



Senate Inquiry into workforce challenges in the transport sector – November 2007

Executive Summary

The Australian Senate commenced an inquiry in 2006 into workforce challenges in the transport sector and the Tasmanian Freight Logistics Council was invited to make a submission to the enquiry.

Following consultation with its Members, the Council forwarded a submission to the Senate Inquiry in December 2006.

The Senate Standing Committee on Employment, Workplace Relations and Education has recently issued its report and findings and has come up with a number of recommendations for further action to overcome the significant workforce challenges facing the transport industry.

The major recommendations include:

- Industry bodies agree to a national branding image for adoption by transport and logistics operators to be used consistently in promotional activities.
- Industry operators engage with education authorities to find ways to raise the profile of transport and logistics in school-based preparation activities.
- An industry-wide training levy be applied to all operators in the industry to encourage training activities.
- A review of traineeship funding practices to ensure the delivery of government trainee funding is directed to new entrant training.
- A minimum of 60% of government training funding is to be directed to new industry entrants, to ensure at least 4,500 entrants are trained each year.
- All jurisdictions ensure chain of responsibility legislation is enacted to ensure that the transport system is operating at optimal safety standards.
- Employers in the transport sector give priority to improving work conditions, including minimum safe rates of pay and paid waiting time, as well as offering shorter or more flexible shifts as a means of retaining workers and encouraging current license holders to return to the industry.

- The Department of Transport and Regional Services, the Department of Employment and Workplace Relations and the Department of Education, Science and Training undertake a strategic policy discussion to develop and implement a process for better communication and collaborative action on training matters.
- The Australian Logistics Council extends its five-year strategy to encompass ten and twenty year plans for the national transport and logistics industry and that the planning process includes representation from transport employee bodies and major transport users.

Copies of the report or further information on the report can be obtained from:

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Senate Employment, Workplace Relations and Education Committee
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Parliament House
Canberra ACT 2600
Australia

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Background Information

The Australian Senate commenced an inquiry into workforce challenges in the transport sector in late 2006 and the Tasmanian Freight Logistics Council was invited to make a submission to the enquiry. Before doing so it sought the views of its Members on this matter.

The inquiry focusing particularly on employment trends in the industry and comparing these with industry needs and the skills profile of the current workforce. It examined skill and labour and supply issues and strategies for enhanced recruitment, training and retention. Finding ways to meet employer demand in regional and remote areas was also be a feature of the inquiry.

The purpose of the inquiry was:

- to address the scope of the problem of labour and skill shortages affecting all sectors of the transport industry and the likely consequences of serious labour shortages;
- to review labour supply research undertaken for the transport industry, to canvass the views of industry, consumers and unions in regard to recruitment and employment practices in the industry;

- to alert Parliament to the projected labour shortage in the transport industry which will seriously affect the distribution of all goods and most travel services in the next ten years; and,
- to make recommendations on a Commonwealth-led coordination of improved training delivery for the sector, and address issues related to employment incentives and disincentives that are characteristic of the industry.

The transport industry would claim that it is likely to be one of the industries most seriously affected by projected skills shortages and an impending work experience deficit. It is not only that operations managers, truck drivers and train drivers are ageing and that a high proportion will retire within seven years: it is that young people are not entering the industry at anywhere near replacement rates. In fact, young people appear to seriously underrate the opportunities the industry offers in management and technology. The effects will become most obvious with the retirement (and unfilled replacement positions) of control system operators in storage managers and freight forwarders, train controllers and other middle management operators. The inquiry will consider the options open to transport operators to deal with the effects of these challenges.

The transport industry is diverse. Road transport carries about 70 per cent of goods. Leaving aside nation-wide listed or state owned enterprises such as Toll, QR and Linfox and a few others, the majority of businesses operate, for the most part, on a much smaller scale. Many experience very tight profitability margins, and many operators in the trucking business are said to be barely profitable, and their difficulties are compounded by the likely continuing rise in fuel prices. At another level, the historical lag in railway infrastructure investment presents a different set of challenges, but even if this investment was to be dramatically increased, the labour issue, and specialised skill shortages would still loom as a serious impediment to the speedier and efficient movement of freight and people.

The terms of reference allowed the inquiry to hear views on continuing work practice issues in the operation of railways and road transport, and their effects on recruitment and efficient use of labour. The transport and logistics industries are concerned that they present an image of offering only low-skilled employment. The inquiry was able to consider, under one or a number of its terms of reference, efforts by the industry to emphasise career structures and contemporary work practices. It appears that the institutional and operational culture of a transport entity has a strong bearing on recruitment and retention of personnel at all levels, and likely to be an important area for the inquiry's consideration.

Further information on the inquiry is available on http://www.aph.gov.au/Senate/committee/eet_ctte/transport_employment/index.htm or contact the undersigned.

Tasmanian Freight Logistics Council Submission



Mr John Carter
Secretary
Standing Committee on Employment, Workplace Relations and Education
Australian Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

14 December 2006

Dear Mr Carter

Australian Senate inquiry into workforce challenges in the transport sector

I refer to your letter of 26 September 2006 in regard to the above.

The Tasmanian Freight Logistics Council is a public company managed and operated by industry members whose purpose is to bring shippers, service providers and other stakeholders in the logistic chain into a Tasmanian freight community, whose focus is on actions to improve supply-chain efficiency and performance. The Council's vision is of vibrant, efficient and competitive freight operations into and out of the State, continually improving logistic systems that support increased market competitiveness, new business and investment in more effective supply chains. The achievement of this vision relies on co-operative behaviour that subsequently contributes to significant growth.

The Council's objectives are:-

- Initiate logistic-chain improvements.
- Be a conduit between the freight community and government.
- Facilitate better quality management of supply chains.
- Work collaboratively with the Tasmanian Freight Community.
- Act as a provider of logistic information and related topics.

Key issues for the Council are:-

- Rising input costs.
- Capacity versus seasonal cargoes flows.
- Tasmania's complex, high-risk logistic chain.
- Service reliability.
- Technology developments.
- Economies of scale.
- Skill shortage in logistics.
- Environment and security.

Council membership is open to all businesses and individuals interested or involved in Tasmanian freight activities – including shippers and service providers.

Since its inception in early 1999, the Council has successfully managed to gain the trust and respect of Tasmanian industry. During the Ansett collapse the Council employed extra staff and worked to facilitate the continued export of Tasmania's live and fresh produce despite considerably reduced capacity for air freight. The Council works primarily in the air and sea freight modes. Over time, the growth of smaller specialised live and fresh produce shippers who needed specialised assistance to facilitate Tasmanian exports has emerged.

Workforce challenges in the transport sector

The Council has circulated details of the Standing Committee Inquiry to its members and has spoken to major players in the transport sector in Tasmania to determine the views of its members and to identify any workforce challenges that are currently being experienced in the transport sector in Tasmania or are likely to be experienced in the very near future.

Whilst the Council is concerned with all modes of transport that affects the smooth transfer of goods to various destinations, our immediate concerns and most of the issues raised below relate to road transport. It is not insignificant that there has been a shift to greater use of road transport over the past couple of decades where road transport is now the most important mode in the transport chain – and this is the area where most of the current and future problems exist.

The following issues were identified:

- Skills Shortage

It would appear that the transport sector is facing a serious shortage of skilled labour – both currently and even more so in the not-too-distant future. Australia already has an ageing population which is in itself going to impact on the workforce over the next fifteen years. Added to that problem, a large number of the current workforce in the transport sector are already over fifty years old and a high proportion of that workforce will retire in the next ten to fifteen years, which will create enormous pressures on the transport sector to find suitable and skilled replacements. To further compound this issue, the current resources boom in Western Australia is already having a serious impact on the transport sector as the lure of bigger wages attracts our skilled labour to Western Australia – and it is expected that this situation will have an even bigger impact on the transport sector in the immediate future. Whilst the Council believes the skills shortage will impact on all modes of transport in the future, we believe that road transport in particular is facing critical skills shortages.

- Difficulty in attracting young people

The transport sector is already finding it difficult to attract young employees. The transport industry is increasingly becoming a knowledge industry and the ability to attract well-trained and flexible staff is vital. The increased dependence on communications and information technology means that the transport sector must attract more school leavers and tertiary graduates – as these people tend to be more comfortable with the latest technological advances. The transport sector's inability to attract young employees is not helped by its current poor image.

- Insurance excesses and young people

One of the real problems identified in failing to attract young people into the transport sector is the current disincentive for employers to employ anyone under 25 in any sort of driving capacity due to the significantly high excesses placed on under 25 drivers by the insurance companies. By the time most young people have turned 25 and are able to drive vehicles in the transport sector, they have already started a career elsewhere.

- Increased freight movements in the future

It is generally acknowledged that national freight movements will double by 2020. If that happens, substantial expenditure will be required on the necessary infrastructure required to move that freight. Speaking at the Tasmanian Infrastructure Summit in September 2006, the Hon. Jim Cox MHA, the Tasmanian Minister for Transport, claimed that trends for Tasmania suggest that there may be even higher growth in Tasmania of up to a trebling of the freight task over this period. The number of people that will be required in the transport sector during that time will increase significantly as well. The sector cannot currently attract enough people to work in it, so how will it be able to cope with a 100% increase in freight movements in the next fifteen years?

- Problems if rail transport curtailed or reduced in Tasmania

There has been a great deal of uncertainty in the past two years about the future of rail transport in Tasmania. Whilst that uncertainty has recently been overcome with the signing of a new agreement between the Federal Government, the Tasmanian Government and Pacific National, any decrease in the current rail services available in Tasmania would mean a substantial increase of freight being carried by road. Employers are currently experiencing difficulty in obtaining skilled drivers and any further increase in truck movements in Tasmania will further exacerbate this problem.

- Increased training

Training is currently an enormous issue in the transport sector. Employers have a duty of care to properly train their employees and they cannot afford the risk of litigation by putting inexperienced or untrained drivers on the road who are incapable of skillfully handling their vehicle. The transport sector must do more to raise the skills and knowledge of its workforce and to adopt practices and technologies that transform information and experience into knowledge. While attracting young employees is crucial to the long-term performance of the sector, it must also do more to invest in its own people to make sure its employees develop the skills and knowledge that the industry needs.

- Problems in moving freight on mainland to remote areas

A number of Tasmanian companies are experiencing difficulty in moving their goods to remote areas on the mainland – particularly refrigerated freight. There are insufficient trucks and people available to move all the freight that needs to be moved on the mainland and this is exacerbated when the final destination is away from the major capital cities – although it is already very difficult to move freight from Melbourne to Brisbane for the reasons outlined above.

- Problems with distribution and receiving warehouses

Major problems for the transport sector are arising on the mainland with distribution and receiving warehouses. The major supermarket chains have built their distribution centres in country or remote areas that seem to have no relevance to normal road-haul sections. Freight operators who deliver to these centres often incur lengthy and unfair delays in waiting in long queues for their freight to be offloaded which adds costs and hours to their day's activities. In many instances this results in drivers being outside their allowed hours which means that they are required to rest and other freight on their truck doesn't get delivered.

Please contact the undersigned if you require any further information on the above.

Yours sincerely

Rob McGuire
Chief Executive Officer