

Employment White Paper Submission

Australian Logistics Council (ALC)

November 2022

The Australian Logistics Council (ALC) welcomes the opportunity to make a submission the contents of the Employment White Paper.

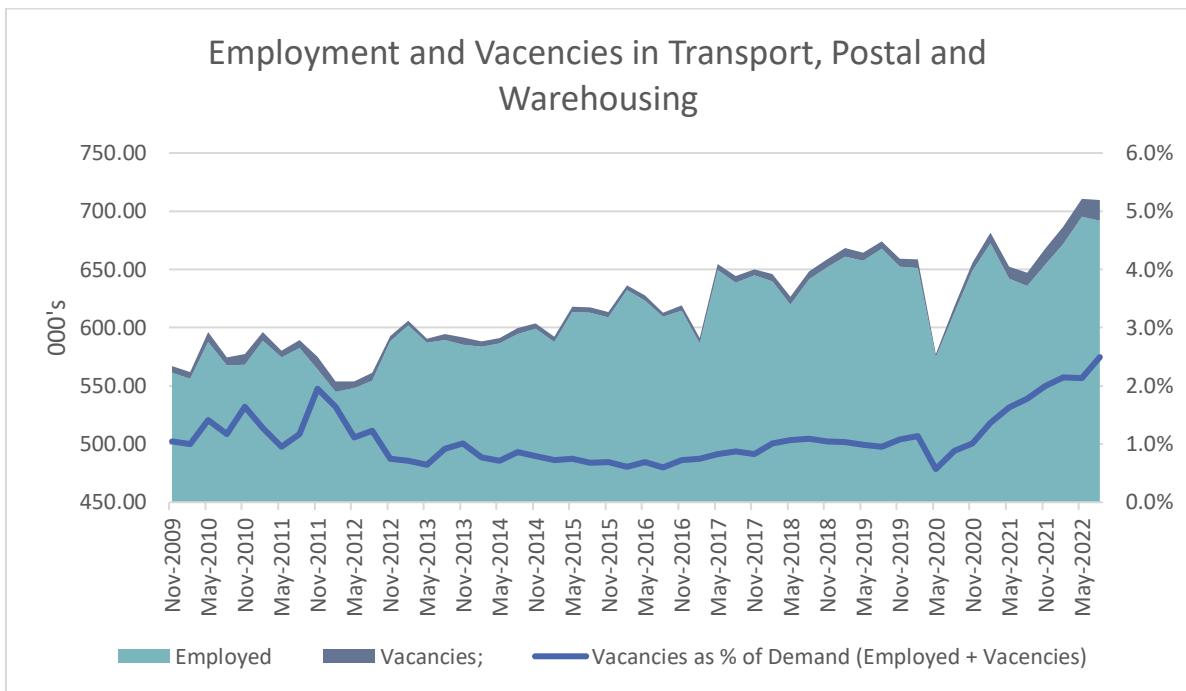
ALC is the peak national body representing major companies participating in the freight logistics industry. ALC's policy focus is on delivering enhanced supply chain productivity, sustainability, efficiency and safety.

Freight affects every Australian, every day, everywhere. Common goods purchased by Australians such as food, clothing, household appliances and medicine all need to be transported by freight operators.

Demand for supply chain talent is outstripping supply, creating major worries for companies across all industries.

There are almost half a million unfilled jobs in Australia¹. Transport, Postal and Warehousing account for 3.4% of that with a job vacancy growth rate of 54% year on year between August 2021 and 2022.

The Transport, Postal and Warehousing sector employs approximately 609,200 people² and is projected to grow by 6.1 per cent by 2026.³



Source: data from Australian Bureau of Statistics 2022 and National Skills Commission

¹ Australian Bureau of Statistics 2022, Job Vacancies, Australia, ABS, viewed 14 November 2022, <<https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/latest-release>>.

² Australian Bureau of Statistics 2022, Job Vacancies, Australia, ABS, viewed 14 November 2022, <<https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/latest-release>>.

³ National Skills Commission 2021, Industry Employment Outlook Five years to November 2026, p16. <https://www.nationalskillscommission.gov.au/sites/default/files/2022-11/employment-outlook-industry-and-occupation-trends.pdf>

Labour availability is so low many Fast Moving Consumer Goods (**FMCG**) retail companies are reporting that their biggest challenge currently is not getting stock into Australia.

One ALC member said:

It's getting the inventory to their stores. The major distribution centres are overflowing with pallets in the aisles and block stacked in the breezeways. The full containers unable to be destuffed are in the yards attracting demurrage costs. The reason is there is not enough forklift drivers to unpack the containers, warehouse staff to pick and pack orders and load trucks and very few drivers to replenish inventory to the retail stores.

Truck driver shortages are currently forcing one in every five delivery vehicles to sit idle⁴. Several transport companies have indicated that they are already at capacity and are opting not to commence new trading customers in 2022 to ensure service capability for their long-standing customers over the upcoming peak periods⁵.

More than a quarter of businesses (27%) had trouble in recruiting suitable staff in 2021. The top three factors which have strained the labour market are:

- lack of job applicants;
- lack of required skills and qualifications; and
- international border closures⁶.

In particular, there are five main areas of skills shortages across the freight and logistics supply chains:

- driving functions, across truck and rail;
- technical skills for rail and road construction projects
- heavy vehicle mechanics
- warehousing staff
- transport planning.⁷

ALC members have also indicated that there are skill shortages in relation to data management, particularly in regards to the operation of low emissions technologies, robotics operation, data analysis, cyber security and 'soft' skills that will enable humans and machine to be effective and collaborative.

⁴ Business Council of Australia, 2022, Release handbrakes on growth to drive nation's prosperity, https://www.bca.com.au/release_handbrakes_on_growth_to_drive_nation_s_prosperity

⁵ Australian Financial Review, 2022, The staff and supply Grinches that could steal Christmas, <https://www.afr.com/companies/retail/the-staff-and-supply-grinches-that-could-steal-christmas-20221012-p5bp5h>

⁶ Australian Bureau of Statistics. (2021). A Quarter of Businesses Unable to Find Suitable Staff. Retrieved from <https://www.abs.gov.au/media-centre/media-releases/quarter-businesses-unable-find-suitable-staff>

⁷ Australian Industry and Skills Committee, National Insights: Transport and Logistics <https://nationalindustryinsights.aisc.net.au/industries/transport/transport-and-logistics>

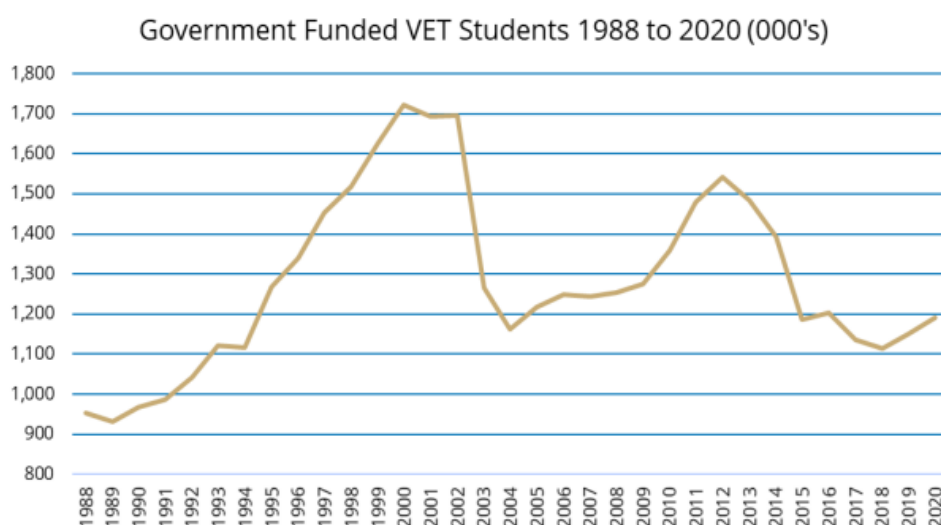
To overcome the skills and labour shortages in Australia will require a holistic approach, creating policy solutions that consider skills development, participation, and migration. This approach will need to be underpinned by industry engagement to identify current and future labour demands and skills as well as to identify gaps in current education offerings, funding and immigration policy.

ALC hopes that this will be a recommendation arising from the *Migration System for Australia's Future* review being conducted by the Department of Home Affairs.^{8,9}

Skills Development

VOCATIONAL EDUCATION AND TRAINING

The Vocational Education and Training (VET) system performs an essential role in developing skills across Australia but inconsistent funding by all Australian governments has resulted in a significant decline in the number of funded students.



Source: National Centre for Vocational Education Research (NCVER)¹⁰

The uptick in government funded VET student numbers by 23.6% in the March quarter 2022 compared with the same quarter last year¹¹ was due to the increase in short term investment by the Federal government during the pandemic. However, enrolments in and completion of VET qualifications in the freight and logistics supply chain continue a downward trend (-23.5% YoY)¹².

ALC acknowledges the increased short-term contributions by Federal government including the recent \$1 billion one-year agreement for 180k fee free TAFE places in 2023¹³ announced as part of the Job and Skills Summit.

⁸ <https://www.homeaffairs.gov.au/reports-and-publications/reviews-and-inquiries/departamental-reviews/migration-system-for-australias-future>

⁹ As discussed in 'Gutsy' immigration review flags bigger industry role *Australian Financial Review* 7 November 2022: <https://www.afr.com/politics/federal/gutsy-immigration-review-flags-bigger-industry-role-20221105-p5bvtk>

¹⁰ National Centre for Vocational Education Research, Government-funded VET students and courses 2018 - Historical time series of government-funded vocational education and training in Australia, from 1981 to 2020, <https://www.ncver.edu.au/research-and-statistics/data/all-data/historical-time-series-of-government-funded-vocational-education-and-training-from-1981-to-2020>

¹¹ National Centre for Vocational Education Research. (2022) <https://www.ncver.edu.au/news-and-events/media-releases/Apprentice-and-trainee-commencements-up-again-the-highest-number-for-a-quarter-since-2012>

¹² 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, <https://nationalindustryinsights.aisc.net.au/industries/transport>

¹³ Australian Government Treasury, Jobs and Skills Summit September 2022 – Outcomes, <https://treasury.gov.au/sites/default/files/inline-files/Jobs-and-Skills-Summit-Outcomes-Document.docx>

However, there needs to be a strategic review of the long term roles of the Commonwealth, State and Territory government across all levels of education and training to avoid cost shifting and gaps with an aim to create a sustainable and effective VET system.

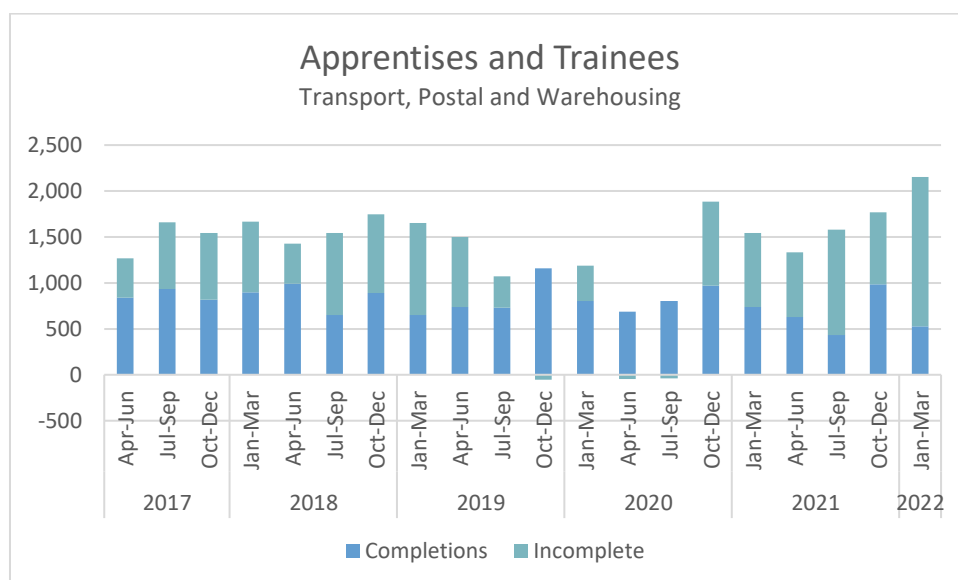
Additionally, the review needs to be responsive not just to skill shortages, but to fill the skills gaps across sectors of significance to the economy now and in the future. Therefore, once established, the Jobs and Skills Australia work plan needs to address the workforce shortages in the transport and logistics sectors specifically as a matter of priority, creating a nationally consistent and effective approach that delivers a long-term funding solution for industry courses.

APPRENTICES AND TRAINEES

Apprenticeships and traineeships are a vital pathway to transition school to work as well as forming a pivotal avenue for career change and return to work opportunities. These programs provide a structured learning model within a real working context allowing participants to receive remuneration.

Apprenticeships have the best graduate employment outcomes out of all VET qualification options and deliver long term economic dividends for businesses, the community and the individual,¹⁴ reinforcing the need of continued investment in this area.

The current shortage of available apprentices is not a new phenomenon. Despite being highly valued by industry, the business case for taking on new apprentices has been diminishing.



Source: National Centre for Vocational Education Research

The uptick in 2020 again was the result in the extension of the Federal Government Boosting Apprenticeships Commencement (BAC) program, providing a 50% wage subsidy in the first year. The BAC program needs to continue beyond 2022 to see this growth sustained to replenish the shortages in skills.

While this was highly effective in boosting the enrolment numbers, the completions remained trending downward, illustrating the need for the development of an effective support system. Mentoring programs, improvements of pre-apprenticeships and providing the trainers to meet demand is imperative.

¹⁴ National Centre for Vocational Education Research. (2021). Australian Apprenticeships Research at a Glance [app/aag.qxd\(ncver.edu.au\)](http://app/aag.qxd(ncver.edu.au))

GRADUATE AND POST-GRADUATE EDUCATION

Higher education is expected to become increasingly important with the emergence of new technologies in the industry. There were over 1,520 related enrolments in 2019¹⁵ however with Australia being in direct competition with the world, this is an insufficient to meet projected demand.

ALC recommends the provision of greater access to tertiary education in priority areas across the supply chain such as Transport Planning. Additionally, it is recommended that funding is increased to ensure higher education students are aware of graduate employment and salary outcomes for both VET and higher education courses in the industry.

Participation

AGING WORKFORCE

Unemployment is at an all-time low; therefore, a stronger focus needs to be placed on assisting those who face specific challenges to enter the workforce.

The transport and logistics workforce is ageing more than twice as fast as the national average. Already an average logistics worker is 45.6 years, while an equivalent trucking industry worker is 47 years, and a train driver is 48¹⁶. Many of these workers have entered the workforce at a young age without formal qualifications and have gained their knowledge and skills through experience. This poses multiple issues around a reducing workforce and skills retention. As these individuals reach retirement, some may still like to participate but are unable due to the reduction in their pension. ALC welcomes the temporary upfront \$4000 income bank credit announced in September 2022 as it lifts the work bonus to a maximum total of \$11,800¹⁷.

ALC recommends complimenting this initiative with a review of the training and assessment qualification required to encourage more experienced people to become full or part time VET trainers.

GENDER DIVERSITY

Women represent 50% of the Australian population but only 21% of the supply chain industry workforce.

Employers have said the biggest issue was women not applying for roles. Studies of the barriers women face in Australia's transport industry conclude that the transport industry was often perceived as 'blokey', with unattractive and sometimes unsafe conditions.

The number of females applying for apprenticeships is severely limited, partly due to societal expectations on the type of career women should pursue. However, there are initiatives that have been done in close partnership with industry and government that have shown huge success. The Western Australian Government Heavy Vehicle Driving Operations Skill Set initiative began April 2021 and has seen 232 graduates gain employment with more expected as they complete their licenses. Significantly, 30% of the participants are women compared to female representation among truck drivers in WA being of less than four per cent¹⁸. This is an excellent example of industry and government collaboration to combat shortages and support the transport and logistics industry that underpins the Australian economy. The participants were mentored and supported through the course ensuring high completion rates and smooth transition into employment.

¹⁵ Victorian Skills Authority (2022) Transport, postal and Warehouse Industry [insight https://www.vic.gov.au/sites/default/files/2022-10/Transport%2C-postal-and-warehousing-industry-Final.pdf](https://www.vic.gov.au/sites/default/files/2022-10/Transport%2C-postal-and-warehousing-industry-Final.pdf)

¹⁶ Australian Industry Standards, Industry Outlook 2021, https://www.australianindustrystandards.org.au/wp-content/uploads/2021/06/20210609_TLI_IO.pdf

¹⁷ Australian Government Treasury, Jobs and Skills Summit September 2022 – Outcomes, <https://treasury.gov.au/sites/default/files/inline-files/Jobs-and-Skills-Summit-Outcomes-Document.docx>

¹⁸ Fully Loaded (2022) WA government says its training program is putting more truckies on the road <https://www.fullyloaded.com.au/industry-news/2211/wa-government-says-training-program-is-putting-more-truckies-on-the-road>

ALC appreciates the actions around strengthening the existing reporting standards requiring a demonstrated commitment to gender equality targets as well as those that require publicly reported gender pay gaps.

ALC recommends a targeted education campaign aimed at attracting more women to the transport and logistics industries.

Migration

Australia needs to reinvigorate its brand as a welcoming destination for the world's best and brightest talent. Encouraging a strong update in migration is one of the key policy levers to address the skills shortages that cannot be filled by Australians, to drive post-pandemic economic recovery.

The attraction and retention of skills migrants is critical in rebuilding a sustainable productive workforce able to keep pace with industry requirements.

Australia was previously regarded as one of the world's leading countries in migration policy¹⁹. The pre-pandemic decision by Australian government to reduce the intake of permanent migrants by 30,000 was already having a negative impact on businesses, with covid-19 border closures further exasperating this issue. ALC supports the federal government's decision to lift this back to 195,000 for this financial year. ALC recommends that this one-off increase in the permanent migration intake be extended beyond 2023, exponentially increasing year on year to keep pace with the Australia's growth.

It is important to compliment attraction strategies with streamlining the visa processes as the process has become exceedingly complex and expensive for migrants over the last few years. It is reportedly taking up to 3 times longer to process skilled visa applications²⁰, frustrating employers who have lost talent to rival destinations²¹. ALC supports the decision to commit \$36 million to help work through the backlog of 900,000 outstanding visa applications²² and recommends a review to improve processing times and reduce regulatory red tape, including removing labour market testing for skilled occupations based on the lack of evidence of its effectiveness.

ALC supports the proposed immigration review and recommends that the skills test be abolished allowing for the more accurate identification of workforce shortages.

To increase Australia's competitiveness further, ALC supports a pathway to permanency for all temporary and skilled migrants, ensuring the best and brightest are attracted and retained. This will enable businesses to plan long term by reducing employee turnover.

¹⁹ Australian Chamber of Commerce and Industry (2018) Migration works for all of us <https://www.australianchamber.com.au/wp-content/uploads/2018/12/FINAL-Australian-Chamber-Policy-Migration-WEB.pdf>

²⁰ Australian Financial Review (2022) Deloitte hires hundreds from overseas as firm seeks to fill 1500 roles <https://www.afr.com/companies/professional-services/job-market-to-remain-red-hot-amid-skilled-visa-delays-20220209-p59v66>

²¹ Australian Financial Review (2022) 'Gutsy' immigration review flags bigger industry role <https://www.afr.com/politics/federal/gutsy-immigration-review-flags-bigger-industry-role-20221105-p5bvtk>

²² Australian Government Treasury, Jobs and Skills Summit September 2022 – Outcomes, <https://treasury.gov.au/sites/default/files/inline-files/Jobs-and-Skills-Summit-Outcomes-Document.docx>