

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