



Logistics Industries ENVIRONMENTAL SCAN

November 2011

Executive Summary



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The Logistics Training Council Inc (LTC) provides high level strategic information and advice to the Western Australian Government on the current and future needs and priorities of the Transport and Logistics Industry in Western Australia. The LTC has taken a leadership role within the Logistics industries in this respect and has ensured that the activities of the LTC align with the priorities set by the Minister for Training, the State Training Board and the Department of Training and Workforce Development through the policy document Skilling WA – A Workforce Development Plan for Western Australia.

The 2011 Transport & Logistics Industries Workforce Development Plan has been produced by the Logistics Training Council Inc in response to a focus by the State Government on the future workforce development needs of industry and will give Industry, Government and Registered Training Organisations an opportunity to look at what has occurred in the past year and predict what will be required to move forward into the future. The Plan will also identify what the future workforce will need and how all stakeholders will be responsible for building, attracting and retaining the workforce to meet industry's future skill needs.

A major challenge for the LTC is to encourage industry to plan for their future workforce, while investing in strategies such as training to ensure a viable, skilled workforce is available to meet their needs. Skilling WA sets out the blueprint for how the State will plan for tomorrow's workforce enabling industry are able to use this to guide them in the process.

The traditional image of the transport and logistics industry has been one of physically demanding jobs, heavily industrialised workplaces, and an employment destination of last resort. Today, this couldn't be further from the truth. In 2011 the Transport and Logistics industries are technologically advanced, dynamic and vibrant industry, with a diverse range of career options, and a highly skilled and professional workforce. The industry has not only embraced new technology but has delivered significant national and international productivity improvements through the integration of new and emerging technologies across its sectors.

In recent years there have been many attempts to quantify transport and logistics workforce numbers. In the main, existing government data relies on definitions of direct employment wholly within a transport and logistics enterprise (ie truck driver working for a freight company). While it is acknowledged that many other sectors of the economy including mining, agriculture, retail, construction and government undertake transport and logistics activities, these employees are not included in government estimates of the entire transport and logistics workforce.

The consequence of this situation is a significant under-reporting of the number of individuals who participate in the transport and logistics workforce. The potential impact of this under-reporting is insufficient focus, particularly at policy level, on the magnitude and composition of transport and logistics skills required to service the Western Australian economy.

It has been the intent of this Workforce Development Plan to capture rich data and information that can be used to identify current and future skills and training needs for all transport and logistics industries. This was done through a variety of mechanisms, including a T&L Workforce Gauge, which has provided rich information previously difficult to obtain. We would like to thank the T&L Industry and the WA Transport and Logistics Workforce Advisory Group (TLWAG), chaired by the Department of Transport, for their support in gathering this data, as it will provide a benchmark for future research.

Executive Summary

It has been the intent of this Transport & Logistics Industries Workforce Development Plan to better focus Industries issues around the five key themes of Skilling WA, and I feel very confident that this Executive Summary will highlight those issues critical to industry as well as some strong strategies which will be used to address them now and into the future.

The 2011 Transport & Logistics Workforce Development Plan has been supported by the 2011 Transport & Logistics Environmental Scan, and both documents will be placed on the LTC website and will become dynamic documents that will reflect the changing industry environment.

I commend this Executive Summary to you and look forward to seeing positive outcomes as a result of its recommendations.

Thierry Tedeschi
Chairperson
Logistics Training Council Inc

The Transport and Logistics Environmental Scan covers the following industry sectors:

- Road Transport and Logistics Management
- Warehousing
- Maritime and Stevedoring
- Aviation
- Rail
- Postal
- Wholesale

Many of these sectors not only overlap each other, but can be found in other industries. There has been a move towards a more multi-modal transport strategy in recent times, where all modes of transport are working closely together to ensure a more efficient, cost effective and sustainable structure, and this has seen the development of transport hubs, with sea, rail, air and road all working out of the same area to move freight.

Transport and Logistics is one of 17 divisions that comprise the Australian economy. This division is primarily concerned with the provision of transport services via road, rail, water and air. The provision of storage services is also covered by this industry. The division includes businesses that provide passenger or freight transport by road, rail, water or air; terminal facilities for passengers or freight; services related to transport such as car parking, stevedoring, harbour services, navigation services or airport operation, port operation; booking, travel, freight forwarding, crating or customs agency services; and storage facilities. Businesses operating pipelines for the transportation of oil, gas, etc., on a contract or fee basis are also included in this division.¹ (IBISWorld)

The State Government is aiming to unveil a regional and metropolitan freight strategy by the end of the year to cope with emerging transport challenges and the growing demand on the ports at Fremantle and Port Hedland. It is estimated that both ports will significantly increase the number of exports in the coming years on the back of the resources boom, which will pose a significant freight challenge in Western Australia, according to the Minister for Transport. Exports at the Port of Fremantle are expected to double over the next 10 to 15 years, while annual iron ore exports at Port Hedland will go from 200 million tonnes to 495 million tonnes within four to five years.²

Regulatory Requirements

There are many major regulatory changes occurring in the Transport and Logistics Sectors within the next two years. These will have a huge impact on the industry, and include the following:

- **Establishment of single national regulators for heavy vehicle, rail safety and maritime safety.** The Council of Australian Governments (COAG) has agreed to these reforms with the aim of boosting productivity, increasing efficiency and improving safety in the freight transport and logistics industry.³
- **National Harmonisation of Occupational Health and Safety Laws** – As part of a national OHS harmonisation initiative the Commonwealth and each State and Territory have agreed to amend their OHS legislation so that each is consistent with the national Model Work Health Safety legislation (Model WHS legislation). The legislation is due to commence on 1 January 2012.⁴ However, Western Australia is not intending to adopt

the whole of the model but will likely adopt a significant portion of the proposed model laws. Four areas which have been highlighted will not be adopted by WA. These relate to Penalty Levels; Union Right of Entry; Health and Safety Representatives' Capacity to Direct the Cessation of Work; and Reverse Onus of Proof in Discrimination Matters. WA considers that its inclusion is contrary to one of the issues that initiated harmonisation.⁵

- **The introduction of the carbon tax** by the Federal Government in July 2012 whereby polluters will pay per tonne of carbon they release into the atmosphere. This cost will initially be set at \$23, and increase gradually until 2015, when it will shift to a trading scheme that will let the market set the cost.
- **Compliance and Enforcement Legislation (Chain of Responsibility)** which is currently progressing through WA Parliament. WA is currently the only State that does not currently have this legislation. The 'Chain of Responsibility' concept recognises all parties that have a role in the transportation of goods by road, and imposes obligations on those parties, who are required to take reasonable steps to prevent a contravention of the road transport law.
- **Safe Rates** - The Federal Government plans to establish a new national road safety system to tackle speed, fatigue and dangerous work practices in the trucking industry, in a bid to make Australia's road safer for all drivers. The new Road Safety Remuneration Tribunal, which will begin work on 1 July 2012, will have the ability to set pay or pay-related conditions to ensure safe driving practices.

More information regarding these regulations can be found in the relevant industry sector overview.

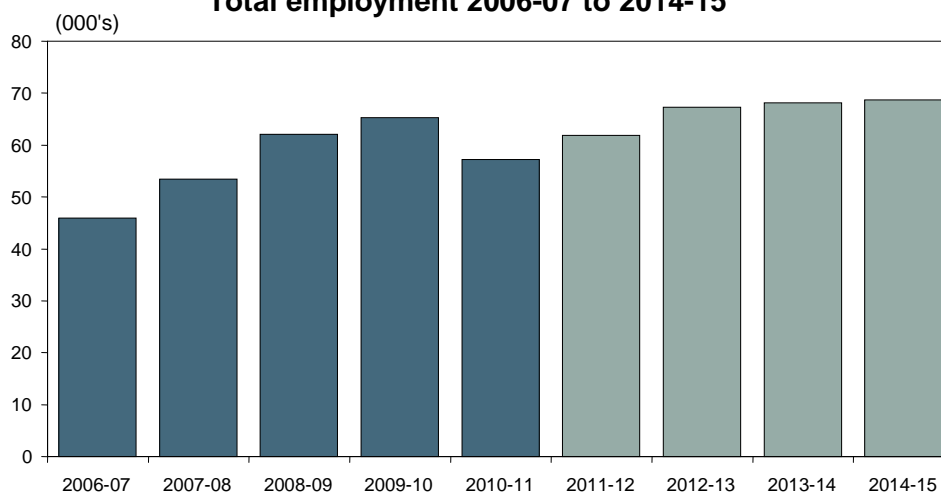
Demographics of Workforce

In 2010-11, the transport, postal and warehousing industries employed 57,200 persons or 4.7% of total employment. Over the four years to 2010-11, the industry in WA grew by 11,300 jobs (24.6%) with the transport support services sector experiencing particularly strong growth (up 6,400 jobs – nearly trebling in size).⁶

- More than three-quarters of employees were male.⁷
- The median age of employees was 44 years (45 years for males and 44 years for females).
- The largest age group for males was 35 to 44 years of age, and 45 to 54 years of age for females.
- More than three-quarters of employees worked full-time.
- More than 50% of employees did not have a post school qualification. A further 19.9% had a Certificate III or IV and 6.9% had a diploma or advanced diploma⁸.

The following table represents growth in Western Australia from 2006-07 and projected growth to 2014-15.⁹

Transport, postal and warehousing Total employment 2006-07 to 2014-15



By 2014-15, Monash forecasts that there will be 68,700 Western Australians employed in this industry, representing an increase in employment of 11,400 jobs, or 20% growth. Consistent with the development of major resource and infrastructure projects throughout the State, most of the jobs growth is expected in the road transport sector.¹⁰

Workforce Gauge 2011ⁱ

The LTC conducted a survey of all its stakeholders in September 2011 to provide insight into the industry. Questions related to five main categories: business, employment, human resources, training and recruitment and retention. A total of 80 organisations responded with a third of respondents coming from the road transport sector. The following information related to organisations surveyed:

- 65% of the organisations surveyed were private companies
- 75% of activities were conducted in WA
- 75% of offices/depots were located in Perth (see graph)
- The majority of companies had planning strategies in place to manage their future workforce. These included identifying critical job roles and developing training plans.
- 33% of identified critical shortages related to truck drivers. (see graph below)¹¹
- 65% of respondents experienced difficulties in hiring staff, with the main reasons given being that people were not available in the local area and skilled people not available.
- The top three methods of recruitment were on-line (more than 20%), newspapers (12%), and word of mouth (12%).
- 65% of respondents had difficulty in retaining employees, with drivers being the most difficult to retain. The two top reasons for this were salary and competition from other organisations.
- 57% of respondents indicated that learning and development opportunities were an

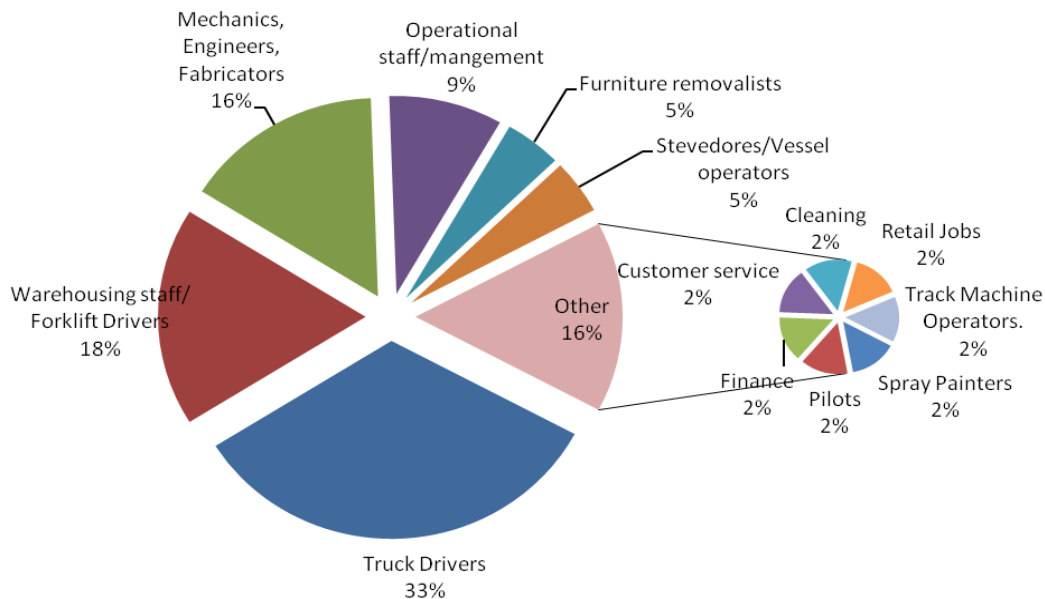
ⁱ The full T&L workforce gauge can be found at www.logisticstc.asn.au.

Industry Sectors

important factor in retaining staff, with 78% of organisations having learning and development programs in place.

- 54% of respondents said that the main type of training implemented was safety related.
- 77% of respondents said the main benefit of training was improved productivity.

% Distribution of Critical Staff Shortages



Size and Distribution

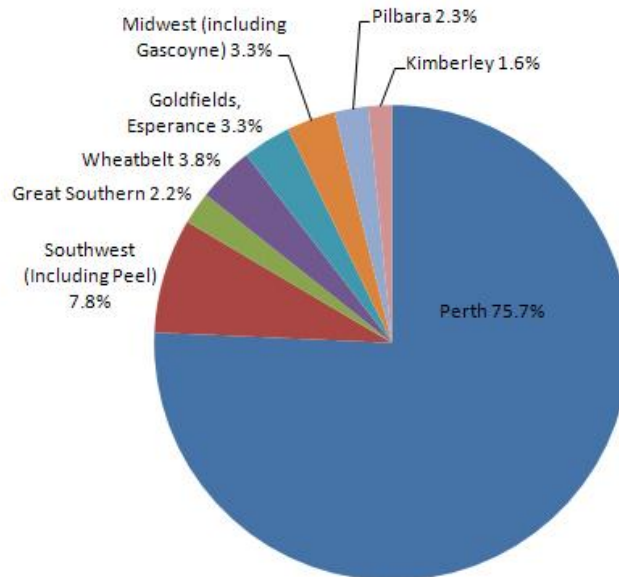
It has been estimated that there are more than 165,000 businesses in the transport and logistics industry in Australia. The majority of these businesses are self-employed solo operations (63.64%) or have fewer than 20 employees (31.78%)¹². It has also been estimated that Australia's freight task in 2020 will be double that of 2006. By 2050, it will be tripled.¹³

Logistics and warehousing are growth areas that are integral to the future growth of transport in WA, especially in light of the numerous new projects including the Gorgon Project, located 130 km off the north west coast, the LNG Wheatstone Project at Ashburton North, and the Karara Magnetite Project, located 225 km east of Geraldton. In the past infrastructure spending has been inadequate and it is important that this is ramped up so that future growth in the transport and logistics industry is not limited.¹⁴

According to a report by the Bureau of Infrastructure, Transport and Regional Economics (BITRE), between 1972 and 2007 the total interstate freight task (by all transport modes, ie road, rail and coastal shipping) on the East West corridor grew from 3.3 billion tkm to 18.3 billion tkm. This increase was partly driven by the mining boom in WA which in turn has increased demand for project freight and consumables destined for the north west of WA. Between 2008 and 2030 the total interstate freight task on the East-West corridor is projected to increase from 19.1 billion tkm to 38.6 billion tkm, at an average annual growth rate of 3.3%.¹⁵

The following graph represents the location of workers in the transport and logistics industry in 2010.¹⁶

WA Industry Employment by Region

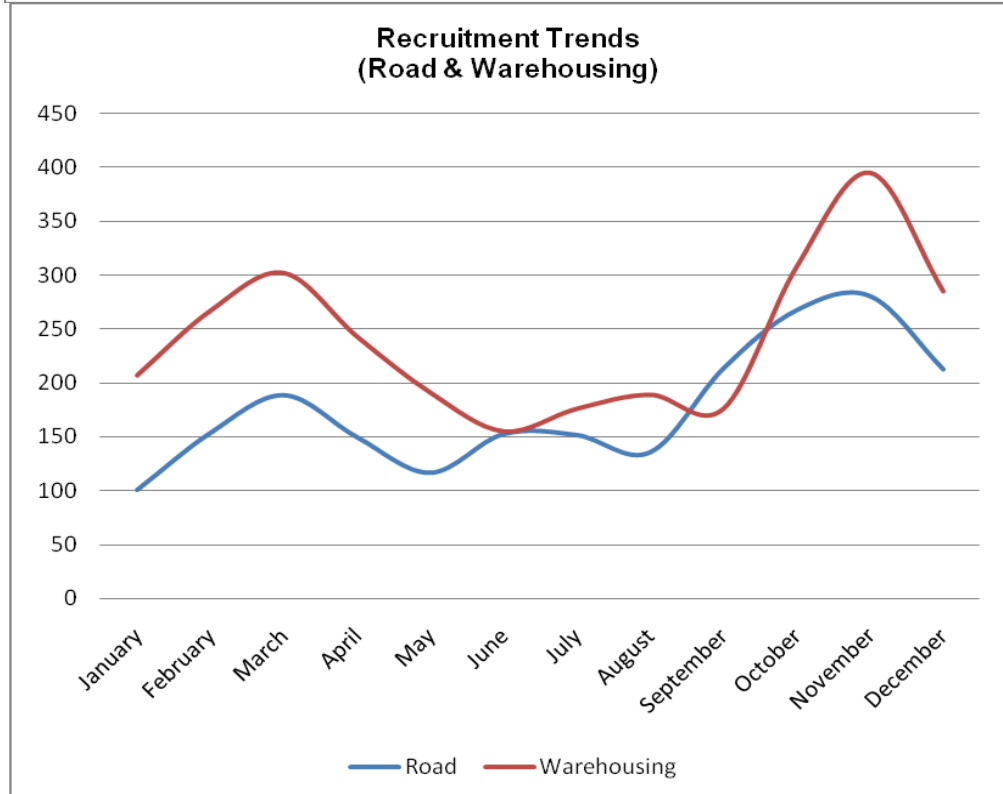
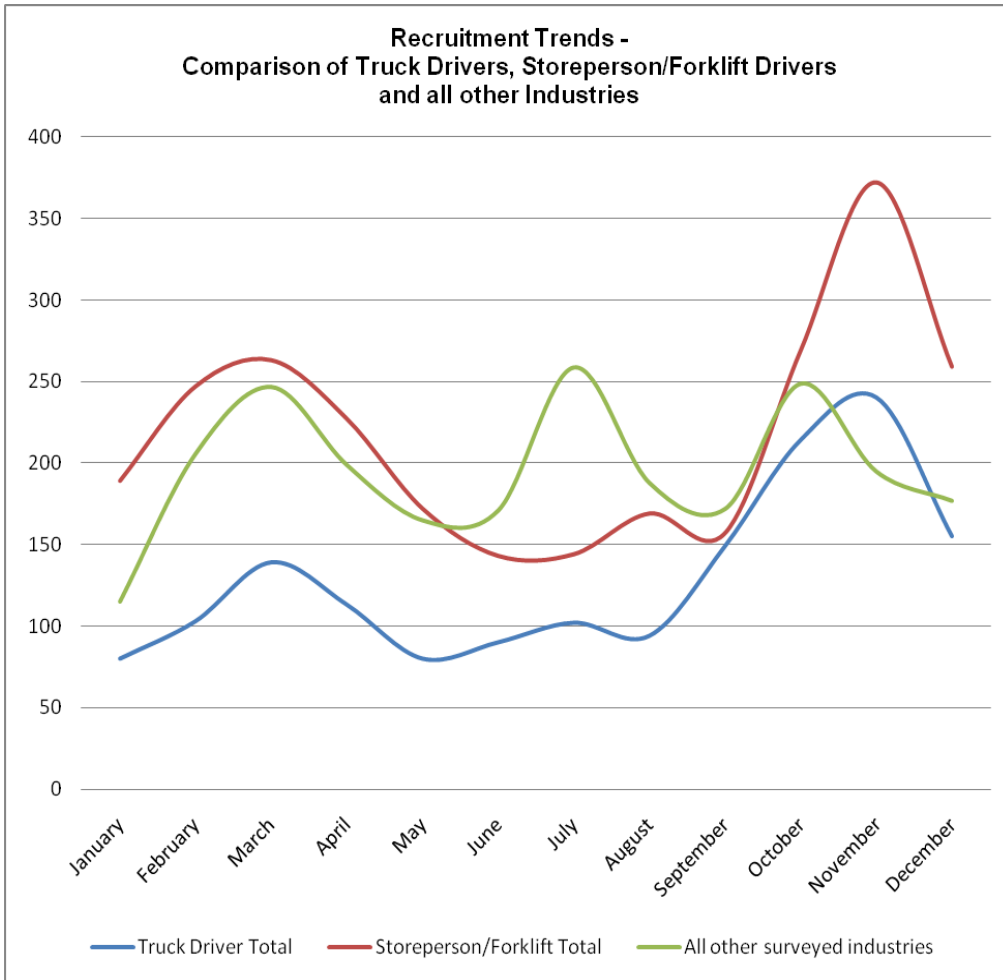


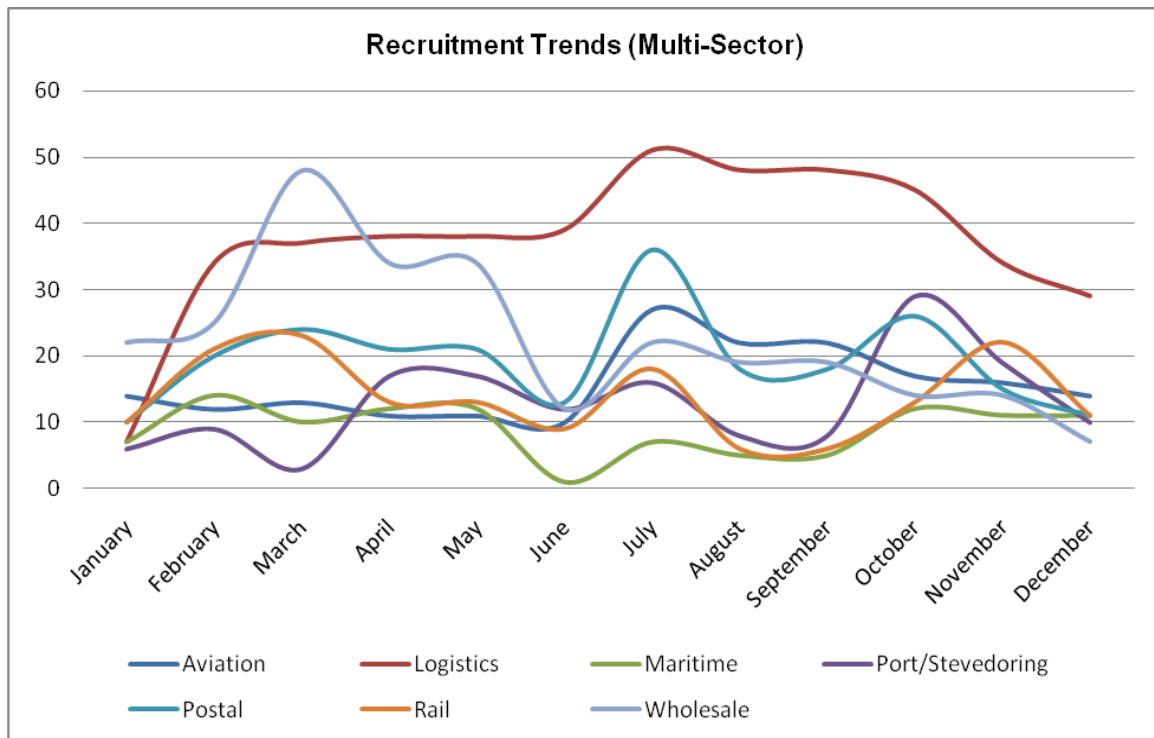
Recruitment Trends

Over the past year, the Logistics Training Council has kept track of the number of job vacancies posted online. Information was gathered on 39 positions across 9 industries from a variety of recruitment sites. The data shows massive demand for store persons and both truck and forklift drivers. As can be seen on the following pages, the sum of storepersons and forklift drivers was greater than *all* other positions combined with the exception of MR/HR and HC/MC drivers. As the data shows variation within one year only, there is no obvious consistent demand growth, again with the exception of truck drivers which shows a relative rise.

Limitations of the figures

- Exact or near exact job title matches were required to maintain uniformity in the figures. Varying naming conventions for particular posts therefore resulted in the underrepresentation of particular positions and industries.
- The tendency for certain industries to advertise online and for others to recruit using alternative channels again altered the outcome of the research.
- To maintain a focus on the transport sector, 4 to 5 positions were chosen to be monitored within selected industries. However, there are no equivalent positions between industries so comparisons based on the figures do not reflect the overall activity of the industries.
- Recruitment organisations commonly advertise more than once and on more than one website for single positions. Where possible, duplication was avoided but is not entirely absent from the data.





Sources:

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- www.patrick.com.au
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 - ⁵ Ian King, CEO WARTA, WA Transport Magazine, October 2011
 - ⁶ Employment Trends and Prospects, September 2011, DTWD
 - ⁷ Government of WA, Department of Commerce, Transport, Postal and Warehousing in WA: 2011 labour market overview
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 - ⁹ Employment Trends and Prospects, September 2011, DTWD
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 - ¹¹ Logistics Training Council Workforce Gauge 2011
 - ¹² Transport & Logistics Industry Skills Environmental Scan 2011
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 - ¹⁴ Transport Forum, through consultation with CEO, Ian King
 - ¹⁵ Bureau of Infrastructure, Transport and Regional Economics (BITRE), Interstate freight in Australia, Report 120, April 2010
 - ¹⁶ Department of Commerce, WA Industry Employment Data 2010