



Action for a sustainable, skilled workforce

July 2022

ACTION FOR A SUSTAINABLE, SKILLED WORKFORCE

Approximately 1.2 million people are employed to keep freight moving across the end-to-end supply chain.

The major subsectors of road transport, logistics, warehousing, and stevedoring employ approximately 574,000 people. This one subsector alone is projected to grow by 4.6 per cent to 600,648 by 2026.ⁱ

ALC has been working with members and across industry to identify the critical issues and solutions to the workforce, labour and skills problems in the Australian economy and has outlined a number of priorities and options for the incoming Australian Government to consider, to help ease the skills and labour squeezeⁱⁱ.

Australia's freight sector is growing and this offers our national economy an enormous opportunity, on sustainability and decarbonisation, new jobs and skills. During the pandemic, there was an unprecedented demand for the movement of freight, particularly in e-commerce.

Never had the timely delivery of pharmaceuticals, food and other essential goods been so vital and simultaneously, the pressure on our supply chain and those who work in it so immense.

There is a two-speed crisis unfolding, specifically as it relates to the freight and logistics workforce in the short term, as well as long-term structural issues. Problems include:

- Immediate need to fill employment vacancies, to ensure critical freight such as food, fuel and supplies keep moving, in addition to generalised freight, parcels and e-commerce
- Unsustainable deficit of skilled labour and training in the freight and logistics supply chain, across many areas including driving, warehousing, stevedoring, data and cyber security
- Enrolments in and completion of VET qualifications in the freight and logistics supply chain continue on a downward trend, according to data from the Australian Industry and Skills Committee and Australian Industry Standards.ⁱⁱⁱ

The factors driving Australia's end to end supply chain talent shortage precede the pandemic, which has only exacerbated the skills and labour scarcity across the national economy. This is due to the extended border closures, domestic health regulations and absenteeism induced by COVID-19 and influenza.

There are a number of structural issues that need to be address in the medium to long term including:^{iv}

- A lack of understanding about the sector
- A lack of awareness about career pathways and opportunities, including limited enrolment of relevant training

- A perception that the industry is male-dominated and skewed towards men
- An ageing workforce.

There is a view within industry that the VET sector is unresponsive to the sectors needs and has not integrated the core competencies and skills into training modules, leading to a skills mismatch that is left rectified through micro-credentials. The transport and logistics industry is characterised by immense diversity in occupations, workforce needs, and market complexion. Despite this, only 21 per cent of transport and logistics workers are female. Point in time issues are also present and impacting labour market conditions including:

- Lowest unemployment for half a century, with a rate 3.9% as at April 2022^v
- Demand for labour across the supply chain and a growth freight sector.^{vi}
- Tight labour market conditions and competition for labour in the sector and economy.^{vii}
- Staff absent in 22% of businesses due to COVID-19^{viii}
- Shortage of skilled temporary visa^{ix} holders and working holiday makers^x

There are currently five main areas of skills shortages across the freight and logistics supply chain^{xi}:

- Driving functions, across truck and rail
- Technical skills for rail and road construction projects
- Heavy vehicle mechanics
- Warehousing staff
- Transport planning and new skills for data management and low emissions technology - in machine learning and robotics, optimisation and data analysis, cyber security and 'soft' skills that will enable humans and machines to be effective and collaborative.

Looking ahead over the next 20 years, the volume of freight carried is expected to continue to grow by over 35 per cent, to 2040.^{xii} In order to meet this task, the workforce will need to grow with it. The criticality of the supply chain workforce was come evident during the pandemic and supported by National Cabinet, with changes to essential worker furlough arrangements.

A failure to address labour and skills shortages, as freight movements increase, will compound:

- Supply chain disruption and delays
- Lead to increasing input costs for business^{xiii}
- Higher prices for consumers^{xiv}
- Product shortages and delays^{xv}
- Risk to investment (including fleet transformation) and barrier to innovation due to^{xvi}
 - Increasing labour costs
 - Lack of specialised skills to achieve digital innovation, advanced manufacturing and supply chain automation

Recommendations

Skills for the Future

1. Address immediate skill requirements by increasing the cap on skilled migration and including freight and logistics workers on the Priority Migration Skilled Occupation List, such as truck driving.
 - a. Introduce a 'semi-skilled' category, to enable internationally acquired training to be recognised in the Australian freight and logistics sector, to address gaps in accreditation and qualification
 - b. Address the delays, cost and regulatory constraints for business and migrants in order to improve 'ease of access'
 - c. Make infrastructure a stand-alone category in the Federal Government's Global Talent Visa Program.
2. Through Jobs and Skills Australia, continue industry led reform of the VET sector^{xvii} and invest in a skills framework that delivers a sustainable, trained workforce with the right skills to meet future demand.
 - a. Expand the Australian Apprenticeship Priority List to include freight and logistics occupations and increase gender diversity in the workforce
 - b. Provide capacity in the New Energy Apprenticeships program to develop skills in clean transport, logistics and future fuels technology, such as hydrogen and electric vehicle mechanics
 - c. Deliver on industry-driven proposals such as the Heavy Vehicle Driver Apprenticeship,
 - d. Enable the freight and logistics workforce to upskill and obtain digital skills qualifications, through the Fee Free TAFE program, to tackle the growing demand for digital skills
 - e. Provide greater access to tertiary education in priority areas across the supply chain such as Transport Planning.

ⁱ Labour Market Insights, Australian Government <<https://labourmarketinsights.gov.au/industries/industry-details?industryCode=#4>>

ⁱⁱ [Election priorities for a stronger national supply chain, Australian Logistics Council, 2 May 2022.](#)

ⁱⁱⁱ Australian Industry and Skills Committee, Transport and Logistics, Training trends, '[Transport and Logistics relation qualifications: number of program enrolments and completions for 2016-2022](#)', 2022.

^{iv} [Australian Industry and Skills Committee, Transport and Logistics, Industry Insights, 2022.](#)

^v [Australian Bureau of Statistics, April 2022, Labour Force, Australia.](#)

^{vi} [Australian Industry Standards, Supply Chain Industry Outlook 2022.](#)

^{vii} [Address to National Press Club of Australia, Philip Lowe, Governor of the Reserve Bank of Australia, 2 February 2022.](#)

^{viii} [ABS, Media Release, Head of Industry Statistics, John Shepherd.](#)

^{ix} [Despite shortages, businesses sponsoring fewer foreign workers, AFR, June 2 2022.](#)

^x [Cash, accommodation, travel on offer for working holiday makers, The Australian, June 6 2022.](#)

^{xi} Australian Industry Skills Commission, National Industry Insights, Transport and Logistics, <<https://nationalindustryinsights.aisc.net.au/industries/transport/transport-and-logistics>>

^{xii} [National Freight and Supply Chain Strategy, Freight Australia, 2019.](#)

^{xiii} [Coles boss urges immigration as inflation marches upwards, AFR, April 28 2022.](#)

^{xiv} [Coles boss urges immigration as inflation marches upwards, AFR, April 28 2022.](#)

^{xv} [Staff shortages due to COVID-19 taking a toll across all industries in NSW, ABC News, 5 January 2022.](#)

^{xvi} [Gartner Survey Reveals Talent Shortages as Biggest Barrier to Emerging Technologies Adoption, September 13 2021.](#)

^{xvii} Media Release, Landmark VET reforms to drive our skills-led economic future, Minister for Employment, Workforce, Skills, Small and Family Business.