

Submission

to

Senate Standing Committee on Employment, Workplace Relations and
Education

Inquiry into Workforce Challenges in the Transport Industry

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Inquiry into Workforce Challenges in the Transport Industry

Jointly Submitted by:
The Victorian Transport & Logistics Industry-Government Partnership



BACKGROUND

The purpose of this paper is to provide Victoria's Transport and Logistics (T&L) Industry-Government Partnership response to the *Inquiry into Workforce Challenges in the Transport Industry*.

The Victorian T&L Industry-Government Partnership was established to ensure Industry groups work in cooperation with Government and Government agencies work in cooperation with Industry. Since 2001, the partnership has been transformed into a unique, powerful collaborative effort that focuses on realising a joint vision for Victoria as the *State of Supply Chain Excellence and Gateway of Choice*.

A key role of the partnership is to lead and support the *Victorian Supply Chain Excellence Action Plan (Attachment A)*. It does this by:

- bringing together peak Industry bodies and associations in a partnership with Government
- supporting and facilitating working groups for the development and implementation of the plan across the state
- providing networking and collaboration opportunities
- disseminating information
- informing Government decision makers on progress and industry priorities.

Further 2006-2009 skills agenda for the partnership is summarised on pages 21-22 of the *Victorian Supply Chain Excellence Action Plan (Attachment A)*.

The Partnership has functioned successfully over the past five years and has received commendations from around Australia and overseas. The model is also being emulated elsewhere in Australia.

The T&L Industry-Government Partnership structure (see page 11 of Attachment A) is currently being reviewed and further developed. In addition to the existing Education and Training Partner Reference Group (PRG), a new Labour and Recruitment PRG is also being established. This reflects the importance of the skill shortages issue to the T&L industry in Victoria.

THE ECONOMIC VALUE OF T&L TO VICTORIA

Victoria is Australia's major freight transport and logistics hub, servicing the Melbourne metropolitan area, regional Victoria, southern New South Wales, Tasmania and other parts of Australia. Around 70% of Australia's total population and the bulk of its manufacturing capacity are captured in this economic zone.

According to ABS State and National accounts for 2005/06, the Victorian T&L industry is conservatively estimated at 10.2% of GSP, however this figure is believed to be low. Anecdotal evidence suggest it may be as high as 16% when sub sectors like retail, mining and petrol transport are included in the statistic.

Employment

The T&L industry profile comprises mostly full time male employees. ABS statistics indicate that just under half of the workforce is over 45 years of age and the difficulty in attracting young people into some positions indicates potentially difficult structural employment issues for the industry in the future.

The Victorian Transport and Storage industry employs a relatively large number of workers. Estimates show 142,543 people employed in 2005, an overall increase of 2.4% from 2001¹. Annual demand for labour indicates that for each year to 2010, an average of 4,880 additional workers will be required by the Transport and Storage industry. This is equivalent to 3.4% of total industry employment and will be required across all modes and major streams (ie. Air, Sea, Rail, Road and Storage).²

In terms of employment, the storage sector is the main employment area in 2005 (51%), followed by road (46%), rail (1.6%), Air (1.3%) and sea (less than 1%)³

The composition of T&L employment differs quite markedly between Melbourne and regional Victoria. Road transport is the largest category of employment in regional area, accounting for 72% of total employment compared with 43% in the metropolitan area.

Skills related problems are found to be more prominent in the Western Metropolitan area of Melbourne and large regional centres such as Shepparton, Wodonga and Mildura and the Gippsland region.

WORKFORCE CHALLENGES

Skill shortages across T&L and other industries like manufacturing are significant and this is common across Australia and internationally. The causes are complex, but essentially they include factors such as:

- the industry's older age demographic resulting in a proportionally larger number of T&L workers retiring in the next five years
- inadequate information and planning for training in high demand jobs
- supply constraints resulting from the industry's image as low skilled and male dominated
- a lack of accurate market signals for industry, so low labour payment continues for categories of jobs experiencing shortages.

Anecdotal and formal research indicate the challenges fall broadly into the following categories:

¹ Department of Education and Training – Victoria, Office of Training and Tertiary Education. Victorian Transport and Storage Industry Report June 2006. p.9

² Ibid.

³ Ibid.

Economic Growth

In recent years, skill shortages have been exacerbated by the economic boom in Western Australia and Queensland. Shortages will increase if they are not attended to now because the Australian freight task is expected to double by 2020.

Globalisation and increased competition, especially from China and India has created significant challenges and new demands on the T&L Industry. Supply chain excellence is a key in dealing with these pressing demands⁴.

Technology changes

Technology changes are also changing the face of the T&L industry. The growing sophistication of transport and supply chain activities requires new professional skills in line with an emphasis on communications and information technology. New skills sets inherent in engineering, IT and other professional disciplines are now required in T&L to improve the industry's prospects in Intelligent Transport Systems, robotics and electronic fulfilment programs. A critical issue is that even the most traditionally well known occupations in T&L (ie. train and truck drivers) are now more complicated because of technology and workers are required with better developed skills levels.

Demographic: The Ageing Workforce

The Industry struggles to attract new and young entrants and the extent of the problem is accentuated by Australia's ageing population profile.

Road freight transport particularly experiences problems because it has a higher proportion of 45-54 year old employees and the proportion of 15-24 year old employees is low. An estimated 10% of people working in this sector will retire in the next decade.

T&L's Industry Image

The industry has an image problem. Young people in particular, associate the transport industry as low skilled jobs, truck driving, loading containers and limited career option. Relatively few people understand the sophistication of supply chains, the complex skills sets that are required or the range of career opportunities and pathways.

Recruiting and Retaining Workers

Recruiting and retaining skilled people is problematic across the industry. Anecdotal evidence suggests few companies offer attractive financial incentives and employees are frequently poached by other companies so the 'global' skills shortage issue is not addressed. People just simply move from one company to another. The labour hire and recruitment firms generally believe the industry is therefore in crisis.

Anecdotal evidence involved labour hire and recruitment specialists suggests there is no new pool of workers to tap into and the main way they find labour is to poach skilled labour from other companies or to 'renew' rehabilitated workers back into the workforce. Further these experts generally do not support or utilise the Visa 457

⁴Victorian Government Department of Innovation, Industry and Regional Development, The Victorian Supply Chain Excellence Plan 2006, August 2006, p.7

possibilities for a range of reasons, including the complexity of red tape and the poor treatment of overseas workers. They do not see skilled migration programs as an ongoing solution.

VICTORIA'S RESPONSE TO THE WORKFORCE CHALLENGES

Victoria's T&L Industry-Government Partnership recognises the ongoing importance of a skilled workforce and has identified demand for better supply chain education and training in areas including: information communications technology, logistics, supply chain management and globalisation. Education and training in particular will be a major challenge for the industry over the next five years. Since 2002, the Victorian Industry-Government Partnership has been proactive in leading and supporting various Victorian and national initiatives.

STRATEGIC RESEARCH

The Victorian Government conducted a strategic audit of the industry in 2001 which identified T&L as an industry with significant labour and skill shortages. On the basis of this and ongoing research, two action plans have been developed:

- *The TDL Industry Action Plan -2002-2005 (Attachment B)*
- *The Victorian Supply Chain Excellence Action Plan -2006-2009(Attachment A).*

PAPERS TO MINISTER

A series of papers highlighting the acute nature of skills problem was prepared by the T&L Industry-Government Partnership and submitted to the former Minister for Innovation, Industry and Regional Development, the Hon John Brumby MP. The papers indicated that Victoria is not alone in this matter. The problem occurs throughout across Australia and in the United States, United Kingdom, Canada and New Zealand (*Attachment C*).

In response the Victorian Government instituted a range of initiatives to deal with the issue including:

- regional audits
- establishing the Department of Victoria Communities (DVC) and providing significant funding through DVC to alleviate the problem through direct intervention
- moving the *Office of Training and Tertiary Education* from the Department of Education and Training to be housed in the Department concerned with industry state and regional development (ie. Department of Innovation, Industry and Regional Development).

NETWORKS

Education and Training Partner Reference Group (PRG)

The Education and Training PRG was established in 2002 and comprises of universities and training organisations. The PRG's main role is to implement the

education, training and skill initiatives outlined in *Victoria's Supply Chain Excellence Action Plan 2006*⁵.

The PRG has recently been divided into two groups focusing on formal tertiary education and applied skills training.

Women in Supply Chain Partner Reference Group (PRG)

This PRG recognises attracting more women to the industry is required but may be difficult in the face of the tight recruitment market. It also recognises the importance of communicating the professional nature of the industry and the wider career opportunities and benefits to women.

Labour and Recruitment Partner Reference Group (PRG)

A Labour and Recruitment PRG is being established in the T&L Industry-Government Partnership. A critical focus of the PRG is to attract and retain workers in the industry, provide advice on recruitment and retention programs and examine the skilled migration program. This PRG will also provide insights on the industry image from a recruitment perspective.

According to the recruitment specialists, the current unemployment rate of less than 5% effectively means we have no unemployment. While this is thoroughly positive for the community at large, for the industry this is a problem because of labour and skills shortages and the industry's image. The industry recognises creativity is needed and there is no long term value in simply winning workers from other industries or other points of the supply chain (ie. manufacturing). Creative solutions to expand the labour pool may include the following:

- employing farmers who are out of work due to the current drought. This will temporarily alleviate the problem but does not expedite solve the issue
- attracting mature age and existing part-time employees back into the workforce
- providing part-time regional work for mothers. For example, Woolworth's Barnawartha Distribution Centre plans shifts as 4 hour blocks to provide greater flexibility for workers
- attracting indigenous and other disadvantaged groups into the workforce.

T&L Careers Forums

The Victorian T&L industry sponsors and supports a series of career forums that showcase opportunities in T&L. These events target a diverse audience including career advisers, teachers, new apprenticeship program managers and job network personnel. Examples of forums held include:

Freight Week

The Victorian Government supports Freight Week which occurs every second year and attracts industry, education and the job network workers. Freight Week's, *Careers in Freight* day is scheduled to be held with other programs over the 19th - 21st September at the Caulfield Race Course in Melbourne.

⁵ Further information on the TDL Action Plan can be obtained from the Supply Chain Victoria website on: www.supplychainvictoria.com.au/supplychainexcellence/index.html

The Victorian Supply Chain Excellence Summit and Careers Forum

A careers forum was held as part of the 2006 *Victorian Supply Chain Excellence Summit*. The forum attracted approximately 270 people and involved students, teachers and job and education specialists in a half day event.

Clearly, the cost of contacting schools and students is beyond the current capability of the state based T&L industry government networks. A cost effective, national program is required.

Western Metropolitan Transport Taskforce

The taskforce of the T&L Industry-Government Partnership was established to address the difficulties experienced by job, education and skill networks in connecting young people with the T&L industry. The taskforce members include the Western Metropolitan Local Learning and Employment and Networks (LLENS), Local Community Partnership (LCP), Victoria Transport Association, DIIRD and TDT Victoria.

The taskforce is currently working to strengthen the interface with the industry and increase youth engagement by T&L companies in the Western Metropolitan area of Melbourne.

National Agenda

The Victorian Government and T&L industry is a participant and continues to support national initiatives through organisations such as the Australian Logistics Council, the Integrated Logistics Network, Australian Freight Logistics Council and the Transport Logistics Centre (TALC).

PROJECTS

Supply Chain and Logistics Career Map

The map (*Attachment D*,) funded by the Victorian Department of Education and Training was developed by TDT Victoria for the T&L Industry Round Table to show the broad range of jobs available in the T&L sector. It has been used to promote the industry as an attractive career option for young people and existing workers wishing to broaden their career pathways. The map features 126 jobs in seven streams:

- Procurement
- Transport
- Warehousing
- Distribution
- Logistics
- Sales/Marketing
- Customer Service.

The following information about each job is also shown:

- entry points into the industry
- work experience requirements
- education and training requirements

- salary ranges
- movement between sectors to further explore career options.

The map's success is reflected in a comment made by Mr Chris Munro, Ex- CEO of Linfox, as the first example of a comprehensive list of jobs, salaries and experience that he has seen in his international career spanning over 20 years.

Careers in TDL: Local Initiatives Kit

The Careers in TDL: Local Initiatives Kit showcases eight local initiatives from Melbourne and regional Victoria (Mildura, Gippsland and Wodonga) to promote T&L as a career of choice and address the critical skills shortage issue. The eight initiatives are exemplars that can be replicated elsewhere in Victoria and Australia which the Commonwealth could help to promote round Australia.

A list of the initiatives by region and stakeholder is outlined below. For more details on each of the initiative, refer to the Kit on *Attachment E*.

Initiative 1	<p>MELBOURNE'S WESTERN METROPOLITAN REGION – Engaging Youth</p> <ul style="list-style-type: none"> • Western Metropolitan Regional Transport Taskforce – a partnership of Local learning and Employment Networks (LLENs), the Department of Innovation, Industry and Regional Development, Victoria University, Victoria Transport Association and TDT Victoria
Initiative 2	<p>GEELONG Transporting Your Future™ – Australian School-Based Apprenticeships</p> <ul style="list-style-type: none"> • Banksia Consulting • School students across years 10-12 in the Australian School-based Apprenticeship Program, Certificate II in Transport and Distribution • NMG
Initiative 3	<p>SHEPPARTON TDL Career Information CD-ROM</p> <ul style="list-style-type: none"> • Goulburn Ovens Institute of TAFE
Initiative 4	<p>MELBOURNE Toll Virtual Victoria – School-based Practice Firms</p> <ul style="list-style-type: none"> • TDT Victoria • Toll Virtual staff and students • Toll Holdings • The Grange P-12 College • Galvin Part Secondary College
Initiative 5	<p>MELBOURNE Connectus – Connecting Youth and TDL Careers</p> <ul style="list-style-type: none"> • Connectus

Initiative 6	WODONGA From Licence to Work Ready <ul style="list-style-type: none"> • North East Victoria TDL Regional Round Table • Wodonga Institute of TAFE
Initiative 7	GIPPSLAND Increasing the Appeal of TDL <ul style="list-style-type: none"> • Gippsland TDL Regional Round Table • Monash University Gippsland
Initiative 8	MILDURA Forecasting Labour Demand Model <ul style="list-style-type: none"> • North West Victoria TDL Regional Round Table • Extran Consulting

Critical to the Kit were the insights into what the T&L Industry needs to do to better connect with target audiences, including young people and the education training and job network people. As a result of a State Roll-out meeting held in Melbourne with the initiative participants, the T&L Industry-Government Partnership continues to develop its leading role through the following additional initiatives:

- developing a speakers list to address various target audiences to market transport and logistics and supply chain
- developing a presentation to promote T&L to schools (similar presentations targeting different audiences will also be developed)
- promoting the use and uptake of the various initiatives to firms and school networks.

The Kit's interactive *TDL Careers Information CD-ROM* received good feedback from industry and is currently being expanded to incorporate other sectors.

The Kit was also awarded the Training Education & Development Award at the Australian Supply Chain Logistics Awards 2006 in Perth on 17 November 2006.

The Whole of Supply Chain Awareness Program & Seminar Series

The T&L Industry-Government Partnership is also working to improve supply chain understanding across the industry through the very successful Business Activity Harmonisation Study that focuses on containerised seafreight logistics chains. One component of the study is the *Whole of Supply Chain Awareness Program*. The program addresses another challenge for the industry, that is the skill development of existing workers who now need to understand whole of supply chain thinking as well as mode specific issues.

The trial of the *Whole of Supply Chain Awareness Program* is now complete with employees within the export/import supply chain. The intention is to take the program to a wider audience including senior executives from transport and logistics companies, customers and other stakeholders across the industry. A series of workshops is expected to be delivered in early 2007.

A sample version of the *Whole of Supply Chain Awareness Program* is available from: <http://www.tdtvictoria.org.au/>

WHAT DOES THE INDUSTRY NEED FROM THE COMMONWEALTH GOVERNMENT?

Victoria is leading the way in developing and implementing a broad range of national and international significant supply chain initiatives. There are however some issues that require a national approach.

National Marketing and Public Relations Campaigns

A comprehensive national marketing campaign is required to address the industry's outdated negative image of itself and by the community generally. The defence and mining industries have successfully developed campaigns to attract new entrants and young people. The T&L industry needs to do the same.

The *Careers in TDL: Local Initiatives Kit* and other Victorian research highlights:

- people's perceptions of the job and industry are critical to entering the industry
- friends and family are key influencers of young people in their decision making process and marketing efforts need to target all of these people – not just career teachers and students
- the internet is critical to the delivery of T&L career information to encourage young people into the industry.

A public relations (PR) campaign is required to address the industry's image problem and counter negative messages over radio and television concerning truck crashes, drug taking, and blue singlet wearing jobs.

Performance Based System (PBS) vehicles and the development of a better rail system are issues of national importance and are being handled through the Commonwealth. T&L is a national industry and state borders are irrelevant to national companies with headquarters around Australia except as barriers to efficiency. Just as we have PBS vehicles, rail issues, national TV and radio programs, a coordinated and effective national marketing and PR program is required to improve T&L's image and open people's eyes to its full potential.

Internet Portal and Sites

The Internet is a powerful medium for information delivery as websites can be readily updated, launched and accessed in a matter of seconds from anywhere around the world. The usage is very high among young people and the business community. Central to the development of successful internet portals is ongoing management and development. TALC's TILIS and South Australian Freight Council's LINC sites would be enhanced with ongoing government funding. International experience shows internet portals are likely to succeed with sufficient revenue generated from e-commerce and electronic trading. This type of functionality is however not suited to careers information sites.

Given the clear link between young people, their choices of careers and ready access to the internet, a single dedicated portal for the Australian T&L Industry is vital to the future of the industry and requires significant ongoing federal government funding.

Supporting Industry Initiatives

It is really important that industry initiatives coming from members of the Australian Freight Councils, such as Victoria's Freight and Logistics Council's Business Activity Harmonisation Study and South Australia Freight Council's LINC'S project are picked up nationally and promoted to an Australia-wide industry audience to share learnings and avoid duplications. The appropriate mechanism to take on this role may be the Australian Logistics Council, which has access to an Australia-wide industry network.

CONCLUSION

The Victorian Industry-Government Partnership is keen to participate in the public hearing and members of the Partnership are happy to help facilitate site visits to be conducted in Melbourne.

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ATTACHMENT

ATTACHMENT A – The Victorian Supply Chain Excellence Action Plan 2006

ATTACHMENT B – Victorian Transport, Distribution and Logistics Industry Action Plan –August 2002

ATTACHMENT C – T&L Industry-Government Partnership Letter to Minister

ATTACHMENT D – The Supply Chain and Logistics Career Map

ATTACHMENT E – Careers in TDL – Local Initiatives in the Transport, Distribution and Logistics Industry

ATTACHMENT F – Transport, Distribution and Logistics Change Driver Report 2006