

## Transport and Logistics Industry Skills Council

# Submission to Infrastructure Australia and the National Transport Commission on the proposed National Ports Strategy

May 2010

## **About the Transport and Logistics Industry Skills Council**

The Transport and Logistics Industry Skills Council (the Skills Council) is one of 11 national organisations that have a key role in advising government on national industry skill requirements, and providing advice to industry about national workforce planning initiatives, training package development and the national vocational education training system.

Skills Councils comprise a critical aspect of the national training system governance arrangements in Australia. The Skills Council receives funding from the Commonwealth Government and also attracts funding support through other Governments projects, non Government projects and industry sponsorship.

The Skills Council has a responsibility to liaise with a broad range of industry, government and community key stakeholders including, business organisations, industry peak bodies, training organisations, unions, government departments and regulators.

The Skills Council service provision centres on:

- Providing accurate industry intelligence to the vocational education and training sector about current and future skill needs and training requirements
- Supporting the development, implementation and continuous improvement of quality, nationally-recognised training products and services, including industry Training Packages
- Provision of workforce planning services to industry
- Working collaboratively in research and policy projects focusing on the industry skill and labour requirements
- Developing learning and assessment resources to meet targeted industry training needs

# Submission to Infrastructure Australia and the National Transport Commission on the proposed National Ports Strategy

The Transport and Logistics Industry Skills Council (the Skills Council) welcomes the opportunity to provide a response to the proposed National Ports Strategy.

The Skills Council is pleased to note that the National Ports Strategy acknowledges the relationship between port capacity and efficiency and the availability of a skilled port workforce. The Skills Council would like to highlight a range of issues affecting the port workforce that it believes should be considered when drafting the final National Ports Strategy. These issues have the potential to reduce port productivity and may benefit from coordination on a national level.

The information contained in this submission is drawn from the following sources:

- the research the Skills Council undertakes to prepare the annual Transport and Logistics Environmental Scan.
- the major Skills Council research project for 2009-2010 – ‘The future of skills in the Australian ports industry; a case study of four selected ports’

## 1. Transport and Logistics Environmental Scan

In the 2010 Transport and Logistics Environmental Scan<sup>1</sup>, published in February, Ports were reported as a stand-alone sector for the first time. This change from previous *e-Scan*'s was intended to reflect the significance of ports as a clearly identifiable sub-sector of the broader Transport and Logistics Industry.

The Environmental Scan aims to act as an early warning system for the Transport and Logistics Industry, government and the national training system. It provides contemporary and projected advice on the condition of Transport and Logistics sectors, their workforce planning and development needs and, in particular, their projected reliance on the national training system in the next 12 months.

The *e-scan* is developed over a short but intense time period so that it is based on timely and meaningful information. It does not try to re-create already-published statistics and economic analyses, which by their nature are historical. Instead, it draws on a range of topical sources such as industry, enterprise and governmental research, recent publications and websites, international developments and press releases.

It also draws on the Skills Council's ongoing engagement and conversations with industry, regulators and other key stakeholders throughout the country to ensure the information it uses is accurate and informed.

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<sup>1</sup> Transport and Logistics Environmental Scan, 2010. Transport and Logistics Industry Skills Council.  
<http://www.tlisc.com.au/index.php?menuID=262>

The content of the 2010 e-scan has been validated through compiled industry intelligence and intensive industry interviews carried out between November 2009 and January 2010. The validity of the data has been tested through the Skills Council's expert industry sector teams and by reference to contemporary local and international industry data.

### **e-Scan 2010 – Ports**

Ports form important logistical hubs whose value-adding processes drive economic growth. To be internationally competitive Australia's ports need to be efficient. This requires a highly skilled and flexible workforce to cope with existing demand and to attract and sustain future business growth. At present there are 120,000 Maritime Security Identification Card (MSIC) holders operating in Australian ports, which includes mariners, truck drivers, oil and gas rig employees and stevedores<sup>2</sup>. Gaining the full benefits that ports can provide is a constant challenge because of skilled labour shortages and capacity constraints in some ports.

The 2010 e-Scan identified the following port occupations as being in significant skill demand:

**Table 1. Port Occupations identified as being in skill demand<sup>3</sup>**

<b>Occupation</b>	<b>Driver of Skill Demand</b>
Harbour Master	<p>Traditionally, Harbour Masters are drawn from the top tier of the maritime sea-going workforce. As a result, skill shortages in these underpinning occupations have a flow-on effect to the pool of potential Harbour Masters.</p> <p>In some instances the buoyant labour market, particularly associated with the offshore oil and gas sector, drives significant competition for these skills.</p>
Stevedore Forklift Operator Gantry Crane Operator	<p>Projected growth of the shipping task will continue to increase demand for these skills. Technological advancement has led to demand for a broadening of stevedore skills, in particular those associated with the use of specialised equipment. These tasks are increasingly subject to the requirement to hold relevant regulator-endorsed licensing standards from the Transport and Logistics Training Package.</p> <p>The offshore oil and gas sector is driving demand for specialised stevedoring skills to support its operations. These same skills are transferrable to the Resources and Construction industries, and competition for these skills is high. There is also evidence of local skill shortages in states other than Western Australia and Queensland as skilled workers are drawn to more lucrative employment opportunities.</p>
Marine Pilot Ship's Pilot Sea Pilot	<p>The skill shortage in this occupation is related to a global shortage of Marine Officers. It has been estimated that there will be a global officer shortfall of about 43,000 in 2013<sup>4</sup>. In addition to the global shortage of Marine Engineers, there is an increased demand for Marine Pilots from the offshore oil and gas sector.</p>

<sup>2</sup> Strengthening Maritime Security. Anthony Albanese MP. Minister for Infrastructure, Transport, Regional Services and Local Government. 29 January 2010.

<sup>3</sup> Environmental Scan Survey 2010. Transport and Logistics Industry Skills Council. 2010.

<sup>4</sup> Address to the 26<sup>th</sup> Assembly of the International Maritime Organization. Anthony Albanese MP. Minister for Infrastructure, Transport, Regional Services and Local Government. 2 December 2009

Occupation	Driver of Skill Demand
	<p>Competition for these skills has resulted in higher salaries and favourable working conditions that attract qualified workers away from ports that are not associated with the oil and gas sector. There is evidence of localised skill shortages for Marine Pilots in some ports as a result.</p> <p>Traditionally, this occupation is reliant on a significant duration of sea service as the seafarer progresses through the hierarchy of licences on the way to becoming a Marine Pilot. This means that labour shortages in these underpinning occupations have a flow-on to the ongoing availability of Marine Pilots. Alternate pathways for training Marine Pilots is under consideration within the sector<sup>5</sup>.</p> <p>The ageing of the seafarer workforce is a significant issue facing the sector. Employers surveyed by DEEWR reported that almost half (49 per cent) of their seafarer workforce was aged 45 years and older (and therefore approaching retirement). This compares with 38 per cent of the Australian workforce overall. The ageing profile of the workforce can only be addressed by a substantial increase in training of new entrants.<sup>6</sup></p> <p>There is evidence that many employers in the industry are unwilling, under current conditions, to commit to a long-term training strategy. The Australian-flagged blue water fleet is half the size that it was 20 years ago, which has also severely limited the capacity for training. Ports and offshore oil and gas have grown significantly as has demand for highly skilled marine personnel.</p> <p>High turnover of qualified seafarers is reported by employers, with 82 per cent of employers surveyed by DEEWR indicating one or more seafarers left their business to work in the offshore oil and gas sector.</p>
Safety and Environment Manager	Competition from other industries.
Launch Coxswain	This occupation is involved in transferring the Marine Pilot from the port to the vessel. There is considerable throughput in this occupation as it is an entry-level qualification that is used as a step to higher-grade certificates. People who are interested in a sea-going career often do not consider roles in ports. Skill shortage is related to turnover and sufficient numbers entering the industry.
Port Engineer	<p>Shortages in this area are a part of global and local shortage of engineers. This is compounded by time intensity and high costs of converting graduate engineers into specialised port engineers and limited port-specific educational opportunities.</p> <p>There is also evidence of local shortages arising from competition with Mining and Construction industries for engineering skills.</p>
Hydrographer	Global shortage of skilled personnel with strong demand from a broad range of industries.

**Source:** Transport and Logistics Environmental Scan 2010

<sup>5</sup> Draft National Standard for Trainee Marine Pilots. National Maritime Safety Committee. September 2009.

<sup>6</sup> Survey of Employers' Recruitment Experiences Maritime Industry – Blue Water Sector. Department of Education, Employment and Workplace Relations. October 2009

## **Barriers to Overcoming Skill and Labour Shortages in Ports**

Ensuring an adequate supply of skilled labour is important if Australian ports are to manage the expected steady increases in shipping volumes. Several factors will limit the port sector's ability to increase its labour pool, including an ageing existing workforce, long lead times on training requirements for many occupations, and an expansion of local and global career options. The profile of port occupations is not high and the competition from more high-profile industries for school leavers is fierce.

Roles such as Marine Pilot have traditionally been filled by highly qualified and experienced mariners. As a result, other entry pathways have not developed. The sea-time requirements that underpin many port occupations will need to be reviewed if Australia is to meet the expected demand for skilled port workers.

As the supply of skilled port workers decreases, and the demand for them increases, the Ports sector will need to focus on establishing alternative career pathways and entry points to port occupations. It is not sustainable to rely on meeting future workforce demand through the traditional model of supply – ie reliance on a shrinking maritime resource pool will not provide enough skilled workers to ensure Australia's ports can maximise their productivity.

## **Solutions and Potential Sources of Labour**

Targeted information campaigns will be required to raise the profile and knowledge of port occupations. Increasing pressure from other career streams will mean that those jobs with the highest profile, particularly among school students, have the best chance of attracting the required levels of skilled labour.

For Marine Pilots, work has recently started on creating new learning and career pathways that enable seafaring and non-seafaring approaches to achieve the same occupational outcome. In September 2009, the National Marine Safety Committee released for public comment a draft standard on Competencies for Trainee Marine Pilots.

The new standard and its associated training will provide both a traditional seafaring career pathway from Deck Cadet to Master and a non-seafaring pathway for those who do not want to gain a professional Certificate of Competency. The latter option will enable graduates to work in shore-based positions.

## **2. Skills Council Research Project - The future of skills in the Australian ports industry**

The Skills Council, in partnership with the Higher Education sector is undertaking a Ports Research Project. The project aims to determine the implications of ongoing and projected port expansion on national skills capacity and workforce shortages.

The backdrop for the study is an Australian economy with significant potential for GDP growth and a recognition that the existing labour force is ageing. To maximise the potential of new and existing port infrastructure, a skilled workforce and informed workforce planning strategies will be essential.

Ports form important logistical hubs whose value-adding processes drive economic growth. However, gaining the full benefits that ports can provide is constantly threatened by shortages of skilled labour. How do we ensure an adequate supply of skilled port workers so that we realise all the growth and expansion opportunities?

Ports, and the wider Maritime sector, have difficulty attracting young people ready to enter the workforce because of the many attractive career options in a growing economy. The result is an increasingly ageing and shrinking workforce in the ports and increasing pressure on expansion and productivity planning.

The Ports Research Project will identify key occupations in the ports and their importance to effective operations. It will establish the demographic structure of the ports workforce and present and potential skills shortages that may hamper projected growth. The ultimate objective will be to establish the basis for policy decisions on ways to recruit new workers and to build skills capacity to match the expansion of port facilities.

The research is being conducted through a series of 4 case studies. The final report for the project is due in November 2010. Three of the four case studies have been completed. The interim report contains a number of findings which are related to issues under consideration in the proposed National Ports Strategy.

### **Interim Report Findings**

We note that these findings are preliminary. They are provided in this submission to illustrate some of the challenges in the area of workforce productivity in the ports environment. We acknowledge that a detailed explanation of the findings is not provided, and that they are reproduced without the broader context of the full report and associated literature review.

1. Despite many changes in the port labour process and a reconfiguration of skill sets, marine skills are still considered key and critical to effective and safe port operations
2. There has been a drastic depletion of the critical skills base leading to a shortage of people to fill in key positions at the ports
3. Remote regional ports are increasingly struggling to attract and retain people with essential skills
4. The skill shortage has created a situation of artificially inflated wages for certain job categories and increased employee poaching which further hurts smaller and/or regional ports which invest in training people only to lose them as soon as they have the desired skills and experience
5. Many people with the skills to serve as Harbour Masters lack the motivation to do so when they can get better salaries as Marine Pilots or crews on FPSOs. This is making the shortage for Harbour Masters even worse and leading ports to recruit people from overseas or from the general non-mariner management pool
6. The general pool of skills, particularly in the marine operations side, is not sufficient to handle the magnitude of expansion in port facility and cargo throughput over the next ten years
7. The age profile of the current workforce pool is very high thus causing greater concern about the future of essential skills, especially with little training taking place for younger people to provide replacement

8. The cargo operations side does not seem to be experiencing a workforce shortage at the moment though any major jump in cargo throughput would put operations under considerable pressure
9. There is a lack of key industry stakeholder coordination, including industry, unions and government, in the process of skills development
10. There is significant difference of opinion among port managers and stakeholders about options for reducing the sea time component of maritime training in order to increase labor supply

It is clear there is a looming shortage of personnel with the critical maritime skills needed for marine operations in the port environment. This shortage appears to have a number of causes, the most influential of which is the declining number of mariners, especially seafaring officers in Australia. It is argued by some of the research participants that this does not affect the Australia ports industry, as operators are still able to turn to the market in order to find suitably qualified staff, but the evidence strongly suggests that this is only viable for larger ports, whose income stream allows them to pay high wages to attract marine operations staff from a declining pool; a trend that is artificially raising wage rates and hurting smaller and/or regional ports. The evidence overwhelmingly suggests that this approach is unsustainable.

Both the acquiring of suitably skilled individuals and the skill competency of the available workforce was brought into question by some respondents. It is also suggested that, because of a number of factors including location of the port, the availability of better wages in other areas of the maritime industry and competition with other sectors of the economy, ports are increasingly employing qualified staff at the lower end of the competence spectrum in order to meet growing demand.

There was also a vigorous debate within the research about the practicality of traditional training and recruitment methods for these occupations, i.e. relying on people trained for deep sea shipping to fill positions in port operations. Many of the respondents expressed the view that the issue of skills was not being given sufficient attention, both at policy and industry levels. The current environment where Industry determine their own skill needs and how to address them lacks national coordination and often tends towards a zero-sum game of employee poaching.

The implications of this situation seem to be that there is a need to address the training and skills formation model for the Australian ports industry, both in terms of developing skills prior to employment and maintaining and improving those skills during employment. Alternatives to the traditional pathway of drawing labour from the general maritime skills pool need to be considered.

The research data shows that technical maritime skills continue to be considered essential in port operations. There is wide acknowledgement that without a rich pool of such skills ports are likely to suffer reduced productivity; a development which is likely to have far reaching negative economic implications for the country, since ports, as central and critical hubs of logistics and related sectors, constitute important catalysts for economic growth.

Furthermore, a shortage of such key skills is likely to compromise the safety of ports, ships and the entire marine environment. With more and larger ships expected to call at Australian ports in the future (as a result of increasing expansion of port terminals, the dredging of channels and growing commodity exports) a strong maritime skills base is critical. Unfortunately, however, it seems as if the situation is likely to get worse unless an effective solution is found to ensure a sustainable skill formation strategy with inbuilt mechanisms for continuous replenishment.

### **3. Sustainable Skills Formation in Ports**

There is a need for industry to agree on the most efficient and appropriate approach to training to develop a sufficient skills pool for the industry. Coming up with such a training program in isolation is not likely to conclusively tackle the problem, since the history and nature of the skills shortage is complex. The problem has evolved as a result of ports, as well as other shore-based employers of technical maritime skills, not investing sufficient resources in the recruitment and training of new people; instead, choosing to rely on the market to supply them, which has led to a situation whereby some ports are offering inflated salaries in order to attract staff from other ports.

The challenge of achieving skills and labour reform in Australia where port ownership and control is structured along territorial state lines is substantial. A nationally coordinated approach to workforce development and planning in Ports, underpinned by the mechanisms proposed in the National Ports Strategy is a strong foundation for the future productivity of ports.

#### **Transport and Logistics Industry Skills Council.**

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