



Logistics Industries ENVIRONMENTAL SCAN

November 2011

**Road
Transport**



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Overview

Road transport is divided into freight and passenger services. Freight services include all transport companies involved in transporting any type of freight by road, delivery services and furniture removal services via road; truck hire with driver and taxi truck services with driver. Passenger services include coaches, buses, taxis, limousines, and small charter vehicles. Specific areas covered in this report include:

- Buses
- Couriers and delivery drivers
- Furniture removals
- Heavy haul vehicles
- Pilot and escort vehicles
- Taxis and chauffeur-driven vehicles

The road transport industry employs approximately 200,000 truck drivers nationally, and has the largest and heaviest road-legal vehicles in the world¹. With the amount of freight moved expected to double in the next ten years, it is imperative that the skills demands for this industry are met.

The biggest issues facing the road transport industry are the lack of qualified staff (eg drivers) and an ageing workforce.² Major labour challenges exist in the capacity of the industry to find new drivers, as many drivers are moving to the resources sector for better pay and conditions. It has been reported that a number of companies are parking up several trucks each week due to the lack of available drivers.

Trends Analysis

Truck traffic on Australian roads is predicted to increase by 50% between 2010 and 2030 from 5.7 billion kilometres travelled each year to 8.5 billion kilometres. 6% of the road transport industry in WA is intra-state, with 2% of interstate on rail and 2% interstate on road.³ Although large national companies dominate the road transport industry, there is a high percentage of owner drivers and small to medium enterprises (80%).

Transport drivers originate from a broad cross-section of industries and as a result many have other skills that can be applied across a range of occupations. A number of transport companies have closed in recent times, due to a number of factors, including takeovers by larger companies with more competitive rates, poor conditions, and the long timeframe taken to pay contractors.⁴

Regulatory requirements

Amendments to the Road Traffic Act 1974 were introduced on 1 October 2011. These relate to penalties for drink and drug driving offences and state that some groups of drivers will be required to drive with a zero blood alcohol content (BAC). These include heavy vehicles of a certain mass, passenger vehicles (eg buses) whilst carrying more than 12 adults, taxis and vehicles carrying dangerous goods.

Road Transport

- Heavy vehicle operators in WA are currently regulated by the Road Traffic Act 1974 with subsidiary legislation such as the Road Traffic (Licensing) Regulations 1975 and the Road Traffic (Vehicle Standards) Regulations 2002. These regulations are administered by Main Roads WA.
- An independent National Heavy Vehicle Regulator, based in Queensland and responsible for regulating all vehicles in Australia over 4.5 tonnes will become operational in 2013.⁵
- Transport operators must be accredited by Main Roads WA and comply with two assessment modules: Fatigue and Vehicle Maintenance.
- The Fatigue Management System FMS Code of Practice (enforceable under Duty of Care sections of Occupational Health and Safety Act (1984) regulated by:
 - WorkSafe
 - The Department of Transport
 - Main Roads WA (for heavy vehicles requiring permits)
- Pilot Vehicle Operator accreditation can be obtained through completion of an accredited course. However, the code of conduct is currently not enforceable by Main Roads WA.⁶
- Regulations relating to minimum vehicle configurations and the amount of time for a given class of licence are regulated by the Department of Transport.
- The furniture removals sector has an accredited system in place for operations. A Commercial Goods Vehicle Licence which is regulated by the Department of Transport is required.
- Dangerous Goods Code DG07, introduced in January 2010 is regulated by Department of Mines and Petroleum

Bus and Coach Transport

Governed by Omnibus Standards Scheme and co-regulated by:

- The industry
- Passenger Services Division of the Health Department
- Department of Transport

Fatigue Management System FMS Code of Practice

Enforceable under Duty of Care sections of Occupational Health and Safety Act (1984) and regulated by:

- Department of Transport
- Main Roads WA (for heavy vehicles requiring permits)

Taxi Services

- Governed by the Taxi Act
- Regulated by the Taxi Unit of the Department of Transport

The following licences are regulated by the Department of Transport

- Taxi Car Drivers Licence
- Country Taxi Car Licence
- Taxi Car Ownership
- Taxi Dispatch Service Registration

Demographics of Workforce

Age Profile

The average age of workers for all occupations except freight and furniture handlers is over 40, with bus and coach drivers being the oldest, at 55 years⁷ However, data which has been collected independently from a number of transport companies indicates that there is a high percentage of drivers aged between 50 and 70 years, with a number of workers continuing into their 70s. There is great concern in the industry that as these workers retire there are not sufficient workers to replace them.

Occupation ⁸	Total number of employees	Total number of males	Total number of females	Average hours worked
Truck drivers	23,210	21,460	1,580	49.4
Taxi drivers and chauffeurs*	5,030	4,760	270	45.1
Bus and coach drivers	4,560	3,900	660	33.5
Delivery drivers	2,750	2,290	460	35.1

*Taxi drivers are sourced primarily from a pool of migrants and it is estimated that two out of every three taxi drivers are born overseas. A winding back in the number of migrants and overseas students arriving in Australia has created challenges for the taxi industry.⁹

Gender

- Male workers dominate all occupations, with female participation well below the national average, while male participation is well above the average.
- The strongest female participation occurs in bus and coach drivers and delivery drivers.
- Approximately 93% of truck drivers are male (21,640 male and 1,580 female).
- Approximately 95% of taxi drivers and chauffeurs are male (4,760 males and 270 females).¹⁰

Impact of Globalisation

- An increase in overseas trade has resulted in increased road traffic in and out of the port, particularly in relation to containerised transport, which is exacerbating the traffic problems already being experienced. It is expected that port traffic will double as large machinery is shipped in from overseas for the mining industry. Much of this is oversize/overmass and requires a police escort. The Department of Transport is currently addressing these issues to determine the volume of goods arriving and how it will affect the road system. It is estimated there will be an additional 300 trucks on the road.¹¹
- Natural disasters have affected some industries, for example, the recent tsunami in Japan caused a downturn in wood exports to that country due to the number of paper mills being washed away. The majority of wood exports from Australia are shipped to Japan. This has also impacted on the export of iron ore and other related mining products.

Impact of Government Policy/Decisions

- Government initiatives to seek a greater percentage of containers on rail from metropolitan locations to the Fremantle Inner Harbour would reduce road congestion, particularly at the port. Whilst not having a major impact on the road transport industry, truck transportation patterns would be shifted to intermodal terminals rather than travelling direct to port. Although containers are subsidised at \$45 per Twenty Foot Equivalent Unit (TEU) for transportation to the port by rail, currently only about 10% of containers to the Fremantle Inner Harbour from the Kewdale area travel by rail.¹² The Government is aiming at 30% on rail, but the subsidy is one-way whereas by road the containers can be returned full, making the road option more attractive to operators.
- The introduction of a national heavy vehicle regulator by the Federal Government is aimed at streamlining the regulatory requirements for operators, reducing business costs and improving efficiency. Currently each state and territory has a different set of heavy vehicle regulations, making compliance difficult for interstate transport operators. The National Heavy Vehicle Regulator, which will be based in Queensland, is expected to be operational by 2013.
- Heavy vehicle charges levied by the Government have increased in recent years due to high spending on major roads. Trucks and buses pay road and bridge costs through a two-part federal fuel-based charge and state-based registration fees.¹³
- The introduction of a carbon tax by the Federal Government in July 2012 will see polluters 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 allow the market to set the cost. Although the trucking industry will be exempt from carbon tax until 1 July 2014, there are a number of concerns within the industry. These include the fact that 85% of trucking businesses have fewer than five employees and limited ability to pass on increases in their costs.¹⁴

- Compliance and Enforcement Legislation (Chain of Responsibility) is scheduled for debate in Parliament in February 2012. WA is 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.¹⁵

The introduction of this legislation is considered to be a major initiative in improving the safety of the community and road users, as well as protecting Western Australia's road infrastructure. It will also make a significant contribution in reducing unfair competitive advantages currently experienced by some operators and will thereby enhance the continued economic viability of the road transport industry which is essential to this State.

- 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 2012.¹⁶ 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.¹⁷
- The planned release of 30 new full-time taxi lease plates by the State Government is expected to meet the need for more taxis, generated by the demand from the hotel industry, and the growth of fly in/fly out workers travelling to and from Perth airport.
- In January 2011 the State Government announced that all taxis are required to be fitted with new Taxi Surveillance Units (TCSU) to give police a greater ability to investigate and prosecute crimes in taxis. Taxis require two internal and two external cameras to avoid black spots when capturing images. Replacement of currently installed units commenced in July 2011 and will be staged over 30 months.¹⁸ 80% of the cost will be paid by the taxi industry development account and 20% by the camera owner (driver). A new \$2 million taxi hub in Northbridge to provide a significant improvement in safety and security for people and taxi drivers has just been completed.¹⁹
- 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. Where the tribunal determines that a sector has poor safety outcomes as a result of low remuneration, it will make a Road Safety Remuneration Order to improve the on-road safety outcomes for drivers operating in that sector.²⁰

Technological

- There has been an increasing use of technology in all areas, including vehicle tracking systems, Intelligent Access Programs, the use of GPS, on-board communications and computer systems, as well as changes to the size and configuration of trucks,

increased horsepower and wider use of B-double and multi-combination vehicles and computerised dispatch systems for taxis.

- Such vehicles include Euro sixth generation trucks that are cheaper to run and super B-doubles which are higher productivity vehicles and will, if approved by the government, reduce the number of vehicles on the road.²¹ WARTA is currently in negotiation with Main Roads WA for approval of these vehicles. However, there are still many older trucks on the road.²²
- Transperth's SmartRider smartcard ticketing system is leading the nation in smartcard ticketing technology, providing users with up to 25% discount on the cash fare. State-of-the-art ticket vending machines have been installed at all train stations, on buses and ferry jetties to provide a cash alternative for passengers.²³

Economic Drivers

- The major economic driver is overall cost of operation, which includes cost of fuel, insurance premiums, licensing requirements, loss of staff and difficulty in attracting staff resulting in the parking up of trucks. There is also a growing demand for quick, just in time deliveries, which pushes up freight rates in order to offset increased operator costs.
- The WA Road Transport Association prepares an annual fuel levy guide which provides an established rationale that can be verified by industry if necessary, to determine why fuel costs are passed on to the end user.²⁴ However, many truck drivers who are owner drivers who currently face rising fuel costs that are eating into their bottom line. WARTA is currently working with the Department of Transport, industry and unions to further enhance the levy guide which is being signed off by the Minister for Transport.
- The industry is also affected by the overall economic climate and current trends, eg mining activity, government works programs, grain production and drought. Some companies have reported more stability in the local economy, with projects previously on hold now being released and more activity in the tendering process.

Size and Distribution

Perth is the major hub of the industry with many companies concentrated around the Kewdale, Welshpool, Forrestfield and Canning Vale areas. There are numerous depots at major rural centres throughout the State, particularly in the North West, and these are increasing due largely to the mining boom. There is also a high percentage of north/south travel as well as east/west travel. WA is the fourth largest State for employment of road transport workers.

A fleet of more than 1,100 buses owned by the Public Transport Authority, with services provided by three private contractors under the Transperth banner, services 321 standard routes and a further 390 school bus routes across the metropolitan area²⁵. A fleet of contract buses provide regional services to some 25,000 students per school day. A total of 703 school buses service mainstream schools and 118 school buses service special education schools, centres and units.

Transwa road coaches service more than 275 regional WA locations spread across 29 routes. The network extends to Kalbarri, Geraldton and Meekatharra in the north, Augusta, Pemberton and Albany in the south-west and Esperance in the south-east. Transwa operates 144 separate coach services a week.

The PTA contract manages bus services in 14 major regional towns in WA, all of which have town school bus services and seven of which have intra-town bus services. In addition, the PTA also provides five inter-town services.

It is estimated that there are 2,000 taxis in WA, 1,000 of which are privately owned, the remainder Government leased.

Regional activity

As well as the large number of vehicles servicing the resources industry, particularly in the north west, there are a number of regional projects affecting the transport industry that have already commenced or are under way. These include the following:

- Portlink (\$3.45 billion), an inland freight initiative to link WA's regional ports and proposed Oakajee port to the eastern states' transport corridors through a new intermodal logistics hub to be located in Kalgoorlie. This will significantly reduce freight movements on the Great Northern and North West Coastal highways between Perth and the north and between the eastern states and the Perth metropolitan area. The three-stage project includes construction of an intermodal hub at Kalgoorlie-Boulder; a road link between Kalgoorlie and Port Hedland, including a new road north of Wiluna; and new infrastructure corridors linking the Kalgoorlie-Pilbara road through the Yilgarn and Mid West Regions to the ports at Geraldton and Oakajee.²⁶ The comprehensive freight network will break the dependence on Perth as the central distribution for interstate general freight and provide considerable saving in time and money for the transport industry.²⁷
- A bulky goods centre planned for Karratha as part of the town's transition to a regional city. The complex will be the retail base for a range of stores including whitegoods, hardware and electronics.²⁸
- The Strategic Grain Network Committee (SGNC) in the Wheatbelt Region has released a report which outlines a plan for future investment in the grain freight network (both rail and road). The Wheatbelt Development Commission will continue to advocate for a Grain Freight Network that is capable of delivering product in a timely manner, within a clear policy and business environment.²⁹

Main Employing Industries

The transport, postal and warehousing industries are still the largest direct employers of road transport workers, but workers can be found in nearly every other industry area. This means that a skills shortage of road transport workers in one sector will have a flow-on effect to all other sectors.

Sustainability

Whilst road transport is easily the largest source of Australian transport GHG emissions, the industry has reduced its greenhouse gas emissions by 35% per billion tonne kilometres since 1990, as well as massively reducing its other emissions, at a cost to the industry of millions of dollars.³⁰ Identified areas of environmental awareness include fuel usage, carbon emissions, fuel leakages, land and terrain damage. This indicates an increasing awareness of the importance of sustainability in the transport industry by both industry and individuals, who are more aware of their carbon emissions, and are driving to save fuel³¹.

The Department of Environment and Conservation, with funding from the Federal Government has conducted research and produced a program and toolkit called the CleanRun EcoDrive toolkit which provides drivers and driver trainers with the information and tools to implement the program in their organisation. Initiatives include eco-driving (lowering of carbon emissions by changing driving habits); use of bio-fuels for land transport; use of hybrids (electric diesel) low emission vehicles; and strategic route planning to reduce trips, fuel, running time, costs and emissions.

The Australian Trucking Association, with the support of the Australian Government, has produced an Environmental Best Practice Guide for the Trucking Industry. In 2009 the TLISC ran a series of sustainability workshops and surveys around the country, the outcomes of which have been published in the Green Skills Report which documents the research, development and implementation of additional environmental and sustainability units.

Qualification Profile of Workforce

Educational Attainment

- More than 65% of truck drivers, delivery drivers and freight and furniture handlers have no post-school qualifications, while training that does occur is mainly at Certificate III and IV levels. This reflects the relationship between licencing requirements and the new training package qualifications that are aligned to them at these levels.
- Older bus and coach drivers are not as qualified as their younger counterparts with nearly half of the 20-34 year old demographic having attained a Certificate III or Certificate IV qualification.
- The implementation of the national training framework saw little change to the delivery of taxi driver training in WA in 2010, however, there has been a remarkable decrease in the number of people entering training. This does not bode well for future driver supply.³²

- Within the taxi industry there is an unusually large proportion of drivers within the 20-34 year age group who have attained tertiary qualifications, whilst about 22% of that age group have no post-school qualification. This may be attributed to the number of overseas university students using taxi driving as an employment option while studying and a high number of immigrant taxi drivers whose qualifications in other fields are not recognised in Australia.

Social Impact

Whilst there has been a decline in the demand for consumer goods in recent months, there has been an increased amount of large freight including machinery coming from overseas as more and more goods are purchased offshore, particularly for use in the mining industry. This has put a lot of pressure on existing infrastructure and increased the number of heavy vehicles on the roads, resulting in traffic congestion and bottlenecks, particularly in areas en route from the freight hubs of Forrestfield and Kewdale to the Port of Fremantle.

The long distances travelled by many freight operators have resulted in a dislocation of family life and management of family responsibilities due to time away from home. There is also a major issue regarding inadequate rest areas and facilities in regional areas and the inability to access existing rest areas because they are being utilised by the general public. These factors, coupled with poor wages in some cases, result in diminished job satisfaction, fatigue and a high staff turnover rate. Long distance drivers, particularly those who deliver to mine sites, often are unable to unload on site when they arrive, and have to wait overnight at the gate, often without access to washing facilities, accommodation or food.

Safety is a perceived risk for taxi and bus drivers, and although some incidents do occur, systems are in place to eliminate these incidents. There has been an increase in the number of buses with protective cages, and drivers are precluded from driving at night without one.

As well as the fitting of Taxi Camera Surveillance Units, a three-month pilot project has also begun where taxis are being followed at random by mobile security patrols to protect cabbies from violent patrons. The pilot involves five vehicles, each manned by two guards working from midnight to 6 am on Fridays and Saturdays, shadowing taxis at random and operating around busy ranks in major hot spots.³³

There have recently been a number of reported incidents regarding the behaviour of some taxi drivers from different cultural backgrounds. The Taxi Council of WA advises that the number of incidents, although unacceptable, is small in comparison with the number of taxis on the road. This matter has been investigated by the Department of Transport and an advertising campaign launched to protect both the public and drivers. New drivers are required to undergo training regarding cultural awareness and working in a socially diverse environment, and to attend information sessions run by the Sexual Assault Centre and the Police Department.

Critical Skills Shortage Occupations

Truck Driver – Heavy Haulage (HC and MC Licence)
Dangerous Goods Driver
Bus and Coach Driver
Driving Instructor
Taxi Driver
Freight Handler
Furniture Removalist
Transport Manager
Forklift Operator
Road Trainers and Assessors

Reference – End notes

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