

Australasian Railway Association submission to Senate Inquiry into Workforce Challenges in Australian Transport

Background

The Australasian Railway Association through its newly formed Rail Skills and Careers Council is leading the rail industry to collectively and individually deal with the immediate national skills shortages and the potential impacts of an ageing workforce on rail.

There are a number of underlying issues, which indicate that the potential risks for rail are severe in the short to medium term. This of course will require significant combined efforts to clarify and mitigate these risks.

It is clear that the skills shortage issues should be addressed throughout the diverse range of industries in Australia. However some industries, such as rail require special attention due to the impact they have on the nation's productivity.

Impact of efficient Rail

The rail industry continues to be one of the most thriving industries in Australia. Rail is today in a period of solid growth as revenues have been steadily increasing since 1999. Our industry today contributes \$7.7 billion to Australia's annual Gross Domestic Product and the future continues to look promising:

- Non-bulk freight is projected to increase by 82% in tonne-kilometre terms between 2003 and 2020.
- Rail is expected to remain the largest mode in bulk freight (46% share in 2003 and a projected 45% in 2020). Rail is well suited to transporting Australia's large tonnages in coal, other minerals and grains to port
- All governments are increasing investment in the passenger services due to community demands for improved rail services and reliability. In 2004 there were 589 million passenger journeys on urban train and tram services and 9.4 million passenger journeys on long distance services, and this is expected to increase.

Without considerable effort to improve the labour force's availability, flexibility and quality; the rail industry carries a high risk of not realizing its objective of providing the transport mode of choice.

The Employment Challenge for Rail

In 2006 the Australasian Railway Association released a major research report **The Changing Face of Rail** which identified trends of:-

- Ageing of the industry
- Small numbers of young and female workers joining and
- Small number of young and female workers staying
- Current rail environment and work practices were attributed directly to driving away young and female workers

The combined effect of these issues is the risk of a net out flow of workers for the rail industry over the next five to ten years. There is also data available through the federal government that predicts a decline in the number of new workers entering the workforce. The precise impact of these two issues is not clear and the ARA is working with industry and governments to better define the exact impacts.

A copy of the report is available on-line at www.ara.net.au/publications.htm and is attached.

The Rail Industry Response

To mitigate this risk the Australasian Railway Association is advocating four broad themes for the industry to secure labour supply and address people issues. Working individually, collectively and with the broader Transport & Logistics industry; rail is seeking to improve:

- **Attractive Image** - Rail is a modern service industry wanting to create an image that will engage stakeholders, customers and workers of the future.
- **Skilling Rail** - With the emergence of rail as a national service industry there is a need to update development processes to suit the changing industry.
- **Workplace Relations** - A more contemporary approach is desired to ensure rail realises the potential of its most valuable asset - people.
- **Data Collection** - Reliable and comprehensive industry HR data is desired to ensure a baseline exists and continued performance monitoring.

An opportunity for government to Assist

In February this year the Council Of Australian Governments (COAG) agreed to a program of national reform in vocational and technical education, and established a number of key measures. These focus on:

- the commitment to quality training
- a more mobile workforce to help meet skills needs
- a more flexible and responsive training system
- a targeted response to skill shortages in regions
- next stages of reform

The skills agenda sits within the broader context of COAG's agreement to work on a substantial new National Reform Agenda, one aspect of which embraces human capital and aims to lift the nation's productivity and workforce participation.

Some of the proposed changes are important to the rail industry and the ARA has worked with Department Education, Science and Training (DEST) to define the COAG reform measures that are important to the rail industry.

The attached table indicates the COAG priorities that are important for the rail industry and has rated this importance.

	COAG measure	Importance to Rail
1	By 30 June 2007, <i>full mutual recognition of licences in 6 priority trades and no duplication of assessment</i> requirements for obtaining qualifications and licences, with the same achieved for all licensed trades by 31 December 2008	High
2	<i>Apprentices to be certified as competent without the need to make special application</i> when they have demonstrated competency to industry standards	High
3	Governments to establish <i>new labour market data sharing arrangements</i>	High
4	Recognition of overseas qualifications – <i>a single pre migration off shore assessment process</i> to meet skilled migration and licensing purposes initially from 5 priority countries and 6 priority skill shortage occupations (as per the licensing initiative above)	Medium
5	<i>Enabling school based New Apprenticeships</i> through removal of legislative, regulatory and education barriers	Medium
6	<i>Recognition of Prior Learning (RPL)</i> - all workers entering publicly funded training to have existing skills recognized quickly and simply and a joint three year Commonwealth, State and Territory program to be established to support delivery and good practice of RPL	Medium
7	Funding available for a <i>new regional program to improve supply of skilled labour</i> in industries and regions of strategic economic	Medium

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The Australasian Railway Association believes that the current duplication and inefficiencies that exist between the various levels of government on the issues above are both an impediment to efficient rail recruitment and development and a detractor to new workers and therefore a challenge to transport employment.

The ARA also believe that efficiency in the rail industry would be enormously improved through consolidation of the different and inconsistent state and territory regulation regimes that control the rail industry. A single national regulation system would improve safety, business efficiency and reduce significant numbers of overhead roles required for national operators to understand and interpret the inconsistent regulation regimes thereby reducing some of the pressure on skills shortages for rail.

Conclusion

The rail industry is strategically important to a vibrant and effective Australian economy and relies heavily on a diverse range of skill sets to deliver efficient rail. It currently sits at a key cross road in it's history facing the very real prospect of not fulfilling the potential of efficient rail.

The rail industry has taken the challenge of addressing employment issues for this industry very seriously. Significant resources are progressively being applied to issues within the scope of influence of the rail operators and working collaboratively across the broader Transport and Logistics sectors.

The ARA is looking for this inquiry to analyse the potential benefits to rail and the broader transport sector to adoption to the February COAG agenda on Human Capital reform specifically the items listed above and recommend accelerated adoption. Also for this inquiry analyse and recommend a business friendly and single national regulation framework for the rail industry.