related transport infrastructure, and the expected increase in resource volumes, will no doubt support employment in the Transport industry to some extent (particularly in the resource rich States), it is unlikely to translate into major gains in overall Transport employment, particularly considering that Rail and Water transport comprise only a relatively small component (12.7 per cent) of total employment in the Transport industry. Indeed, long-haul rail freight services are, in general, of relatively low labour intensity compared with urban passenger train services.

### **Impact of the ageing workforce**

Australia is presently in a phase of accelerated population ageing. At the same time, it is also experiencing strong demand for many skilled occupations. The age profile for Transport outlined in Chapter 3 shows the industry has more than 40 per cent of its workers aged 45 years or older and, consequently, will face greater pressure to replace workers as they retire over the next couple of decades than many other industries.

DEWR commissioned the Centre of Policy Studies at Monash University to undertake research and provide projections of Australian employment growth both in the presence and absence of population ageing. The results of this research, contained in the publication *Workforce Tomorrow*<sup>18</sup>, show that Australia faces a potential shortfall of 195 000 workers over the next five years, as a result of the ageing of the adult population. More specifically, the Transport and Storage Industry is expected to be faced with a potential shortfall of around 10 000 workers.

The results also show that although the impact of population ageing is unlikely to be as severe as that in the mining or manufacturing industries, the Transport and Storage industry is expected to be more adversely affected than the average for all industries. The forecast reduction in the average annual employment growth is 0.44 percentage points per annum, compared with an estimated average across all industries of 0.37 percentage points per annum (see Chart 5).

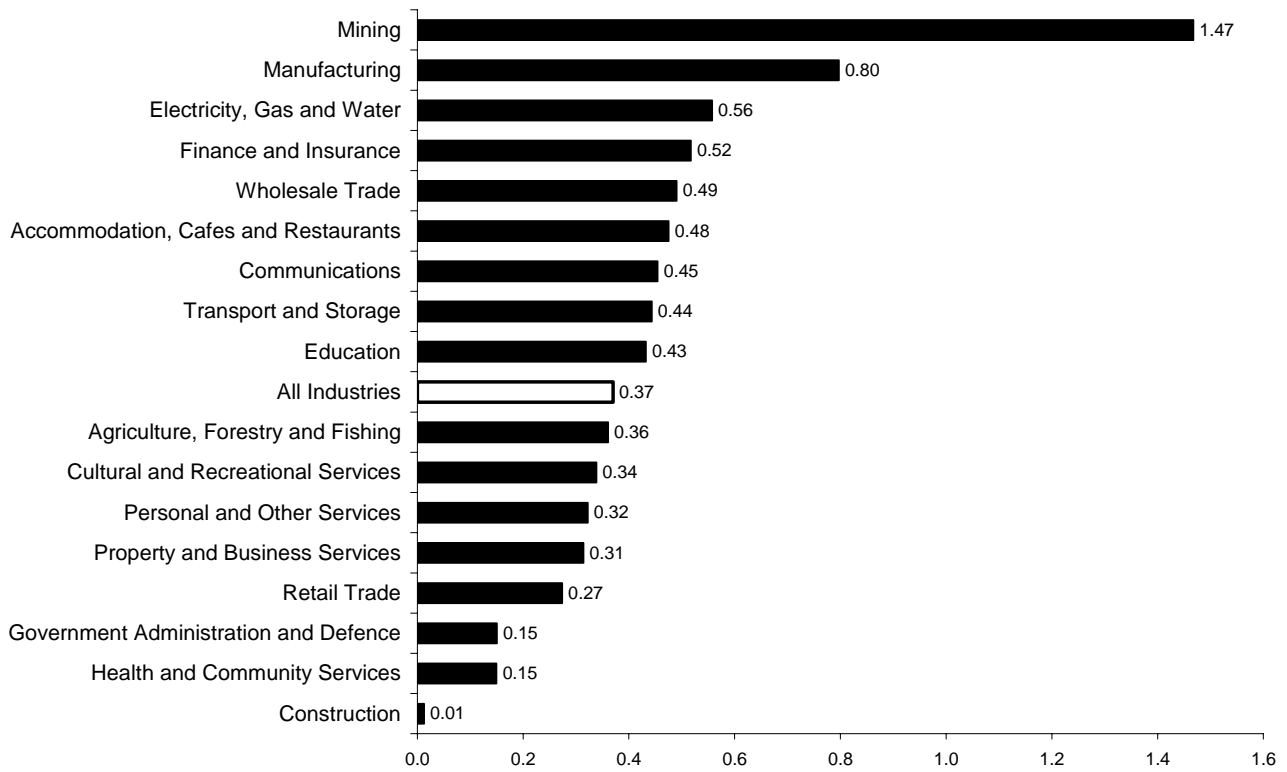
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<sup>16</sup> *Australia’s Export Infrastructure*, May 2005 – a report to the Prime Minister by the Exports and Infrastructure Taskforce

<sup>17</sup> *Investment Monitor*, September 2006, Access Economics Pty Ltd

<sup>18</sup> *Workforce Tomorrow – adapting to a more diverse Australian labour market*, Department of Employment and Workplace Relations, 2005

**Chart 5 Forecast Reduction in Average Annual Employment Growth (Percentage Points) due to Population Ageing, by Industry, 2004-05 to 2009-10**



Source: DEWR, *Workforce Tomorrow: Adapting to a More Diverse Australian Labour Market*, p 20 (Chart 13)

The Rail and Water transport and Services to transport sectors, while only relatively small employers compared with Road transport, will be particularly affected by ageing.

## CHAPTER 3 INDUSTRY NEEDS AND THE SKILLS PROFILE OF THE CURRENT WORKFORCE

To understand the skill profile of the Transport industry it is useful to examine the characteristics of its workforce. The age profile, gender composition, location of employment, hours of work, level of self employment and key occupations all impact on the operation of the industry, its labour needs and ability to attract and retain the skills necessary for the industry to prosper over the next few decades.

### 3.1 CHARACTERISTICS OF PERSONS EMPLOYED IN THE TRANSPORT SECTOR

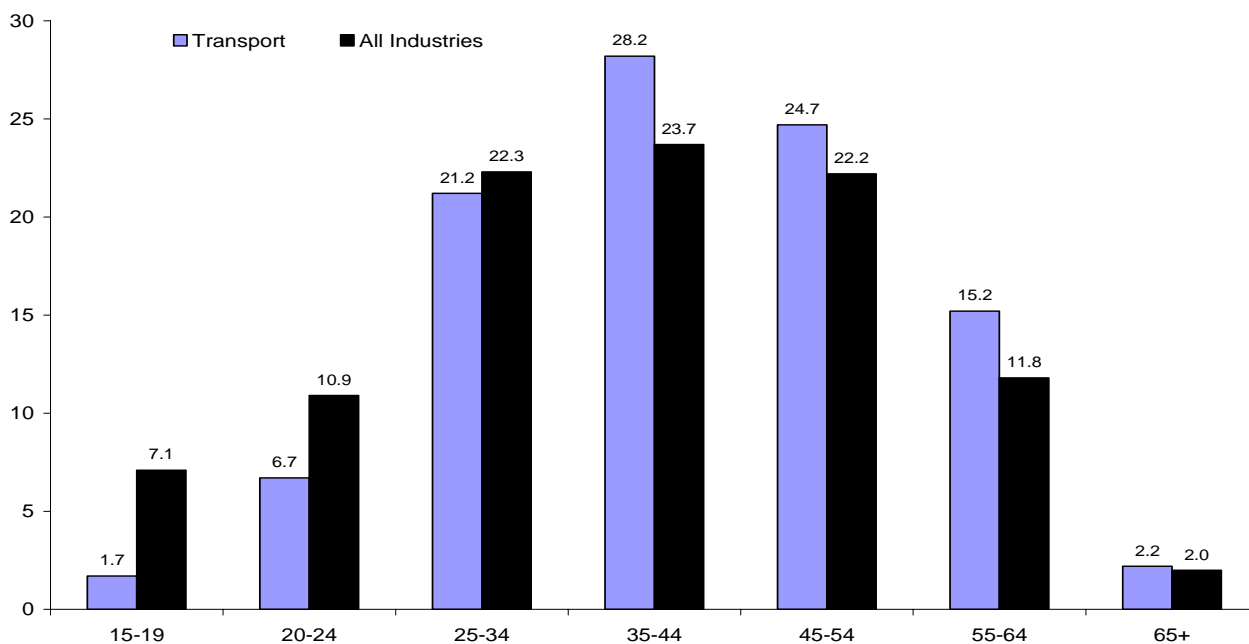
#### Age profile

The Transport industry provides job opportunities for both experienced and less skilled workers and is accessible by a wide range of labour force entrants across all age groups. The Transport workforce (see Chart 6) is skewed towards older age groups by comparison with the average for all Australian industries, with 42.1 per cent of the workforce aged 45 years and over. The median age for the Transport industry in 2005 was 41.8 years, compared with 39.0 years for all industries. Information about the median age for key occupations in the Transport industry is provided in Table 2.

- For Transport industry groups, the median age in 2005 ranged from 49.5 years for Road passenger transport and 48.5 years for Other transport down to 36.0 years for Other services to transport and 37.5 years for Air and space transport.

The Transport industry has a high concentration of workers aged between 35 and 44 years (28.2 per cent compared with 23.7 per cent for all industries). However, this may, in part, be due to the licensing requirements in key employing occupations (particularly drivers) often preventing employment of workers younger than 25 years. Around one in 12 workers (8.4 per cent) are aged 15 to 24 years, compared with 18.0 per cent for all industries.

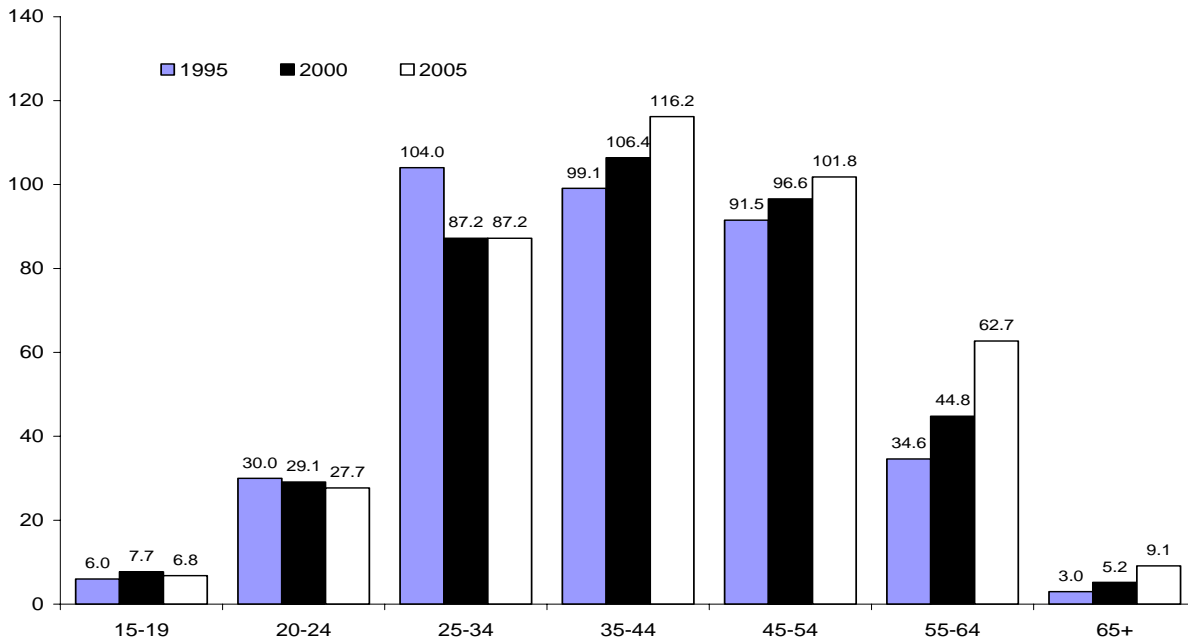
**Chart 6 Transport, Employed Persons by Age Compared with all Industries, 2005**  
(per cent share of industry employment)



Source: ABS Labour Force Survey

Chart 7 shows that ageing of the workforce is already impacting on the Transport industry. Total employment in Transport rose by 43 400 over the ten years to 2005. Over this period, there has been a fall in employment of workers aged 20 to 24 years (down by 2300) and those aged 25 to 34 years (16 800), while the largest employment gains have been for workers aged 45 years and over (up by 44 200, including growth of 34 200 for workers aged 55 years and over). This is occurring as existing workers age and there is limited recruitment of workers in younger age groups. The trend is expected to continue in the next few years and may even be exacerbated during the ‘accelerating phase’ of workforce ageing in Australia.

**Chart 7 Transport – Employed Persons by Age (‘000)  
1995, 2000 and 2005**



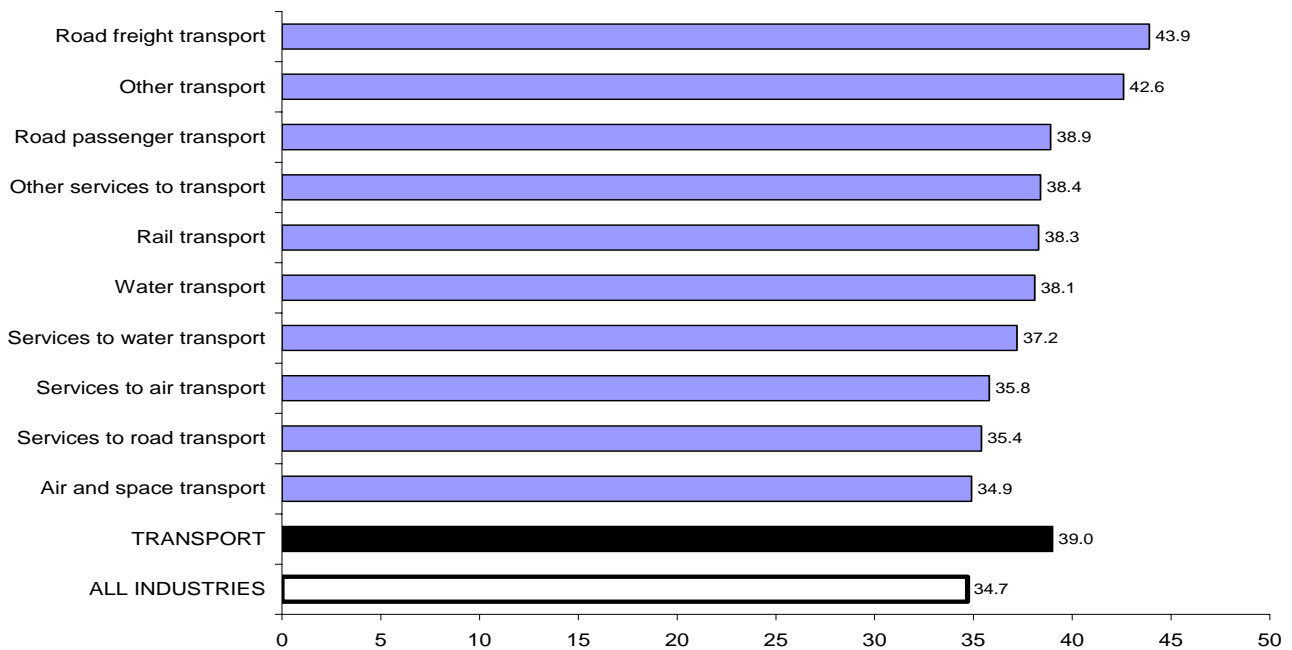
Source: ABS *Labour Force Survey*

### Hours of work

Average hours worked in the Transport industry - 39.0 hours weekly for all employed workers (full-time and part-time workers) in August 2006 - are longer than the average for all industries (34.7 hours). As can be seen in Chart 8, the highest weekly hours worked are for the Road freight transport (43.9 hours), Other transport (42.6 hours) and Road passenger transport (38.9 hours) subdivisions. The lowest weekly working hours are for Air and space transport (34.9 hours) and Services to road transport (35.4 hours). In all subdivision of the Transport industry the average weekly hours worked is higher than the average for all industries.



**Chart 8 Transport Industry Groups, Average Weekly Hours, August 2006**

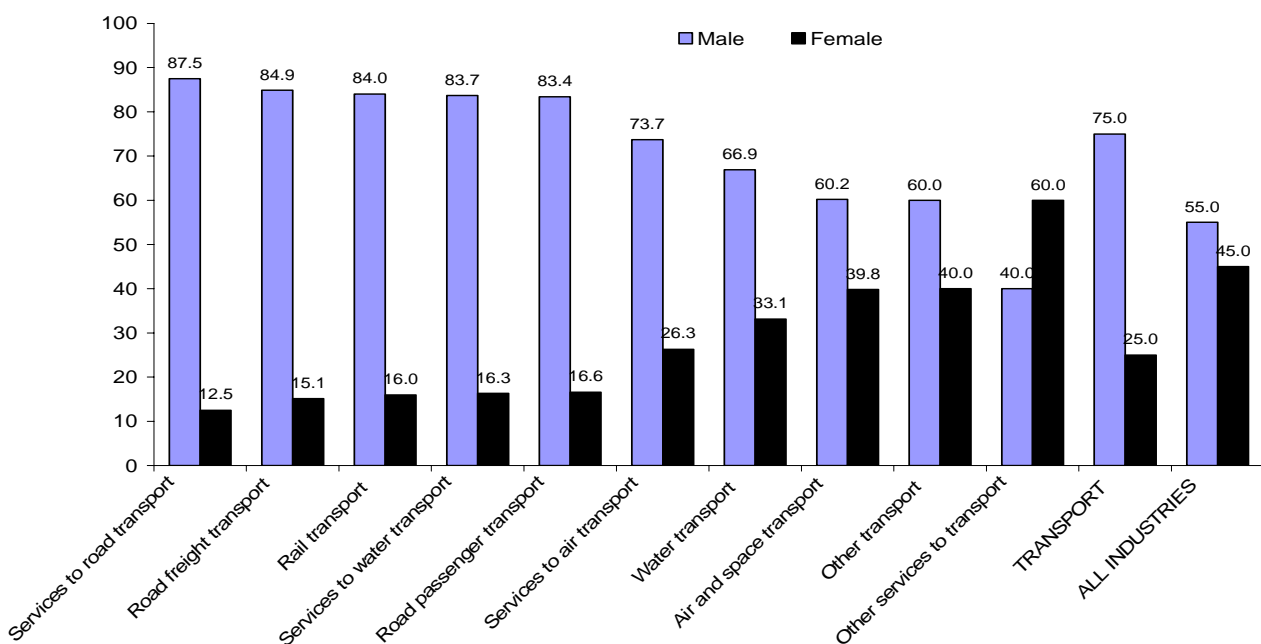


Source: ABS *Labour Force Survey*

## Gender

Female employment accounted for 25.0 per cent of the Transport industry employment in August 2006, well below the average of 45.0 per cent for all industries. Other services to transport, which includes travel agents, was the only sector in which the female share of employment, 59.8 per cent, exceeded the female share of total employment, (see Chart 9). Male employment dominated all the other groups, perhaps reflecting both the perception of the industry and, in some cases, the type of work undertaken. Subdivisions with the highest proportion of male employment are Services to road transport (87.5 per cent), Road freight transport (84.9 per cent) and Rail transport (84.0 per cent).

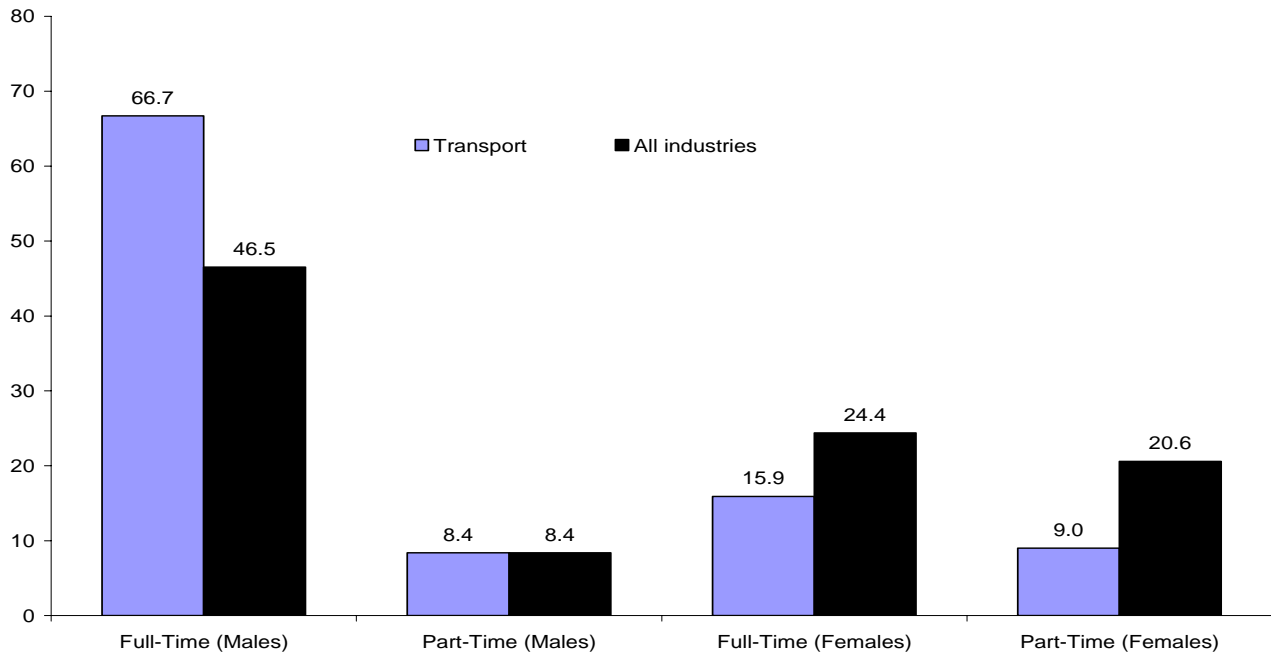
**Chart 9 Transport - Share of Employment by Gender August 2006 (per cent)**



Source: ABS *Labour Force Survey*

As shown in Chart 10, overall, employment in the Transport industry is skewed towards male full-time employment (66.7 per cent of all workers in August 2006), compared with 46.5 per cent for all industries. Females employed full-time comprise 15.9 per cent of employment, compared with 24.4 per cent for all industries. Part-time employment is also lower for females in Transport than for females in all industries.

**Chart 10 Transport - Employment by Gender and Full-Time – Part-Time, August 2006 (per cent share)**



Source: ABS Labour Force Survey

### Status in employment

The vast majority of workers in Transport are employees (about 85 per cent), with own account workers (self employed without employees) making up more than 10 per cent of employment in this industry. The significance of self employment varies across subdivisions from 22 per cent and 18 per cent in Other transport and Road transport respectively to less than one per cent in Rail transport and Air and space transport.

Similarly, the proportion of workers who are employers is higher in Other transport and Road transport (22 and 5 per cent respectively) than in other subdivisions although, overall, the proportion of employers across all subdivisions in the industry is low (3 per cent).

### 3.2 EMPLOYMENT BY STATE/TERRITORY

Not surprisingly, New South Wales recorded the highest number of Transport jobs in August 2006, (131 500 or 31.9 per cent of total transport employment), followed by Queensland (100 100 or 24.3 per cent) and Victoria (98 200 or 23.8 per cent), while the Australian Capital Territory had the lowest number of people employed in Transport (2800 or 0.7 per cent).

In terms of Transport's *share* of total employment for each State or Territory, Queensland recorded the highest share (4.9 per cent), followed by New South Wales and the Northern Territory (both recording 4.0 per cent). Again, Transport comprised the smallest proportion of total employment in the Australian Capital Territory (1.5 per cent).

According to ABS data, there has been considerable disparity in the strength of *employment growth* in the Transport industry between States and Territories over the five years to August 2006. Queensland recorded the strongest Transport employment growth over this period, up by 16 700 or 20.0 per cent, accounting for a significant majority (86.9 per cent) of employment in the industry, followed by South Australia (up by 6600 or 29.3 per cent) and Victoria (up by 4900 or 5.3 per cent). On the other hand, the largest fall in transport employment was recorded in New South Wales (down by 9100 or 6.5 per cent).

### Employment by region

As employment data at the ABS Labour Force Region (LFR) level are not readily available for the more disaggregated Transport sector, all data in this section refer to the broader Transport and Storage industry sector<sup>19</sup>.

Employment in Transport and Storage is widely dispersed across Australia, with the sector accounting for at least 2 per cent of total employment in every ABS Labour Force Region (LFR), with the exception of the ACT (1.6 per cent). Almost one third of workers (31.6 per cent) in Transport and Storage are employed outside State capital cities, slightly less than the proportion of the Australian workforce overall (34.9 per cent).

Reflecting the overall trend of employment being largely concentrated in the capital cities, around three-quarters of employment in Transport and Storage in New South Wales (73.5 per cent), Victoria (72.9 per cent) and South Australia (75.2 per cent) is also located within the respective capital cities. In Western Australia, the proportion is slightly lower, at 68.2 per cent. A significantly smaller proportion of total Transport and Storage employment in Queensland (51.4 per cent) and Tasmania (35.5 per cent) is located within Brisbane and Hobart respectively.

Of the 10 LFRs with the highest proportion of their employment in Transport and Storage, seven were in metropolitan regions (see Table 1). The highest proportions were recorded in Canterbury-Bankstown (9.2 per cent of total employment), followed by Mackay-Fitzroy-Central West in Queensland (8.8 per cent) and Fairfield-Liverpool and Outer South Western Sydney (8.3 per cent). In addition to Mackay-Fitzroy-Central West, other non-metropolitan regions in the 'top ten' were Remainder-Balance Western Australia (7.5 per cent) and Central Highlands-Wimmera in Victoria (6.3 per cent).

**Table 1 The ten regions with the highest proportion of total employment in Transport and Storage, August 2006.**

Labour Force Region	Proportion of total employment in Transport and Storage (per cent)
Canterbury-Bankstown (Sydney)	9.2
Mackay-Fitzroy-Central West (regional Queensland)	8.8
Fairfield-Liverpool and Outer South Western Sydney	8.3
Outer Western Melbourne	8.3
St George-Sutherland (Sydney)	7.9
Remainder-Balance WA (regional WA)	7.5
North and West Brisbane	6.4
Central Western Sydney	6.4
Central Highlands-Wimmera (regional Victoria)	6.3
South and East Brisbane	6.3

Source: ABS *Labour Force, Australia, Detailed, Quarterly*, Aug 2006 Cat No: 6291.0.55.003

<sup>19</sup>As at August 2006, Storage comprised 9.9 per cent of total employment in the Transport and Storage industry. Source: ABS *Labour Force, Australia, Detailed, Quarterly*, August 2006 (Cat No: 6291.0.55.003), data trended by DEWR.

### 3.3 TRANSPORT INDUSTRY OCCUPATIONS

#### Main employing occupations

The largest employing occupations in the Transport industry are truck drivers, bus and tram drivers and taxi drivers and chauffeurs (see Table 2). This table makes the distinction between the number of workers employed in the Transport industry and total employment for each occupation. Overall, approximately three quarters of the persons employed in Transport are in less-skilled occupations.

**Table 2 Transport industry – Main Employing Occupations, Top 20**

Occupation	Median Age (years)*	Employment		Employment Change	
		In Transport Industry 2005*	In All Industries August 2006	5 years to August 2006 (all industries)	
		000s	000s	000s	% pa
Truck Drivers	43	77.0	162.8	7.8	1.0
Bus and Tram Drivers	53	30.3	31.0	4.1	2.8
Taxi Drivers and Chauffeurs	48	27.9	32.3	-1.0	-0.6
Travel Agents and Tour Guides	34	21.2	23.8	-3.8	-2.9
Transport and Despatching Clerks	38	11.8	27.4	-1.2	-0.8
Ticket Sellers	33	10.2	15.8	1.7	2.3
Transport Company Managers	48	9.0	15.2	6.8	12.7
Delivery Drivers	43	8.1	66.2	1.8	0.6
Air Transport Professionals	39	7.8	10.9	0.3	0.6
Supply and Distribution Managers	45	7.8	25.9	7.9	7.5
Flight Attendants, Transport Stewards	34	7.3	10.4	-0.8	-1.5
Train Drivers	48	7.1	8.1	1.0	2.7
Aircraft Maintenance Engineers	37	6.7	11.9	-2.6	-3.9
Accounting Clerks	41	6.1	116.1	-34.4	-5.1
Forklift Drivers	39	6.1	52.4	5.4	2.2
Freight and Furniture Handlers	32	5.8	13.9	3.1	5.3
Secretaries and Personal Assistants	41	5.6	167.5	-29.7	-3.2
Office Managers	42	5.3	157.2	63.3	10.8
Service Assistants	43	4.8	50.8	1.1	0.4
Motor Mechanics	34	4.8	95.8	0.9	0.2

Source: ABS Labour Force Survey \*2005 calendar year - latest data available to DEWR  
DEWR Job Outlook

#### Occupational profiles

The following tables profile two key occupations in the Transport industry. Both occupations have around half their workforces employed in Transport. For both truck drivers and aircraft maintenance engineers, employment is male dominated and almost all workers are employed full-time. Although future employment growth is not expected to be strong for either occupation, both are expected to provide good job prospects over the period to 2010-11, with opportunities arising from retirements and people leaving the occupations as well as from increased employment (new jobs).

<b>Truck Driver</b>	
Number of workers employed in this occupation	162 800 <sup>1</sup>
Number of workers employed in the transport industry	77 000 (about half) <sup>2</sup>
Gender	92% male
Median Age	43 years
Mix of full-time (FT) and part-time (PT) jobs	92.6% FT 7.4% PT
Average hours of work for full-time workers	46.8 hours per week
Average earnings of full-time workers before tax	\$865 per week
Educational attainment	68% no post school
Unemployment compared with other occupations	above average
Long term employment growth - 10 years to February 2006	1.2% per annum <sup>1</sup>
Medium-term employment growth - 5 years to February 2006	1.0% per annum <sup>1</sup>
Short term employment growth - 2 years to February 2006	2.2% per annum <sup>1</sup>
Likely future employment growth to 2010-11	slight growth ++
Job openings from turnover – proportion of workers who leave the occupation	15.0%
Vacancy level	average
<b>JOB PROSPECTS</b>	<b>GOOD</b>

Source: DEWR *Job Outlook*

1. August 2006 ABS LFS data

2. 2005 calendar year

<b>Aircraft Maintenance Engineer</b>	
Number of workers employed in this occupation	11 900 <sup>1</sup>
Number of workers employed in the transport industry	6700 (more than half) <sup>2</sup>
Gender	95% male
Median Age	37 years
Mix of full-time (FT) and part-time (PT) jobs	98.2% FT 1.8% PT
Average hours of work for full-time workers	39.3 hours per week
Average earnings of full-time workers before tax	\$1300 per week
Educational attainment	70% Certificate III/IV
Unemployment compared with other occupations	below average
Long term employment growth - 10 years to February 2006	1.5% per annum <sup>1</sup>
Medium-term employment growth - 5 years to February 2006	-3.9% per annum <sup>1</sup>
Short term employment growth - 2 years to February 2006	-1.5% per annum <sup>1</sup>
Likely future employment growth to 2010-11	moderate growth ++
Job openings from turnover – proportion of workers who leave the occupation	6.3%
Vacancy level	low
<b>JOB PROSPECTS</b>	<b>GOOD</b>

Source: DEWR *Job Outlook*

1. Employment figure based on August 2006 ABS LFS data

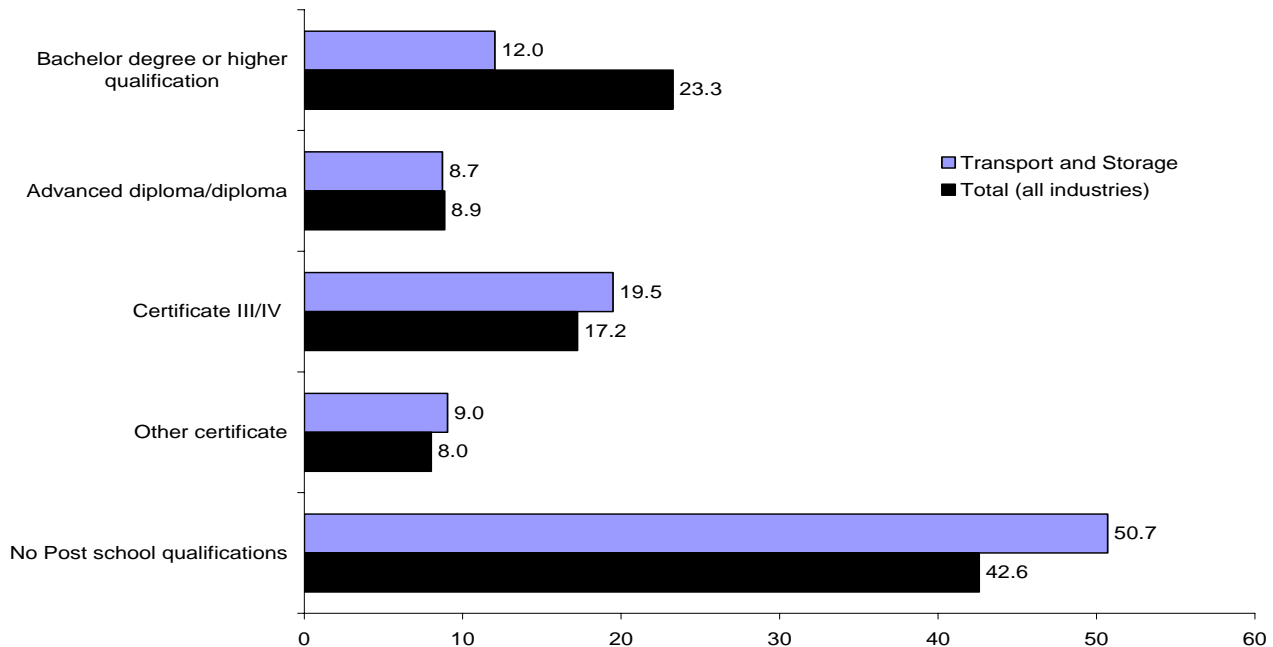
2. 2005 calendar year

### 3.4 TRANSPORT INDUSTRY SKILLS PROFILE

The Transport industry has a relatively low skill profile compared with other industries. ABS Labour Force Survey data show employment in the industry is concentrated in less skilled occupational groups. Just a quarter of employment in Transport is in occupations in the skilled major occupation groups of Managers, Professionals, Associate Professionals and Trades. By comparison, slightly more than half of employment is in these skilled occupational groups across all industries.

This skill profile is confirmed by ABS Educational Attainment data which show half the workers in Transport and Storage (data are not published below the industry division level) do not hold post school qualifications (compared with 42.6 per cent for all workers). Trades employment is significant in Transport and Storage with about 20 per cent of workers holding Certificate III/IV level qualifications (slightly higher than the 17 per cent for all Australian workers), but the proportion of workers in the industry who hold a Bachelor degree or higher level qualification is low (12 per cent compared with 23 per cent for all industries).

**Chart 11 Transport and Storage, Educational Attainment  
Share of Employment, May 2005 (per cent)**



Source: ABS *Education and Work*, Cat 6227.0

Despite the concentration of employment in less skilled occupations, there is a significant range of skills required for employment in key occupations in the Transport industry, particularly driving skills which require formal training and licensing. Truck, bus, tram and car drivers account for more than a third of industry employment.

### 3.5 SKILLS IN DEMAND

The strong Australian economy has resulted in historically low unemployment and strong demand for skills, including in regional areas. The latest Australian Chamber of Commerce and Industry Survey of Investor Confidence<sup>20</sup> for October 2006 shows skill shortages as the second ranked constraint on investment (first in the previous survey - July 2006).

<sup>20</sup> SAI Global - ACCI *Survey of Investor Confidence*, released 3 October 2006

DEWR is the Australian Government agency with prime portfolio responsibility for monitoring skills in demand. The department assesses demand for skills through a Survey of Employers who have Recently Advertised (SERA) to determine the difficulty experienced by employers filling vacancies for each surveyed occupation. Employers (and sometimes recruitment agencies) who have advertised vacancies are contacted and asked a series of questions designed to identify their success in filling vacancies, numbers of applicants and proportion of applicants considered to be suitable. Advice from employers through the SERA process is supplemented by contact with industry, employer and employee organisations and education and training providers. This industry and employer intelligence is considered in conjunction with statistical and qualitative information on demand and supply trends for the selected occupations.

Occupations are assessed on a six monthly basis, with in-depth research undertaken in one six month period and a review (with a smaller number of employer contacts) undertaken in the other six month period.

Consultation with key industry organisations and peak bodies to confirm assessments is undertaken prior to the finalisation of the research.

The DEWR research programme is based on occupations rather than industries, using the Australian Standard Classification of Occupations (ASCO) to define occupations. It focuses primarily on trade and professional occupations, although a range of management and associate professional occupations is included in the 2006-07 programme. The primary aim is to increase understanding about the demand for skills and it results in the identification of occupations with skills in demand which are evident or emerging in the Australian labour market.

DEWR uses the following definitions of skill shortages/skills in demand:

Skills in demand

*Skills in demand* exist when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible locations.

Recruitment difficulties

Recruitment difficulties occur when some employers have difficulty filling vacancies for an occupation. There may be an adequate supply of skilled workers, but some employers are unable to attract and recruit sufficient, suitable workers for reasons which include: specific skill requirements of the vacancy; differences in hours of work required by the employer and those sought by applicants; or particular location or transport issues.

No shortage

Research has not identified any significant difficulty filling vacancies.

The largest skilled occupations (that is, those in ASCO Major Groups 1 to 4) in the Transport industry are transport company managers (9000 employed), supply and distribution managers (7800), air transport professionals including pilots, air traffic controllers, flight engineers and flight service officers (7800), flight attendants/travel stewards (7300), aircraft maintenance engineers (6700) and office managers (5300). Smaller numbers of motor mechanics (4800), sales and marketing managers (3800) and accountants (3100) are also employed. Although individual engineering specialisations do not have large numbers employed in Transport, overall there are about 2000 professional engineers

working in the industry. The largest engineering group is electrical and electronics engineers with more than 1000 employed, mainly in Rail transport.

- DEWR currently assesses the labour market for the trades of aircraft maintenance engineers and motor mechanics, as well as for accountants and engineers. However, the labour market for the management and air transport professionals occupations has not been included in DEWR research. In 2006-07, however, aircraft pilots and sales and marketing managers will be assessed as part of the skills in demand programme.

Shortages of motor mechanics are widespread (all States and Territories are experiencing shortages) and have been persistent in Australia over most of the past few decades. These shortages result from a number of factors, but high wastage caused by factors such as relatively low pay and poor image of the industry appears to be a major contributor to ongoing supply shortfalls.

The labour market for aircraft maintenance engineers is more variable and although shortages are apparent for some specialist skills and licensing, a number of employers in metropolitan locations who advertised vacancies in the past year received applications from multiple suitable applicants with some larger employers reporting applicants approaching them for work. DEWR is currently undertaking additional research into the aircraft maintenance engineer labour market and the results will be considered as part of the next update of the Migration Occupations in Demand List (MODL) in early 2007.

Accountants are employed across all industries so Transport is competing with other industries for accounting skills. Shortages in the profession are reported nationally, although the labour market for accounting skills varies slightly across the States and Territories. Demand is strongest for accountants who have at least three to five years experience.

Shortages of engineers are evident across most major specialisations, including electrical, civil and mechanical engineering. There are almost 100 000 professional engineers employed across all industries and Transport has only a small proportion of engineering employment (about 2000 or 2 per cent). Consequently, when demand for engineering skills in other sectors is strong, Transport is competing to attract engineering skills. It is worth noting, however, that engineers working on Transport-related projects may be employed in the Property and Business Services industry as outsourced skills.

- The results of the DEWR research into skills in demand form the basis of the State and Territory Skills in Demand Lists which are posted at [www.workplace.gov.au/skillsindemand](http://www.workplace.gov.au/skillsindemand) and are considered as part of the criteria for an occupation to be included on the MODL. Further information about MODL is included in Chapter 4.3.

### **Skills in demand quantified**

The research undertaken by DEWR does not attempt to quantify the number of positions in demand. Rather, the Skills in Demand Research programme reflects the need for more comprehensive information on demand for skills to target Australia's skilled Migration Program and also for an enhanced basis for planning of regional development, training and other domestic responses.

### **3.6 REGIONAL SHORTAGES**

DEWR also conducts Regional Skills in Demand Surveys (RSDS). These surveys cover key industries for each region assessed, as well as occupations at all skill levels. Data collected from these surveys provide an indication of the relative difficulty of filling vacancies by industry.

RSDS are used to collect information on recruitment difficulties from employers. These surveys are aimed at improving the department's understanding of key industries and occupations for which local



employers are having difficulty recruiting workers. The RSDS is conducted at the Employment Service Area (ESA) level to support the Better Connections Workshops (Chapter 6 provides more details on these workshops<sup>21</sup>).

By aggregating results from 16<sup>22</sup> of these surveys conducted in the past 6 months it is possible to gain some insights into the current nature and extent of recruitment difficulties in the Transport industry in regional locations<sup>23</sup>.

Across the 16 survey areas, information was collected from 198 businesses in the Transport industry.

Key indicators from these surveys point to below average levels of recruitment difficulties among employers in the Transport industry.

- Vacancies in the Transport industry were less likely to remain unfilled (6.1 per cent compared with 8.0 per cent across all industries).
- A slightly lower proportion of recruiting employers in the Transport sector reported that recruitment was difficult in the past 12 months (51.4 per cent) compared with industries (53.9 per cent).
- Employers most commonly reported difficulty filling vacancies for truck drivers, automobile drivers and motor mechanics.

Chart 12 shows the main reasons recruiting employers in the Transport industry found vacancies difficult to fill compared with all industries. The most commonly identified cause of recruitment difficulties was the specialised skill needs of vacant positions (52 per cent, which is considerably lower than the 65 per cent recorded for all industries) reflecting, at least, in part, the lower skill profile of the industry. On the other hand, the poor attitude of job applicants (30 per cent compared with 26 per cent), and specific licensing/registration requirements (22 per cent compared with 3 per cent again reflecting the nature of employment in the industry) were more commonly reported causes of recruitment difficulties in Transport compared with businesses across all industries.

- Nearly one third of businesses reported that they had vacancies that were difficult to fill.

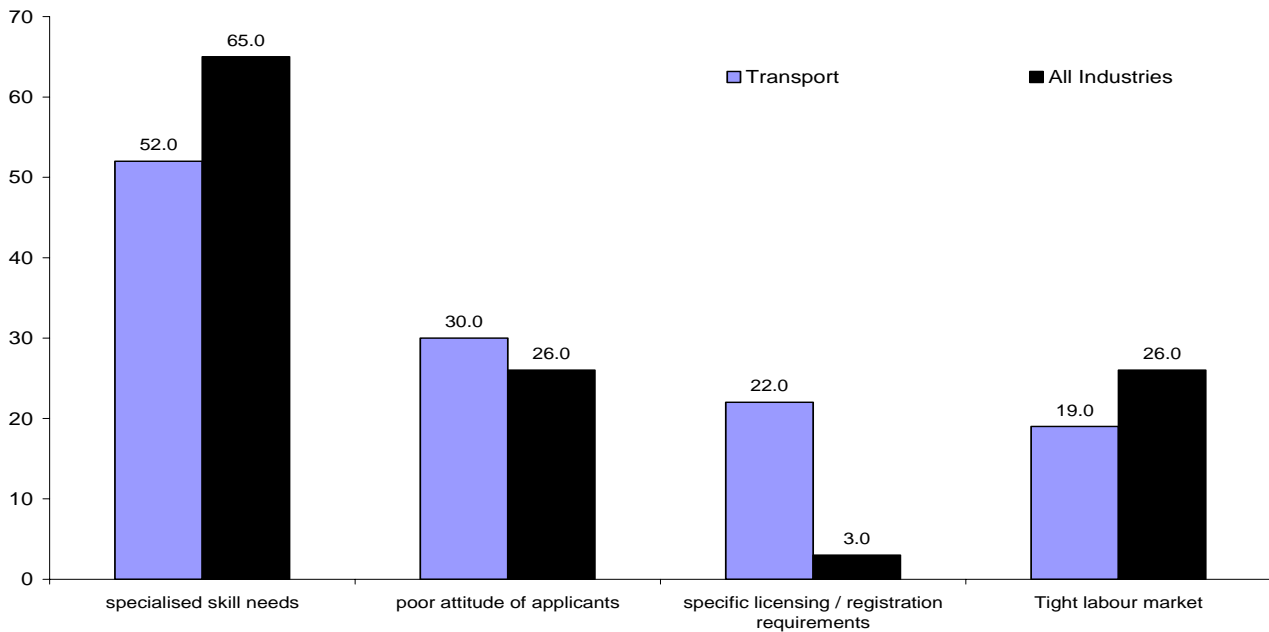
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<sup>21</sup> See <http://www.workplace.gov.au/bcw>

<sup>22</sup> The 16 ESAs included in the analysis are Armidale, Brisbane, Chatswood, Coburg, Coffs Harbour, Frankston, Fairfield/Liverpool, Geraldton, Griffith, Inala, Katherine, Lakemba, Mirrabooka, Mt Isa, Port Augusta, and Taree.

<sup>23</sup> Findings from the RSDS relating to the Transport industry should be treated cautiously as the 16 survey areas do not necessarily reflect conditions in the industry across Australia, and recruitment difficulties can vary significantly between regions.

**Chart 12 Employers Reporting Difficult to Fill Vacancies  
Main Reasons for Difficulty (per cent)**



Base: Employers who recruited in the past 12 months and had difficulty recruiting staff n=65 (transport) / n=1360 (all industries)

Source: DEWR Regional Skills in Demand Surveys

These results point to the need for a multi-faceted approach to responding to any recruitment difficulties in the Transport industry and emphasise the importance of using strategies aimed at improving the motivation and enthusiasm of job applicants alongside initiatives that address skills in demand and formal licensing requirements.

Survey respondents reported recent increases in recruitment difficulties and future employment growth expectations that are broadly in line with the overall industry average.

- Just over half (53.2 per cent) of recruiting employers stated that recruitment had become more difficult over the past 12 months compared with 51.3 per cent for all industries.

Future employment growth expectations of employers who were surveyed in the Transport industry were also broadly in line with the industry average. Employment growth is expected in 41.7 per cent of businesses in the Transport industry over the next 12 months while 8.0 per cent of businesses anticipate a decline in employment. This compares with 36.2 per cent and 4.0 per cent respectively across all industries.

## CHAPTER 4 CURRENT AND FUTURE SKILLS AND LABOUR SUPPLY ISSUES

### 4.1 BACKGROUND

As noted in Chapter 3, research undertaken by DEWR shows there is strong demand for a range of workers in the Transport industry and employment growth is expected to continue over the next five years. Continued growth in demand and reduced supply of labour resulting from the ageing workforce are likely to place significant pressures on the industry over the next few decades. In recognition of the need for improved provision of skills and labour for the economy of the future, the Australian Government has put in place a range of initiatives.

### 4.2 WORKPLACE RELATIONS ENVIRONMENT

While union membership is declining generally across all industries<sup>24</sup>, the Transport industry still has relatively high levels of union membership. ABS data for August 2005 showed trade union membership of around 69.6 per cent within the rail sector<sup>25</sup> while anecdotal reports from the stevedoring sector suggest there is a perception that it is still highly unionised.

#### *Collective Agreements*

The high level of union membership in the Transport industry is reflected in the coverage of collective union agreements. As at June 2006, union agreements covering 102 953 employees, represented 78 per cent of all workplace agreements in the Transport and Storage industry, rising to 93 per cent in the Rail transport sector<sup>26</sup>.

Under WorkChoices (Chapter 5 provides additional information about WorkChoices) to 30 September 2006, 58 employee and 51 union collective agreements have been lodged with the Office of the Employment Advocate (OEA) covering 2201 and 3063 employees respectively in the Transport industry. Eleven greenfields agreements (employer and union) have been lodged with the OEA since the commencement of WorkChoices<sup>27</sup>.

The *Maritime Industry Seagoing Award 1999* is the underpinning industrial instrument within the shipping industry, however, due to its prescriptive nature there has been a shift by employers towards agreement making which offers greater flexibility within the workplace. In aviation, while employees of larger airlines are predominantly covered by collective union agreements, smaller operators are bound to a mix of awards and collective agreements.

#### *Australian Workplace Agreements (AWAs)*

Approximately 4 per cent of all AWAs approved/lodged with the OEA between 1997 and September 2006 have been in the Transport and Storage industry. This equates to 38 327 AWAs of which 5420 have been lodged under WorkChoices<sup>28</sup>.

Historically, the use of AWAs in the Transport industry has been opposed by the unions, where anecdotal evidence would suggest AWAs have been offered primarily to those in management roles in the rail industry. However, recent public announcements from major airlines indicate that they are now using or considering the use of the flexibilities of AWAs with some employees.

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<sup>24</sup> Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership*, 6310.0, August 2005.

<sup>25</sup> *ibid*

<sup>26</sup> Internal DEWR data

<sup>27</sup> Information provided from the OEA

<sup>28</sup> *Ibid*

## *Offshore labour*

Within the aviation sector, offshore labour has also been used in a limited way to access skills that are not readily available in Australia, particularly for information technology positions. The primary reasons cited include the extensive cost of building capabilities and a general shortage of skills throughout the information technology sector<sup>29</sup>.

### **4.3 CURRENT MIGRATION ARRANGEMENTS**

The Australian Government administers a range of employer-sponsored temporary and permanent migration arrangements designed to meet the genuine skill needs of Australian employers. The focus of these arrangements is on the entry of skilled overseas workers for employment in skilled (managerial, professional, associate professional and trade) occupations, particularly those with skills in demand in the Australian labour market.

While there is some provision under the concessional regional temporary migration arrangement for regional employers to recruit overseas workers for employment in less-skilled occupations (including some Transport industry specific occupations), current migration arrangements do not provide for the employment of overseas workers in unskilled or labouring occupations.

The following sections provide detailed information on migration arrangements which contribute to the supply of labour available to the Transport industry including:

- Temporary Business Long Stay;
- Employer Nomination Scheme;
- Labour Agreements;
- Regional Temporary Business Long Stay;
- Regional Sponsored Migration Scheme; and
- “other” non-sponsored temporary migration arrangements which include a work right.

#### **Contribution of migration arrangements to labour supply**

The contribution of migration arrangements to labour supply is difficult to estimate with any certainty:

- the majority of migrants enter Australia under the Family Stream or General Skilled Migration (GSM) categories, they are not sponsored by employers and as such cannot be allocated to the workforce of particular industries; and
- there are potentially significant numbers of non-sponsored temporary visa holders with work rights who may seek employment in the Transport industry.

However, analysis of net permanent and long term arrival and departure data shows that for the period 2001-02 to 2005-06, Australia experienced a net migration gain in motor mechanics (2890 persons); aircraft maintenance engineers (572 persons); supply and distribution managers (421 persons); automotive electricians (194 persons) and sea transport officials (183 persons).

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<sup>29</sup> *Qantas To Outsource IT Support Services*. Qantas Media release, Sydney, 19 October 2006

## Temporary business long stay

In response to business demand for more flexible arrangements for the temporary entry of skilled overseas workers, the Government introduced in 1996<sup>30</sup> streamlined short (up to 3 months) and long term (up to 4 years) temporary business arrangements:

- while the short term visas are targeted at overseas persons exploring business and investment opportunities in Australia, they include a limited work right and in some instances have been used by overseas workers seeking access to the Australian labour market for short term project work; and
- employers seeking to recruit overseas workers under the long term temporary arrangements are required to show that there will be benefit to Australia from the employment of overseas workers.

On 1 July 2001, as a result of a DIMA review of a range of temporary visas, further changes were introduced to the employer-sponsored temporary business long stay arrangements. Specifically, and to increase transparency and objectivity, the Government introduced two criteria – a gazetted list of eligible occupations and a minimum salary level (MSL) for all nominations:

- the gazetted list of eligible occupations is currently based on occupations identified in the Australian Standard Classification of Occupations<sup>31</sup> (ASCO) as managerial, professional, associate professional and trade occupations. That is, occupations for which the entry level requirement in the Australian labour market is the successful completion of a trade or higher level post-secondary qualification;
- the MSL is intended to reflect the minimum salary for a skilled person in the Australian labour market and to ensure that employers do not over-classify a position in order to secure an appropriate skill classification; and
- combined, these criteria aim to ensure that employer-sponsored long term arrangements are limited to skilled workers and skilled occupations.

At the request of the Council of Australian Governments (COAG), a Working Party of Commonwealth, State and Territory Government Officials is currently considering options to strengthen the integrity of the temporary business long stay arrangements. This Working Party (which reported to the Ministerial Council on Immigration and Multicultural Affairs and COAG in November 2006) canvassed issues relating to English language proficiency requirements, training standards, skill level and skill assessment processes and minimum salary levels.

## Labour Agreements

Labour Agreements are negotiated between the Commonwealth (jointly represented by DIMA and DEWR) and an employer or industry association. Labour Agreements provide for the temporary or (subject to the skill level) permanent entry of a specified number of expatriate employees in response to existing or emerging skill needs of the Australian labour market.

Labour Agreements must be consistent with the provisions of the visa arrangements to which they refer. The visa arrangements that are currently eligible for inclusion in Labour Agreements include the Employer Nomination Scheme (ENS), Regional Sponsored Migration Scheme (RSMS), temporary business long stay, regional temporary business long stay, sport, medical practitioner and occupational trainee visa arrangements.

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<sup>30</sup> As a result of the Government's endorsement of the recommendations of the Roach Committee Review of Temporary Entry of Business People and Highly Skilled Specialists.

<sup>31</sup> Australian Bureau of Statistics (ABS), *Australian Standard Classification of Occupations – Second Edition*, Catalogue No 1220.0, 1997

Labour Agreements operate in an environment of enhanced training commitments for Australians (including Humanitarian, Indigenous and long term unemployed job seekers). Labour Agreements are monitored on at least an annual basis to ensure there are no displacement effects on Australians (in terms of recruitment, training and career progression opportunities) and that all expatriate employees are employed in accordance with Australian standards and conditions of employment (including industrial instruments, superannuation, occupational health and safety, workers compensation, workplace relations and taxation legislative provisions).

### **Regional migration arrangements**

Since 1996-97, the Australian Government has, in consultation with State and Territory governments, introduced a range of concessional migration arrangements that are aimed at influencing the distribution of migrants (specifically to promote migration to regional Australia and the less-populated States and Territories). These initiatives include the RSMS, the regional temporary business long stay arrangements, and the State Territory Nominated Independent Scheme and Skilled Independent Regional visa.

For the purpose of the RSMS and the regional temporary business long stay arrangements, regional is defined as all of Australia except Perth, Melbourne, Wollongong, Sydney, Newcastle, Brisbane and the Gold Coast.

#### *Regional Sponsored Migration Scheme*

The RSMS was introduced in 1995-96 to assist employers in regional Australia to fill vacancies in skilled and semi-skilled occupations. The RSMS requires an employer to demonstrate to the relevant Regional Certifying that there is a genuine full-time vacancy for a position in regional Australia that is available for at least two years. Unless the appointment is exceptional, the RSMS requires the overseas worker to possess a diploma or higher level qualification, be aged less than 45 years and have functional English language proficiency.

#### *Regional temporary business long stay*

In November 2002, the concessional regional temporary business long stay arrangement was introduced to help address the labour needs of regional Australia. These provisions allow the minimum salary level threshold to be waived and an extension to the gazetted list of eligible skilled occupations to include occupations in ASCO Major Groups 5 to 7 (where the employer can demonstrate there is a genuine need for the position that cannot be filled locally). The waiver of the threshold requirements must have the endorsement of the RCB in the area that the position is necessary, the salary levels are consistent with the awards for the occupation or industry and local levels, and the position could not be filled by a suitably qualified Australian from the regional labour market.

For migration purposes, ASCO is used to determine the relative skill level of occupations. ASCO identifies a number of skilled occupations (such as transport company manager, ship's master, ship's officer, ship's engineer/marine engineer, aircraft maintenance engineer, motor mechanic and automotive electrician) and less-skilled occupations (such as transport and despatching clerks and transport operations inspector) which are specific to the Transport industry and for which overseas workers can be recruited under the temporary business long stay and/or concessional regional temporary business long stay migration arrangements.

## **Other migration arrangements**

Other non-sponsored temporary migration arrangements that include a work right and which represent a potential pool of labour available to the Transport industry:

- working holiday makers – allows visa holders (aged between 18 and 30) from the 19 countries with which reciprocal bilateral agreements have been negotiated to have an extended holiday in Australia by supplementing their travel funds through incidental employment. DIMA data shows that some 114 000 visas were granted in 2005-06;
- overseas students – overseas students who are granted permission to work are limited to 20 hours per week while their course is in session and full-time in formal holiday periods. Family members of students who have commenced a Masters or Doctorate degree may apply for unrestricted permission to work. Family members of all other overseas students may apply to work up to 20 hours per week; and
- New Zealand citizens – under the Trans-Tasman Travel Agreement introduced in 1973, Australian and New Zealand citizens can enter each other's country freely to visit, live, work and remain indefinitely without the need to formally apply for authority to enter the other country.

## **Sea transport industry – migration arrangements and labour market issues**

Foreign seafarers entering Australia for shore leave purposes are currently granted special purpose visas on arrival in Australia following relevant DIMA administrative checks. In December 2005, the Australian Government announced it would introduce a new maritime crew visa to ensure that the security checking process for foreign sea crew is consistent with the process that applies to other visa categories.

The new maritime crew visa (which will apply to all foreign crew of non-military vessels entering Australia from 1 July 2007), has implications for the 650 000 people who travel to and from Australia each year by sea (90 per cent of whom are crew on visiting commercial or non-military vessels).

Foreign seafarers (including those employed as ships' masters, master fishers, ships' engineers/marine engineer, ships' surveyors, ships' officers, shipwrights and boat builders and repairers etc) entering Australia for work purposes would usually be expected to apply for a temporary business long stay visa. As such, they would be subject to standard migration arrangements that include compliance with Australian standards and conditions of employment.

## **Migration Occupations in Demand List (MODL)**

Information about national skills in demand which result from the DEWR Skills in Demand research is published as the MODL on the DIMA site at [www.immi.gov.au](http://www.immi.gov.au).

- Additional points are allocated to applicants in the General Skilled Migration (GSM) categories of the Migration Program if their nominated occupation is on MODL at the time their application is assessed.
- The MODL is updated by DEWR every six months and, at 20 September 2006 included 34 (mainly health) professional occupations, nine ICT specialisations and 42 trades occupations. While the List targets the GSM categories to occupations in national demand with good longer term employment prospects, migrants entering under these categories cannot be directed to employment in industries or regions of demand.

Accountant, motor mechanic and a range of engineers including electrical engineer are listed on the current MODL.

## CHAPTER 5 STRATEGIES FOR ENHANCED RECRUITMENT, TRAINING AND RETENTION

To assist employers facing recruitment, training and retention difficulties and to ensure the Transport industry has the flexible and skilled workforce it needs, a range of initiatives is required. The enhanced supply of skills through migration, a more flexible workforce achieved through WorkChoices which frees up employers to reward skills, and the provision of more focused and improved training are all contributors to better recruitment, training and retention. Government and industry are working to identify and address issues which impact on the Transport industry's ability to attract and maintain suitably skilled workers.

### 5.1 STRATEGIES FOR ENHANCED RECRUITMENT AND RETENTION

In papers such as *Attraction and Retention in the Rail Industry*<sup>32</sup> and *Driving Australia's Future – A Report and Action Plan Addressing the Skill Needs of the Road Freight Transport Industry, 2003*, the Transport industry has identified attracting and retaining employees as a major issue it is facing in the short to medium term. Some sectors of the Transport industry are often perceived as offering limited or unattractive career paths and limited job opportunities. This is being addressed through industry initiatives in both road and rail. The current historically low level of unemployment in Australia, a general lack of knowledge of the career opportunities in maritime and shipping and the small number of Australian companies engaged in this sector have all contributed to the problem of attracting young people into this sector.

Despite this perception, occupational profiles for key occupations in the Transport industry cited in Chapter 3 show good job prospects, and there are employment opportunities available in the industry in all States and Territories and in regional and metropolitan locations.

The Australasian Railways Association (ARA) outlined in its 2006 report *Changing Face of Rail: A journey to the employer of choice*, that the rail workforce is ageing, and the younger cohort is not replacing those nearing retirement. At a recent conference, a rail industry representative noted that while there is currently a sufficient number of skilled workers, with freight continuing to increase accompanied by a low level of recruitment of young engineers, a skills gap will emerge rapidly<sup>33</sup>.

Throughout the Transport industry, industry representatives have advised that shortages are concentrated in the trades and engineering areas. At the 2006 Australian Trucking Association (ATA) Convention the need for tradespeople, mechanics and engineers was noted, as was the shortage of truck drivers. The aviation industry has indicated that its labour shortages are found within particular trades within the industry, such as licensed aircraft maintenance engineers and other tradespeople. Some occupations though, such as flight attendants, continue to attract applicants beyond the required number of positions.

Other pressures exist as well. The level of regulation for truck drivers, for example through occupational health and safety requirements, has anecdotally led to many leaving the Road transport industry. The loss of skilled employees to other industries is a key concern in the aviation industry as well. There is a strong perception that worthwhile career opportunities are available outside the aviation industry, especially to those with engineering skills. Anecdotal evidence suggests international companies are keen to employ skilled and experienced Australian personnel, who are highly regarded.

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<sup>32</sup> 'Attraction and Retention in the Rail Industry', 24-25 July 2005, Australian Railway Association inc, Sydney

<sup>33</sup> *ibid*



## Flexible working arrangements

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 their families.

Similarly, highly skilled younger workers are more likely to be attracted to workplaces with enterprise or individual flexibilities. There is growing evidence which suggests that 'Generation Y' employees value flexibility above other factors driving workplace choice, including remuneration. With demographic changes impacting on the availability of appropriately skilled staff, employers without enterprise or individual arrangements that allow for the flexible deployment of labour are likely to be at a disadvantage in the recruitment of skilled labour.

Overall, employers who are able to offer these flexibilities and therefore be more attractive to female and younger workers are more likely to be protected against economic pressures resulting from changed demographics than their competitors.

## Using WorkChoices to enhance flexibility

The Transport industry's profile of male dominated, full-time employment suggests there is scope for increasing flexibility in the industry (**workplace flexibility** usually means employers and employees working together to agree on the times employees work, where they work from and whether they work a full week or not) by thinking innovatively about the way employees' working lives are structured and whether there is a better way to do it. Options for flexible practices include part-time work, job sharing, flexible working hours and part year employment (or purchased leave).

The Australian Government's WorkChoices legislation is aimed at providing more choice and flexibility for both employees and employers in their workplaces by creating more simple and flexible workplace arrangements.

The Transport industry itself has recognised the importance of using workplace relations strategies as a means to retain and attract staff, with the ARA's recently commissioned research, *Changing Face of Rail*<sup>34</sup> listing workplace relations as one of four key areas of focus for the industry.

The flexibilities afforded by the WorkChoices environment can provide more choice for both employees and employers in their workplaces. AWAs can be tailored to stem the flow of older workers leaving the industry through initiatives such as phased retirement and part-time work. With the current regional shortages, flexibilities such as individual remuneration packages through the use of AWAs could be used to attract suitably qualified staff to regional areas.

The use of AWAs in areas such as aviation provide companies with the ability to train and retain staff to enhance ongoing competitiveness, productivity and sustainability in an industry with increasing global competition and global markets.

The shift towards agreement making in the maritime sector, rather than its dependency on Awards, has provided flexibilities in the recruitment and training of entrants to the industry, subject to minimum certification or competency standards, which may prove attractive to potential employees<sup>35</sup>.

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<sup>34</sup> Australasian Railway Association Inc, 2006. *The Changing Face of Rail: A journey to the employer of choice*, p16.

<sup>35</sup> Australian Shipowners Association website, 'Enterprise Bargaining', [http://www.asa.com.au/enterprise\\_bargaining.asp](http://www.asa.com.au/enterprise_bargaining.asp), accessed 6 November 2006.

In considering effective workplace arrangements for the Transport sector, DEWR notes its internal research indicates a high performance workplace employment model encompasses some of the following elements:

- that management is clear about its workplace reform objectives, communicates these clearly to staff and is willing to address issues identified by employees;
- alignment of employer and employee objectives, for example by ensuring wage and conditions negotiations are informed by company performance or by linking some part of pay to performance or personal output; and
- effective communication on workplace relations issues to employees.

### **WorkChoices and available resources**

The Australian Government is providing flexibility to address skill needs through a number of initiatives including its WorkChoices legislation.

Resources are available through industry bodies and employer organisations to assist employers in choosing the workplace relations arrangements most appropriate to their circumstances.

The OEA has developed partnerships with the Australian Automotive Association, Victoria; the Australian Petroleum Agents and Distributors Association; the Motor Trades Association of Australia (Inc) WA; and AJ Durack Management, WA to increase knowledge of WorkChoices.

The OEA itself provides free, personalised assistance to employers and employees about opportunities and choices in agreement making. The OEA can assist businesses to explore opportunities to increase workplace productivity, flexibility and efficiencies appropriate to their particular circumstances.

Further information is available on a number of websites including [www.workchoices.gov.au](http://www.workchoices.gov.au); [www.wagenet.com.au](http://www.wagenet.com.au) and [www.oea.gov.au](http://www.oea.gov.au).

## **5.2 LOCAL SUPPLY ISSUES**

Labour shortages have been reported in the Road freight industry for some time. The New South Wales Road Transport Association, in a funding proposal to the department, predicts these are expected to heighten as the demand for road freight is expected to double by 2015<sup>36</sup> and supply is expected to contract by about 10 per cent per annum, based on projected retirements alone.

Significant barriers exist to both new entrants into truck driving occupations and to movement through the grades (i.e. upgrading of licences) as lessons are very expensive for the individuals concerned. Additionally, inexperienced drivers attract high insurance premiums due to a perceived need for a more comprehensive training regime. This acts as a disincentive for employers.

The Department has worked with the Transport industry to develop innovative strategies to address its labour and skills in demand issues. Specifically, strategies have been developed utilising funds available through the Employer Demand Demonstration Projects (EDDP) initiative to address local recruitment, training and retention issues.

The Australian Government's EDDP initiative is a component of the Welfare to Work reforms announced in the 2005 Budget. EDDP provides small grant funding for innovative recruitment, employment and retention strategies to increase the participation in the workforce of people with a disability, parents, mature aged (people aged 50 years and older) and the very long term unemployed.

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<sup>36</sup> Department of Transport and Regional Services, *Auslink White Paper*, 2004

Two examples of strategies being undertaken to address some of the skill and labour shortages being experienced in the Transport industry are outlined below.

### *New South Wales*

The major labour and skills in demand issue for this industry in NSW is for Heavy Combination (HC) drivers. Driving lessons for this class of licence are up to \$150 per hour, which can deter some job seekers from entering the industry for purely economic reasons. The Department has worked with the New South Wales Road Transport Association to develop a project funded through the EDDP initiative.

The New South Wales Road Transport Association, conducted the 'Ready 4 the Road,' project between November 2005 and June 2006 in partnership with the Government, industry and employers to recruit, test and train suitable job seekers in five locations in Sydney and regional locations in NSW. Participating industry employers, industry representatives and stakeholders in the project include:

- New South Wales Department of Education and Training ;
- National Industry Skills Council, Transport and Distribution Training Australia; and
- Local Job Network members.

The 'Ready 4 the Road' project enabled mature age drivers (mainly aged 50 and over) with at least a Medium Rigid (MR) licence to become skilled to the HC level through a comprehensive training programme that included the gaining of a 'Blue Card' and Certificate I and II Transport and Distribution (Road Transport) and to gain valuable work experience.

Some of the costs for the participants, to cover clothing and equipment and some necessary psychological testing, were met from the Job Seeker Account<sup>37</sup>. The NSW State Department of Education and Training agreed to fund the 10 week training course at \$2000 per student and local industry representatives provided up to six weeks work placement for each student.

This project, which helped develop a sustainable training model for the industry, aimed for a minimum of 60 mature age job seekers (30 metropolitan and 30 non metropolitan) to be sourced from the Job Network and other agencies. The main aims of this project were to:

- Assist in overcoming skills shortages;
- Promote the value of more comprehensive training programmes within the Transport industry and establish strong linkages with traineeships;
- Demonstrate how industry can use employment services providers to assist with meeting their recruitment needs;
- Increase access of mature age job seekers and long term unemployed to industry training and jobs;
- Demonstrate that the 'Ready 4 the Road' model will work in non-metropolitan areas; and
- Promote the need for industry to sustain this model.

On completion of the project, 79 job seekers had completed the training, 26 of whom had commenced employment within the industry.

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<sup>37</sup> The Job Seeker Account is a fund Job Network members can use to purchase a flexible range of assistance for job seekers receiving Intensive Support to improve their chances of gaining employment. This assistance can include wage subsidies, training, fares, uniforms, work boots and counselling.

## **Victoria**

In Victoria, the training and employment arm of the Footscray Football Club, Spirit West Services, and Providers of Australian Government Employment Services (PAGES) have worked with the transport and logistics industry in Western Melbourne to deliver accredited heavy rigid vehicle training to 35 job seekers.

Spirit West Services is a Registered Training Organisation and delivered two weeks of in-house training, followed by up to six months of on-the-job support provided through Job Network members and other employment service providers.

Candidates were screened and referred by PAGES. A project officer ensured matching with suitable employers based on aptitude, interest and geographical location as well as requirements for flexibility such as parenting responsibilities. Pre-training included seven modules from the existing Transport and Distribution Training Package, and all successful candidates obtained their Heavy Rigid Drivers Licence. The cost of the training was supplemented by around \$571 per candidate from the Job Seeker Account, the balance of the funding for this project was provided through Employer Demand Demonstration Project funds.

Through this project, strong links have been established between PAGES, local transport and logistics operators and transport employers including TOLL Group, Concorde Park and FCL Interstate Transport Services.

As at November 2006, 33 job seekers had successfully completed training through this project and employment outcomes are expected as a result of this training.

### **5.3 TRAINING**

Through the Department of Education, Science and Training, the Australian Government will, in the four years from 1 July 2005:

- open 24 new Australian Technical Colleges, aimed at increasing the number of Apprentices in traditional trades, provide a further 4500 pre-vocational training places in the trades through group training;
  - five colleges opened in 2006 with the remainder expected to open in 2007/08
- fund an additional 7000 School-Based Australian Apprentices through group training;
- provide for an additional 20 000 places in the Australian Apprenticeships Access Programme, specifically targeting industries and regions experiencing skills needs;
  - The Access Programme which is administered by the Department of Education, Science and Training provides eligible job seekers who experience barriers to employment with at least 150 hours of pre-vocational training coupled with up to 13 weeks job search training. A further 13 weeks of job search support can also be funded. The priority of the Access programme is to obtain apprenticeship outcomes while secondary outcomes are employment and further education and training.
- supply tool kits up to the value of \$800 to Australian Apprentices who commenced an eligible trade after 1 July 2005 and who have completed 3 months of their training;
- extend the Living Away From Home Allowance paid to Australian Apprentices to the third year of their Australian Apprenticeship; and
- provide a Commonwealth Trade Learning Scholarship of \$1,000 to Australian Apprentices undertaking skill needs trades with small-to-medium enterprises or through group training, with

a \$500 payment at the end of each of their first and second years of their Australian Apprenticeship.

The Government is continuing to pursue enhancements to the training system outside the COAG process to bolster the demand for skills.

On 12 October 2006, the Prime Minister announced an \$837 million package of measures to develop a more skilled and dynamic workforce. These measures include

- Work Skills Vouchers which will provide up to \$3000 per person to allow 30 000 people per year, aged 25 years and over, who do not have year 12 qualifications, to undertake training in accredited literacy/numeracy and basic education courses and vocational courses at Certificate II level.
  - Almost one third of Australians aged 25-64 are without year 12 or equivalent qualifications;
- Financial incentives to support up to 10 000 people aged 30 and over who start an apprenticeship in an occupation in high demand (Certificate III or IV)
  - This payment will either be paid to employers or directly to eligible apprentices for the first two years of their training
  - Given the wage structures applying to apprentices, older workers, many with financial commitments, have found low wages a barrier to taking up an apprenticeship;
- Funding to support an extra 500 engineering places in universities from 2008;
- Business skill vouchers to provide training on how to run a business to apprentices as many tradespeople are self employed; and
- Extension of the current Australian Government support to Australian Apprentices to provide employer incentives for training in targeted Diploma and Advanced Diploma qualifications.

In addition, eligibility for Youth Allowance, Austudy and ABSTUDY has been extended to full-time Australian Apprentices, subject to the application of parental and personal income tests. These payments are intended to assist Australian Apprentices in the early years of their training when their wages are generally at their lowest.

The workplace relations system is also being reformed to give more young Australians the opportunity to enter a trades career. In addition, COAG reforms include agreement from the states and territories to remove industrial relations and other barriers to the take up of School-Based and part-time Australian Apprenticeships.

The workplace relations system is also being reformed to give more young Australians the opportunity to enter a trades career. In particular, the reforms are removing industrial relations barriers to the take up of School-Based and part-time Australian Apprenticeships.

Building on previous initiatives, these measures are already contributing to significant increases in the number of apprentices, especially in the traditional trades. For example, according to data from the National Centre for Vocational Education Research, the number of commencements in the traditional trades increased by 6300 (11.4 per cent) in the 12 months to June 2006, and by 70.8 per cent over the last five years (latest available data). The number of apprentices and trainees completing training across all industries totalled 142 400 in the 12 months to the end of June 2006, a rise of 6900 or 5.1 per cent compared with one year earlier. Apprentice and trainee completions have increased steadily since 2001, increasing by 56 800 or 66.4 per cent over this period.

## 5.4 EMPLOYMENT INITIATIVES

### Mature Age Employment and Workplace Strategy

The Australian Government's Mature Age Employment and Workplace Strategy (MAEWS) aims to increase mature age participation in response to labour market challenges. The 2004-05 Federal Budget provided \$12.1 million over four years for the strategy, which is delivered in ten regions nationally each year. It has three main components:

- **Jobwise Outreach** supports mature age job seekers and retirees returning to the labour market. It includes **Jobwise Workshops** to provide mature age job seekers (primarily non-allowees) with knowledge of their local labour market, the assistance available to them, and job search techniques; and **Self Help Groups** that allow mature age job seekers to exchange experiences, provide mutual support, develop their job search techniques and improve career decisions.
- **Mature Age Industry Strategy** provides funding for cooperative industry initiatives that improve recruitment and retention measures for mature age Australians, and includes projects like Ready 4 the Road in NSW, outlined earlier in this Chapter. Successful projects provide a model that can be replicated by the relevant industry to help address skills in demand.
- **Mature Age Workplace Strategy** targets employers and is aimed at addressing entrenched views towards older workers and encouraging the development of mature-age friendly workplaces. It includes the **Wise Workforce** programme of awareness activities and follow-up support for small and medium enterprises; **Mature Age Employer Champions**, which recognises businesses that have a strong record of successfully implementing age-positive policies and practices; and the **Mature Age Employment Practical Guide**, which is a comprehensive better-practice guide for employers that will shortly be published that includes 'how to' information, examples, case studies and links to additional resources that can be used by businesses to help implement mature age friendly workplace practices and processes.

Other mature age employment initiatives include **Age Management Training** to assist employers implement policies and practices to increase their attraction and retention of mature age workers, and to help experienced workers plan and implement a phased retirement. Separate training courses are available for line managers/team leaders and experienced workers/job seekers.

Additional information for employers and mature age people is available on the [jobwise.gov.au](http://jobwise.gov.au) website.

### Job Network

Job Network, with more than 1000 recruitment offices around Australia, is Australia's largest government funded employment service.

Job Network members are paid by the Australian Government if they are successful in placing job seekers into jobs and in most labour markets, these organisations are competing with each other to achieve the best results.

Job Network services include:

- professional recruitment advice
- candidate screening and shortlisting
- access to JobSearch database.

Depending on the circumstances of individual job seekers, Job Network members may be able to assist with pre-vocational training, wage subsidies and other assistance to help meet employers' recruitment needs.

DEWR also provides several services to assist with matching labour supply and demand. Australian JobSearch (JobSearch) provides a national job vacancy database and internet site ([www.jobsearch.gov.au](http://www.jobsearch.gov.au)) that displays details of job vacancies lodged by contracted service providers such as Job Network members, Job Placement Licence Only organisations, newspapers and employers.

JobSearch assists employers in the Transport sector to identify labour and assists job seekers to identify job opportunities. JobSearch can be accessed by job seekers 24 hours a day and is also available through touch screen kiosks located in Job Network and Centrelink offices throughout Australia. As well as browsing for vacancies, job seekers can lodge a résumé on JobSearch and be automatically matched to job vacancies.

- JobSearch notifies job seekers of potential job opportunities through their own personal page and, if they elect to do so, by email or SMS.

Job Placement Services provide further assistance to employers, including those in the Transport sector, to fill job vacancies. Job Placement organisations canvass employers for vacancies to display on JobSearch and can match, screen, refer and place suitable registered job seekers into vacancies on behalf of employers. DEWR will pay fees varying from \$165 to \$385 per placement of an eligible job seeker into these vacancies.

## CHAPTER 6 STRATEGIES TO MEET EMPLOYER DEMAND IN REGIONAL AND REMOTE AREAS

As noted in Chapter 3, almost one third of employment in the Transport and Storage industry is in regional areas (that is, outside State capital cities). There is strong evidence to suggest employers across all industries in regional locations have difficulty attracting suitably skilled workers<sup>38</sup>. DEWR has a number of initiatives aimed at improving the supply of labour and skills in regional areas.

### 6.1 BETTER CONNECTIONS WORKSHOPS

The Department conducts Better Connections Workshops to bring together labour market stakeholders such as local employers, local Providers of Australian Government Employment Services, Federal, State and local government agencies, and local chambers of commerce to develop solutions to local employment issues, including in regional and remote areas<sup>39</sup>. The objective of the workshops is to improve labour market effectiveness by addressing labour supply and skill shortage issues, increasing labour market participation and reducing unemployment. Details of workshop locations are provided in Attachment 2.

At Better Connections Workshops a range of data on labour market demand and supply including information on employment by industry, skills in demand, vacancies lodged and filled by Job Network members and Job Placement Organisations, apprenticeship commencements, Centrelink customer population, results from the local labour skill shortages surveys with employers, and data on the available pool of potential workers who are in receipt of income support payments in the local area is presented. The workshops are action oriented and focus on local labour market stakeholders developing practical strategies to address identified labour market issues.

Through these workshops, local solutions are developed to resolve local labour and skills in demand issues and offer sustainable employment outcomes for local job seekers within their communities. Workshop participants are provided with details of the range of Departmental programmes available to assist them with developing solutions and they are also encouraged to replicate Employer Demand Demonstration Projects such as the “Ready 4 the Road” and the Spirit West projects.

In addition, the Department conducted a series of industry and employer breakfasts in 10 metropolitan and 22 regional locations across Australia that ran from mid February through to the end of September 2006<sup>40</sup>.

The purpose of the breakfast series was to inform small, medium and large business owners; human resource managers; chief executive officers; and business managers about the labour supply challenges their businesses are currently facing and likely to face in the coming five years. These breakfasts were based on the research from the *Workforce Tomorrow – adapting to a more diverse Australian labour market* publication. Over 3000 employers, including employers from the Transport sector, attended these breakfasts and received new information by industry, occupation and region to assist them to devise workforce strategies to equip their businesses for the future.

### 6.2 INDIGENOUS EMPLOYMENT INITIATIVES

To achieve its goal, the Australian Government, through the department, has a number of programmes and initiatives to assist Indigenous Australians to engage in employment or business opportunities across all industries including the Transport industry. Examples of these programmes and initiatives include:

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<sup>38</sup> Bureau of Transport and Regional Economics, Skill Shortages in Australia’s Regions, Working Paper no 68

<sup>39</sup> See <http://www.workplace.gov.au/bcw>

<sup>40</sup> See Attachment 3 for the locations of the industry and employer breakfasts.



- **Job Network** which is a network of private and community organisations dedicated to helping job seekers find and keep a job;
- The **Community Development Employment Projects (CDEP)** programme provides employment and training opportunities for Indigenous Australians, who voluntarily forego their income support.
- **Structured Training and Employment Projects (STEP)** provide structured training leading to lasting employment for Indigenous job seekers.
- The **Corporate Leaders for Indigenous Employment Project (CLIEP)** is a partnership between individual companies and the Australian Government to generate sustainable employment for Indigenous Australians.
- **Indigenous Employment Centres (IECs)** help Community Development Employment Project (CDEP) participants move into unsubsidised employment by providing assistance tailored to their needs.
- Indigenous **Wage Assistance** provides a wage subsidy over a period of 26 weeks for employers who offer ongoing full-time work to eligible Indigenous Australians.
- The **National Indigenous Cadetship Project** improves the professional employment prospects of Indigenous Australians by linking students and employers in an arrangement that involves full-time study and work placements.
- The **Community Development Employment Project Placement Incentive (CDEPPI)** is an incentive payment to CDEP organisations for each participant who is placed in open employment and off CDEP Wages.
- **Indigenous Community Volunteers (ICV)** is a not for profit company contracted to deliver a volunteer programme on behalf of the Australian Government. ICV links skilled volunteers with communities that are seeking expert assistance in areas such as business, financial management and the trades.
- The **Aboriginal Employment Strategy (AES)** provides assistance to help Indigenous job seekers prepare for, gain and retain jobs.
- The **Indigenous Small Business Fund** offers funding to Indigenous organisations to help Indigenous people learn about business, develop their business skills, and expand their businesses.
- The **Indigenous Capital Assistance Scheme** provides access to commercial finance and culturally appropriate professional and mentoring support services for Indigenous businesses through participating financial institutions.
- The **Emerging Indigenous Entrepreneurs Initiative** supports projects which encourage and empower Indigenous entrepreneurs to pursue self-employment and small business opportunities.
- **Indigenous Youth Employment Consultants (IYECs)** work with young Indigenous youth to provide linkages to work or further education and training. The main role of the consultant is to encourage the successful transition of these people from school to work.
- The **New Enterprise Incentive Scheme** helps eligible unemployed people to start and run their own new, viable small business.

Between July 1999 and June 2006, over 56 000 Indigenous Australians were placed in employment and/or training across a range of industries through Indigenous-specific employment programmes. In 2005–06, an additional 44 500 job placements were made for Indigenous job seekers by Job Network members.

## CHAPTER 7 CONCLUSION

In a country as large as Australia, with population centres dispersed over large distances and with industries such as resources, agriculture and tourism, which are so reliant on the Transport industry playing such important roles in the national economy, a strong, modern and flexible Transport industry is critical to Australia's continuing development and well-being.

In the past, it has demonstrated its capacity to embrace change and adapt to meet the demands placed upon it, and it must continue to do so in the future.

Employment in the industry is projected to grow in the medium term, albeit at a slower rate than that for all industries, but it must be prepared to confront a number of factors if this growth is to be realised.

The industry is already feeling the effects of an ageing workforce and this trend is expected to continue. Combined with the ongoing challenge of an ageing workforce, the Transport industry is also facing labour shortages in a number of key occupations, particularly drivers, trade occupations and engineers.

Some sectors of the Transport industry have already recognised the need for improved employment initiatives, particularly in the recruitment and retention of employees and the consequent necessity to enhance the image and profile of their industry. For example, the Road freight transport industry in *Driving Australia's Future – A Report and Action Plan Addressing the Skill Needs of the Road Freight Transport Industry, 2003*, highlighted the ageing workforce, lack of skilled drivers and relatively low skill profile of the industry, and developed an Action Plan which included a range of responses such as encouraging school leavers and women to consider employment in the industry, building a more positive public perception and developing a stronger training culture.

The profile of the Transport industry workforce presented in Chapter 3 shows it is dominated by males working full-time with average longer hours than most other industries. This suggests there are significant benefits in introducing more flexible working arrangements which would encourage higher levels of female and younger worker participation and improve retention of workers, including those who may consider part-time employment after they reach retirement age.

The Australian Government's WorkChoices legislation provides the industry with the opportunity to offer greater choice and flexibility for both employees and employers in their workplaces by creating simpler and more flexible workplace arrangements. Under WorkChoices workplaces are able to maximise prospects for recruitment and optimise flexibilities for existing employees, including increasing the representation of female employees, attracting more highly skilled younger workers, and capitalising on the skills and experience of mature age workers.

The Australian Government has also invested heavily in vocational and technical education to address skill needs, particularly in traditional trades areas. In addition, reforms to the workplace relations system provide the opportunity for more young Australians to enter a trades career by ensuring it supports the implementation of Australian Apprenticeships, including removing any existing industrial relations barriers to take up school-based and part-time Australian Apprenticeships.

For selected skilled occupations, Australia's skilled migration policy will play a part in addressing any short term skills shortages. However, given the relatively low skill profile of the industry, the industry must take advantage of the Government's vocational technical education assistance and workplace relations policies to source and grow skills in its workforce.

Given the industry's relatively low skill profile, it is also well placed to use the flexibilities provided through WorkChoices to employ, in select occupations, people with disabilities, parents, the mature

age and the very long term unemployed who are moving into the labour market as a result of the Welfare to Work reforms. As part of these reforms, the Australian Government is providing a range of assistance to encourage employers to consider the benefits of employing people from these groups and has provided a range of tools to employment service providers to assist in placing these groups into employment.

The Transport industry is also likely to continue to face ongoing challenges which, by their nature, it has no control over. Issues such as the drought and higher fuel prices, movements in the commodities market and any changes to domestic and international tourism numbers could have a direct and immediate impact on employment in the Transport industry.

It is important the industry remains aware of these factors and is willing and able to take advantage of all of the flexibilities and assistance the Australian Government has put in place through WorkChoices and its policies to enhance labour supply through higher workforce participation.

## **ABBREVIATIONS AND ACRONYMS**

<b>ABARE</b>	<b>Australian Bureau of Agricultural and Resource Economics</b>
<b>ABS</b>	<b>Australian Bureau of Statistics</b>
<b>AES</b>	<b>Aboriginal Employment Strategy</b>
<b>ANZSIC</b>	<b>Australian and New Zealand Standard Industrial Classification</b>
<b>ARA</b>	<b>Australasian Railways Association</b>
<b>ASCO</b>	<b>Australian Standard Classification of Occupations</b>
<b>ATA</b>	<b>Australian Trucking Association</b>
<b>AWA</b>	<b>Australian Workplace Agreement</b>
<b>CDEP</b>	<b>Community Development Employment Project</b>
<b>CDEPPI</b>	<b>Community Development Employment Project Placement Incentives</b>
<b>CLIEP</b>	<b>Corporate Leaders for Indigenous Employment Projects</b>
<b>COAG</b>	<b>Council of Australian Governments</b>
<b>DEWR</b>	<b>Department of Employment and Workplace Relations</b>
<b>DIMA</b>	<b>Department of Immigration and Multicultural Affairs</b>
<b>EDDP</b>	<b>Employer Demand Demonstration Project</b>
<b>ENS</b>	<b>Employer Nomination Scheme</b>
<b>ESA</b>	<b>Employment Service Area</b>
<b>GSM</b>	<b>General Skilled Migration</b>
<b>HC</b>	<b>Heavy Combination</b>
<b>ICV</b>	<b>Indigenous Community Volunteer</b>
<b>IEC</b>	<b>Indigenous Employment Centres</b>
<b>IT</b>	<b>Information Technology</b>
<b>IYECS</b>	<b>Indigenous Youth Employment Consultants</b>
<b>LFR</b>	<b>Labour Force Region</b>
<b>MAEWS</b>	<b>Mature Age Employment and Workplace Strategy</b>
<b>MODL</b>	<b>Migration Occupations in Demand List</b>
<b>MR</b>	<b>Medium Rigid</b>

<b>MSL</b>	<b>Minimum Salary Level</b>
<b>OEA</b>	<b>Office of the Employment Advocate</b>
<b>PAGES</b>	<b>Providers of Australian Government Employment Services</b>
<b>RCB</b>	<b>Regional Certifying Body</b>
<b>RSDS</b>	<b>Regional Skills in Demand Survey</b>
<b>RSMS</b>	<b>Regional Sponsored Migration Scheme</b>
<b>SERA</b>	<b>Survey of Employers who have Recently Advertised</b>
<b>STEP</b>	<b>Structured Training and Employment Project</b>

**Australian and New Zealand Standard Industrial Classification (ANZSIC)  
Transport Industry Structure (ABS Catalogue No 1292.0)**

**Subdivision 61: Road Transport**

**611: Road Freight Transport**

6110 Road Freight Transport

**612: Road Passenger Transport**

6121 Long Distance Bus Transport  
6122 Short Distance Bus Transport (Including Tramway)  
6123 Taxi and Other Road Passenger Transport

**Subdivision 62: Rail Transport**

**620: Rail Transport**

6200 Rail Transport

**Subdivision 63: Water Transport**

**630: Water Transport**

6301 International Sea Transport  
6302 Coastal Water Transport  
6303 Inland Water Transport

**Subdivision 64: Air and Space Transport**

**640: Air and Space Transport**

6401 Scheduled International Air Transport  
6402 Scheduled Domestic Air Transport  
6403 Non-Scheduled Air and Space Transport

**Subdivision 65: Other Transport**

**650: Other Transport**

6501 Pipeline Transport  
6509 Transport n.e.c.

**Subdivision 66: Services to Transport**

**661: Services to Road Transport**

6611 Parking Services  
6619 Services to Road Transport n.e.c.

**662: Services to Water Transport**

6621 Stevedoring  
6622 Water Transport Terminals  
6623 Port Operators  
6629 Services to Water Transport n.e.c.

**663: Services to Air Transport**

6630 Services to Air Transport

**664: Other Services to Transport**

6641 Travel Agency Services  
6642 Road Freight Forwarding  
6643 Freight Forwarding (Except Road)  
6644 Customs Agency Services  
6649 Services to Transport n.e.c.

### Better Connections Workshops Locations 2006-07

<b>Month</b>	<b>Date</b>	<b>Location</b>	<b>Employment Service Area (ESA)</b>
August 2006	18	Chatswood	North Shore
	28	Shepparton	Goulburn Valley
	29	Armidale	North East
September 2006	15	Geraldton	Mid-West Gascoyne
	19	Fairfield-Liverpool	Fairfield-Liverpool
	27	Inala or Mt Gravatt	South West Brisbane
October 2006	4	Frankston	Peninsula
	5	Albany	Lower Great Southern
	13	Devonport	North West ESA
	20	Glenelg	South Western Adelaide
	25	Maroochydore	Sunshine Coast
November 2006	3	Katherine	Katherine
	10	St Albans or Bacchus Marsh	West Melbourne
	16	Tamworth	Keepit
	22	Narooma	Eurobodalla
December 2006	1	Beenleigh or Browns Plains	Logan
February 2007	9	Parramatta	Central West Sydney
	16	Whyalla	Whyalla
	20	Armadale	South East Metro
	22	Bendigo	Bendigo
March 2007	8	Port Pirie	Port Pirie
	14	Newcastle	Lower Hunter
	23	Warrnambool	Hampden
April 2007	3	Kalgoorlie	Goldfields
	12	Nowra	Shoalhaven
	24	Gympie	Gympie
May 2007	3	Warwick	Warwick
	15	Werribee	South West Melbourne
June 2007	5	Mackay	Mackay
	22	Lismore	Richmond
	28	Mildura	Sunraysia and Murray Darling

## Better Connections Workshops Locations 2005-06

<b>Month</b>	<b>Date</b>	<b>Location</b>	<b>Employment Service Area (ESA)</b>
July 2005	13	Gladstone	Gladstone
August 2005	3	Townsville	Townsville
	23	Campbelltown	Macarthur
September 2005	1	Camberwell	Inner East Melbourne
	8	Gosford	Central Coast
	21	Alice Springs	Alice Springs
	28	Bunbury	South West ESA
October 2005	6	Melbourne	North Melbourne
	13	Launceston	Launceston
	20 <sup>t</sup>	Penrith or Blacktown	Outer West Sydney
	27	Orange	Patterson
November 2005	8	Caboolture/ Bribie Island	Redcliffe/ Caboolture
	15	Perth	East Metro Perth
	17	Perth	North Metro (Perth)
	24	Noarlunga	Southern Adelaide
	29	Geelong	Geelong
December 2005	2	Ipswich	Ipswich
January 2006	31	Maitland	Hunter
February 2006	2	Melbourne	South Melbourne
	7	ACT	ACT
	28	Toowoomba	Toowoomba
March 2006	14	Gold Coast	Gold Coast
	16	Port Adelaide	North Western Adelaide
	28	Taree	Taree
April 2006	11	Mt Isa	Mt Isa
	26	Albury/Wodonga	Hume (NSW) and Kiewa (Vic)
May 2006	18	Port Augusta	Port Augusta
	30	Griffith	Sturt
June 2006	8	Ballarat	Eureka
	22	Coffs Harbour	Coffs Harbour



### Locations of the Industry and Employer Breakfasts

<b>Location</b>	<b>Date</b>
Canberra	14 February 2006
Sydney CBD – Launch	20 February 2006
Melbourne CDB	22 February 2006
Wagga Wagga (NSW)	23 February 2006
Brisbane	8 March 2006
Parramatta	8 March 2006
Wollongong (NSW)	9 March 2006
Launceston (Tas)	17 March 2006
Melbourne Suburbs (Glenwaverly)	21 March 2006
Adelaide	5 April 2006
Hobart (Tas)	12 April 2006
Dubbo (NSW)	13 April 2006
Gosford (NSW)	20 April 2006
Gisbourne	26 April 2006
Albury/Wodonga (NSW/Vic)	26 April 2006
Geelong (Vic)	27 April 2006
Bendigo (Vic)	2 May 2006
Newcastle (NSW)	4 May 2006
Perth (WA)	17 May 2006
Gold Coast (QLD)	18 May 2006
Tamworth (NSW)	19 May 2006
Townsville (Qld)	6 June 2006
Darwin	26 June 2006
Alice Springs (NT)	27 June 2006
Bunbury (WA)	28 June 2006
Mount Gambier (SA)	20 July 2006
Toowoomba (Qld)	24 July 2006
Coffs Harbour	24 August 2006
Cairns (QLD)	29 August 2006
Gladstone (QLD)	30 August 2006
Whyalla (SA)	1 September 2006
Lismore (NSW)	20 September 2006