



Australian Road Transport
Industrial Organisation

ABN: 63734697902

16 March 2012

The Hon. Justice Ross
President
Fair Work Australia
GPO Box 1994
Melbourne Vic 3000

Your Honour

RE: 2011/12 ANNUAL WAGE REVIEW

The Council of the Australian Road Transport Industrial Organisation (ARTIO) wishes to make a submission to the 2011/12 Annual Wage Review.

Background

ARTIO is an Industrial Organisation of Employers registered under the Fair Work (Registered Organisations) Act 2009. It has been so registered since 1984 and represents employers in the transport and logistics industry, particularly those engaged in road freight transport. As at 31 December 2011, it had around 400 members. These include the large multi-national transport companies such as Linfox down to the small family owned businesses that perform the majority of Australia's freight task.

Its members work in all sectors of the transport and logistics industry including:

- Import/export container work
- Port work, including grain & animal export
- Express freight pick-up and delivery (PUD) work
- Taxi trucks
- Waste removal and recycling work
- Road work and tip trucks

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- Livestock
- Concrete agitators
- Grain and other agricultural work
- Over-Dimensional
- Long distance
- Refrigerated

This is not an exhaustive list but simply used to show the extended coverage of the Road Transport & Distribution Award 2010 (RTD Award) and other Modern Awards covering the transport and logistics industry.

THE ECONOMY

ARTIO considers that the economy is structurally sound at a macroeconomic level however the signs of a two speed economy are clearly evident. National accounts statistics issued for the December 2011 quarter show that on a seasonally adjusted basis strong growth is confined to the mining and energy sectors, to two States (Western Australia and Queensland) and to capital investment. This means most of the economy is facing sluggish conditions and an uncertain economic outlook. This is evident from the slow growth in Gross State Product (GSP) for the 2011 calendar year in NSW and Victoria, the two largest States in Australia as well a decline in GSP in South Australia and Tasmania.

The road freight transport industry is a service industry as well as a useful indicator of overall economic activity. Anecdotal evidence suggests industries providing services to the mining and energy sectors are also contributing substantially to the national economy. Road freight transport companies providing services to the mining and energy sectors are doing well. However, road freight transport operators which provide services to most other sectors of the economy, including large sectors such as retailing, manufacturing and housing and construction are struggling due to factors such as lower consumer spending and the high Australian dollar. Coupled with this position is the fact that the road transport industry is one of the most highly regulated industries, governing both on-road and off road activities.

INFLATION

ARTIO notes that the Consumer Price Index as expressed by Australian Bureau of Statistics (ABS) data was 3.1% for the year ending 31 December 2011, and for the final quarter of that period the CPI

was zero. This points to a downward trend in inflation and in relative terms improved purchasing power for wage and salary earners.

EMPLOYMENT

Labour Force Statistics issued by the ABS show employment growth is almost static. In the year to February 2012 seasonally adjusted employment fell by 15,400 to 11.444 million persons while unemployment rose marginally from approximately 626,000 to 632,000 persons. In a broad sense both trend and seasonally adjusted employment data indicate the labour market is 'becalmed' notwithstanding strong employment growth in the mining and energy sectors.

While there may be labour shortages in some sectors of the economy and in some regions of Australia the overall market for labour is flat. Any decision to vary the minimum wage should take the overall state of the labour market into consideration because the minimum wage applies to a broad cross section of the workforce. It is also important to acknowledge that there are mechanisms to reward employees in areas of the labour market which are tight.

In fact, full time employment in the mining industry has grown by 12% over the last decade – see Chart 6.6 in Fair Work Australia (FWA) Statistical Report – Annual Wage Review 2011/12. Over the same period full-time employment growth in transport has been 2%, but from 2009 employment in transport has decreased by 3.9% - see Table 6.5 in the same publication.

WAGE LEVELS

Table 5.1 of the Fair Work Australia (FWA) Statistical Report – Annual Wage Review 2011/12 indicates that Average Weekly Ordinary Time Earnings have increased by 8.2% over the last 2 years. In that same period, minimum wages in the Road Transport and Distribution (RTD) Award 2010 have increased for the Grade 6 – an industry accepted measure - by 7.7%. In actual dollars the rates have gone from \$627.40 to \$675.60, an increase of \$48.20. This does need some perspective as there were no increases from October 2008 to July 2010.

Internal research by ARTIO shows that Collective Agreements, or EBAs as colloquially known, in the road freight transport industry, approved through FWA are increasing wage and allowance levels by around 4% per annum. It is also apparent from this research that many EBAs provide for wage levels well in excess of Award minima. In some instances, wages are up to 40% or \$250 above those

prescribed in the RTD Award. This position reflects Workplace Relations Policy which has underpinned the nation's Wages System, for over a decade.

In its submission to the Fair Work Act Review, ARTIO pointed out that productivity bargaining at the enterprise level is not limitless and external factors must be considered in improving efficiency in the transport industry – roads, traffic congestion, clients' hours, regulatory regimes to name a few. Some of these issues impact on safety which cannot be part of the bargaining process.

Safety is not a proprietary right or interest. Safety should be common and shared amongst all operators and we must be vigilant to ensure that it is properly addressed in minimum award terms and conditions of employment, including wages and allowances.

CONCLUSION

Wages costs are a significant component of the operating costs for a transport operator. Wage increases flow through to community costs in a manner unlike most other industries. Every element of consumer spending is adversely impacted by the cost of the freight task on all goods purchased.

ARTIO is not providing detailed analysis of the Nation's economic position and accordingly is not identifying any quantum of wage increase we believe appropriate. At this stage, the purpose of ARTIO's submission is to have the Tribunal understand key elements of our industry and the impact of wages growth on our industry.

Should you wish to discuss any matters arising herein, please contact Mr Paul Ryan, ARTIO's National Industrial Advisor, on 03 96468590 or mobile 0415331031.

Yours faithfully



Philip Lovel AM
Secretary/Treasurer